Stock Code：3592

Raydium

Raydium Semiconductor Corporation

2023 ANNUAL REPORT

The contents of this annual report and the relevant information of the Company can be found on the following website
Taiwan Stock Exchange Market Observation Post System:
http://mops.twse.com

Notice to readers: This is a translation of the 2023 annual report of Raydium Semiconductor Corporation. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Raydium

1. **Spokesperson and Deputy Spokesperson**
   Spokesperson Name and Title: Patty Lin, Assistant Vice Presidents
   Deputy Spokesperson Name and Title: Rich Huang, Vice President
   Tel: (03)666-1818
   E-mail: Raydium@rad-ic.com

2. **Raydium Corp. Headquarters.**
   Address: 2F, No. 23, Li-Hsing Road, Hsinchu Science Park, Hsinchu City.
   Tel: (03)666-1818

3. **Transfer Agency**
   Name: Taishin Securities Co., Ltd.
   Address: B1, No. 96, Sec. 1, Chien Kuo N. Rd., Taipei City
   Website: https://www.tssco.com.tw/stocktransfer
   Tel: (02)2504-8125

4. **Independent Auditor**
   Name of CPAs: Chien-Hui Lu and An-Chih Cheng
   Name of Accounting Firm: KPMG Taiwan
   Address: No.11, Prosperity Road I, Hsinchu Science Park, Hsinchu City, Taiwan
   Website: https://kpmg.com/tw
   Tel: (03)579-9955

5. **Overseas Securities Exchange: None.**

6. **Corporate Website: https://www.rad-ic.com/**

Raydium

Contents

Chapter 1 Letter to Shareholders

Dear shareholders,

In 2023, faced with the challenges of elevated inflation, countries cautiously implemented interest rate hikes and tightened monetary policies to control the risk of potential economic hard landing. Geopolitical tension and conflicts have reshaped the landscape of the global supply chains. Globalization of manufacturing encountered setbacks. Companies need to restructure their supply chains more flexibly. A series of ever-changing issues has brought about numerous uncertainty, yet it has also forged resilient survival patterns for companies. Even though Raydium underwent inventory adjustments in the first quarter, we continued to deliver sequential growth in revenue for the coming two quarters and maintained strong results in the fourth quarter during the volatile economic conditions of 2023. This was due to our diversified and comprehensive product lines encompassing large, medium, and small-sized displays built over many years, as well as our strategic positioning in both consumer and commercial products. The consolidated revenue for 2023 reached NT$18.347 billion, a decrease of 19.6% from the previous year. The overall gross margin dropped to 28.9%. The consolidated net profit after tax was NT$1.443 billion, a decrease of 62.6% from the previous year. The earnings per share was NT$19.02.

The display driver ICs for AMOLED, automotive and industrial applications accounted for 60% of Raydium's total revenue in 2023. AMOLED driver ICs and automotive industrial control driver ICs have contributed stable growth momentum to the company. Additionally, large-size display driver ICs are important for the stabilization of Raydium's revenue in this uncertain economy.

Embracing an entrepreneurial culture that emphasizes value creation and innovative breakthroughs, Raydium is consistently working to diversify our product lines. We are actively investing in the development of low-power consumption driver ICs, timing control ICs and power management ICs to incorporate the energy savings and carbon reduction initiatives driven by ESG. In terms of product development, large-size display products provide ultra-low power consumption, optimized visual quality, extremely narrow bezel and a total solution to customers. In the realm of AMOLED display products, AMOLED panels have expanded from being highly penetrated in flat-panel smartphones to now extending into foldable smartphones. Raydium is collaborating closely with international brands to reduce power consumption, thickness and weight of foldable smartphones. The next key application for the AMOLED display will be at the IT segment. Major panel manufacturers have initiated new AMOLED investments for Gen. 8.5 or above production plans. The rapid deployment in the IT market welcomes new display technology from AMOLED. Raydium has long been committed to the development of AMOLED products. In addition to years of mass production in smartphone and wearable devices, both AMOLED foldable smartphones and IT products have also entered the mass production stage. This gives us a strategical position to catch the growth momentum.

The automotive smart cockpit requires onboard displays as a powerful communication mediums, ranging from pillar-to-pillar, ultra-large and curved integrated displays, connecting driving and entertainment information for the driver and front passenger. In addition to driver ICs, Raydium also provides touch with display driver ICs (TDDI), timing control ICs (TCON) and local dimming ICs. In the future, automotive displays will adapt AMOLED and Micro LED technology. The advantages of AMOLED and Micro-LED can trigger the innovation to improve human-machine interface. Raydium will continue to develop and offer LCD, AMOLED and Micro LED based products for in-vehicle display solution.

In 2023, Raydium was honored to be awarded as one of the "2023 Taiwan Best-in-Class 100" by the Taiwan Institute of Directors and the Corporate Development Research Center (CDRC), and also received recognition from the National Taxation Bureau as an excellent business entity. In addition, we completed the first ESG report, which was verified by a third party. It demonstrated our efforts and achievements in ESG, corporate governance (G), social responsibility (S), and environmental protection (E). In our commitment to advancing ESG initiatives, we persist in implementing various proposals through practical action, tackling tasks and challenges with excellence in execution.

Prospecting in 2024, the developments in geopolitics and warfare are difficult to predict and the impact of rising interest rates during the process of rate cuts on the overall economy is also uncertain. Therefore, we must adopt a more cautious and composed approach to response the ever-changing international political and economic situation. Companies can only demonstrate resilient competitiveness by continually undergoing trials and the accumulation of experience. Raydium has been strategically investing in cutting-edge next-generation technologies for the long term, closely tailoring our offerings to meet customer needs. We provide high-quality products and services, actively invest in R&D, fostering a culture of innovate and courage to seek breakthroughs. By addressing customers' pain points and building long-term, trust-based relationships with our clients, we are committed to revitalizing business growth. Raydium continues to promote new process capabilities and partner with diverse suppliers to enhancing the resilience of our supply chain network. Upholding the principles of ESG for sustainable development, we strive to balance the interest of stakeholders. By promoting sustainable environment development, fulfilling corporate social accountabilities, and implementing a sustainable corporate governance culture, we strive to enhance our sustainable competitiveness. With the support and encouragement of the shareholders, the team at Raydium will spare no effort in creating excellent achievements.

Wishing you all health, happiness and prosperity.
Sincerest regards,

Chairman and Chief Executive Officer Herm'

President Wen Jang Lin

Chapter 2 Company Profile

2.1 Date of incorporation: October 23, 2003

2.2 Company History

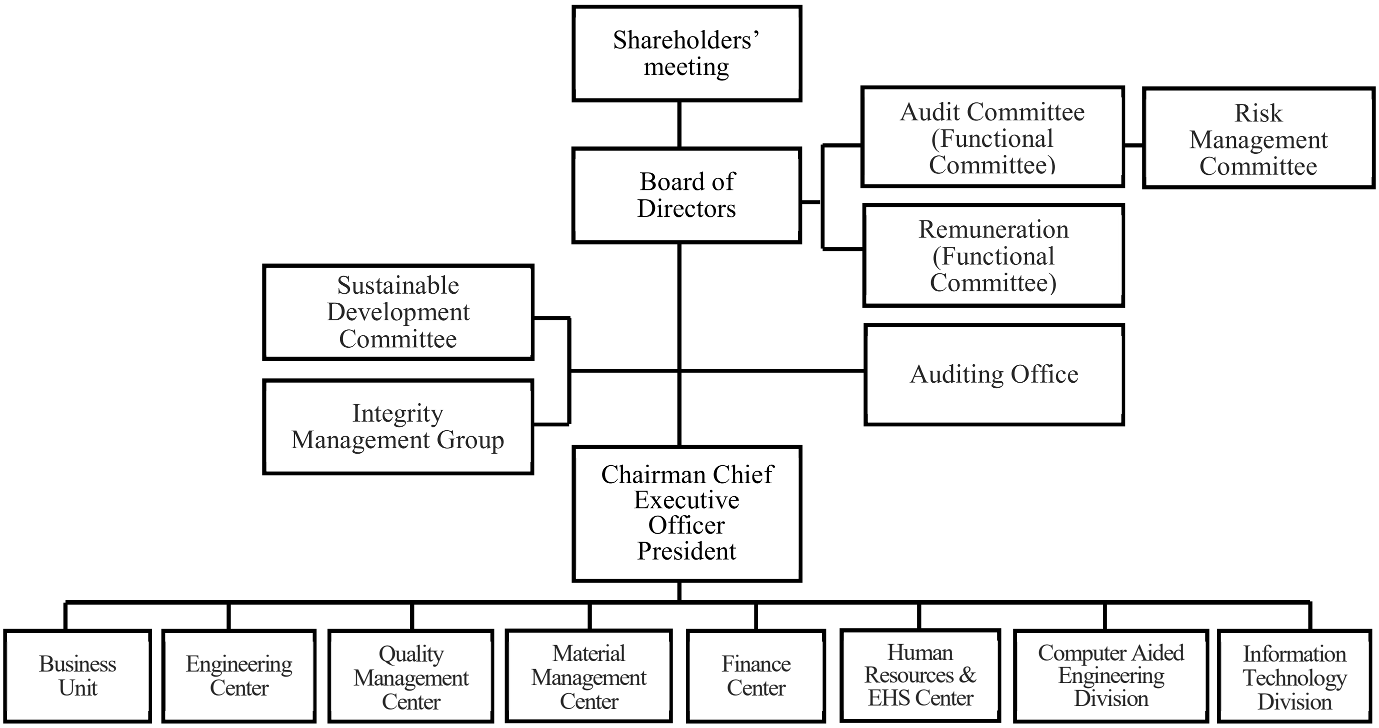
Time		Event
2003	Oct.	Raydium Semiconductor Corporation was established with a capital of NT$60 million. Its main business is research, development, design, production, manufacturing and sales of TFT-LCD driver IC and controller IC.
2004	Sep.	Cash capital increase was completed, with paid-in capital reaching NT$61 million.
2005	Jul.	Cash capital increase was completed, with paid-in capital reaching NT$150 million.
2006	Mar.	The first Source IC started mass production
2006	Apr.	The first Gate IC started mass production
2006	May	Cash capital increase was completed, with paid-in capital reaching NT$350 million.
2006	Jun.	Obtained ISO9001: 2000 certification
2007	Jan.	The Company relocates to 2F, No. 23, Li-Hsing Road, Hsinchu Science Park, Hsinchu City.
2007	Jun.	Issues new shares for employee stock warrants, with paid-in capital reaching NT$400 million.
2007	Sep.	Initial public offering of shares
2007	Oct.	The Company's shares were listed on the Emerging Stock Market of Taipei Exchange
2008	May	Audit Committee was established
2008	May	Obtained the official letter from the Industrial Development Bureau, Ministry of Economic Affairs for the listing of technology business.
2008	Jun.	The first Integrated IC was shipped
2008	Jul.	Renevue ranks at No. 5 in 2008 Taiwan High-Tech Fast 50
2008	Jul.	Awarded the "Golden Trade Award" by the Ministry of Economic Affairs, and ranked No. 3 in export growth rate in 2007.
2008	Aug.	Capital increase through surplus and employee bonus was completed, with paid-in capital reaching NT$455 million
2009	Feb.	Obtained the first patent certificate
2009	Apr.	Obtained ISO9001: 2008 certification
2009	Aug.	Capital increase through surplus and employee bonus was completed, with paid-in capital reaching NT$532 million
2010	Jul.	Capital increase through surplus and employee bonus was completed, with paid-in capital reaching NT$650 million
2011	Feb.	Deloitte Technology Fast 500, Asia Pacific 2010
2011	Nov.	Remuneration Committee was established
2011	Dec.	Awarded the "2011 Hsinchu Science Park Operational Performance Award"
2012	Feb.	Obtained ISO14001, OHSAS18001, TOSHMS certification
2013	Aug.	Awarded as one of the top 500 exporting and importing companies in 2012
2014	Feb.	Awarded Taiwan Mittelstand Enterprise by the Ministry of Economic Affairs
2014	Jul.	Awarded as one of the top 500 exporting and importing companies in 2013
2015	Jul.	Awarded as one of the top 500 exporting and importing companies in 2014
2016	Jul.	Awarded as one of the top 500 exporting and importing companies in 2015
2016	Oct.	The Company and Dachou Technology Co., Ltd. entered into a share swap and issued NT$73 million of common stock, resulting in a paid-in capital of NT$722 million, and Dachou Technology Co., Ltd. became a 100% owned subsidiary of the Company.
2017	Dec.	Awarded as one of the top 500 exporting and importing companies in 2016

Time		Event
2018	Mar.	Obtained ISO9001: 2015 certification
2018	Sep.	Raydium Semiconductor (Kunshan) Co., Ltd. was established
2018	Sep.	Awarded as one of the top 500 exporting and importing companies in 2017
2019	Apr.	The Company engages in short-form merger with its subsidiary, Dachou Technology Co., Ltd.
2019	Aug.	Restricted Stock Awards was issued, with paid-in capital reaching NT$723 million
2019	Oct.	Awarded as one of the top 500 exporting and importing companies in 2018
2019	Dec.	Cancellation of treasury stock was completed, with paid-in capital reaching NT$670 million.
2020	Mar.	Obtained ISO 45001: 2018, CNS 45001: 2018 management system certificate
2020	Sep.	Awarded as one of the top 500 exporting and importing companies in 2019
2021	Nov.	Awarded as one of the top 500 exporting and importing companies in 2020
2022	Jan.	Initial Public Offerings (IPO) was completed, with paid-in capital reaching NT$759 million,
2022	Jan.	and listed on the Taiwan Stock Exchange.
2022	Apr.	Obtained “Display Component Product Technology Award” granted by Taiwan Display Union Association
2022	Aug.	Obtained ISO14064-1: GHG Inventory Verification
2022	Oct.	Awarded as one of the top 500 exporting and importing companies in 2021
2023	Apr.	Increased cash capital to Raydium Semiconductor (Kunshan) Co., Ltd., with the increased paid-in capital reaching NT$ 8 million
2023	Jul.	Awarded the "2023 Taiwan Best-in-Class 100"
2023	Sep.	Raydium Semiconductor (Kunshan) Co., Ltd., obtained the ISO14064-1:2018 GHG Inspection Statement
2023	Oct.	Awarded as one of the top 500 exporting and importing companies in 2022
2023	Oct.	Received the 2023 Blue Business Excellence Award from the National Taxation Bureau of the Northern District
2023	Oct.	Awarded with the 2023 iSports Enterprise Certificate
2023	Nov.	Won the 2023 SGS ESG Awards

Chapter 3 Corporate Governance Report

3.1 Organizational System

3.1.1 Organization Chart



3.1.2 Major Corporate Functions

Departments	Functions
President's Office	Corporate strategic planning and management, investment and operational analysis.
Auditing Office	Audit and assess the Company's internal controls and provide recommendations for improvement to facilitate business efficiency and effective implementation of internal controls.
Business Unit	Product design, development, and improvement, product marketing strategy planning and business management.
Engineering Center	Product certification, testing and yield analysis and improvement, etc.
Quality Management Center	Conducting the Company's product quality management and implementation of management plans and providing customers with complete and appropriate after-sales service.
Material Management Center	Procurement and management of raw materials and finished products, planning and management of post-production process and manufacturing.
Finance Center	Management of finance and stock related affairs, accounting and tax affairs, investor relations, and legal affairs and contracts.
Human Resources & EHS Center	Formulation and implementation of human resource management policies, talent cultivation, development and planning, employee welfare, employee health promotion and environmental protection, planning and implementation of health and safety affairs.
Computer Aided Engineering Division	Development and management of product circuit layout and physical design flow.
Information Technology Division	Establishment and management of equipment related to system information.

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3.2 Directors and Management Team

3.2.1 Information on Directors

March 31, 2024; Unit: Thousands of Shares; %

Title & Name	Nationality or Registry	Gender Age	Date Elected	Term (Yrs)	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees Arrangement		Selected Education & Experiences	Current Positions at the Company and Other Companies
						Shares	%	Shares	%	Shares	%	Shares	%		
Chairman Hermit Huang	R.O.C.	Male 61-70	2023.5.29	3	2017.6.13	268	0.40	375	0.49	0	0	0	0	EMBA, National Taiwan University Associate of Electronics, Taipei Institute of Technology President, Qisda Corporation	Chief Executive Officer of the Company (Note 2) Director, AUO Foundation
Director (Note 1) Konly Venture Corp.	R.O.C.	-	2023.5.29	3	2007.9.27	11,454	17.11	11,454	15.10	0	0	0	0	None	Director, Daxin Materials Corp. Director, WishMobile, Inc. Director, Daji Education Development Co., Ltd. Director, PlayNitride Inc. Director, Carota Corp.
Representative: Hong-Jye Hong	R.O.C.	Male 51-60	2023.5.29	3	-	0	0	0	0	0	0	0	0	Master of Electrical Engineering, University of Massachusetts Vice President, AUO Corporation	Senior Vice President, AUO Corporation Director, a.u. Vista Inc. Representative of Corporate Director,Sintrones Technology Corp. Representative of Corporate Director,Carota Corp.
Representative: Amy Ku	R.O.C.	Female 51-60	2023.5.29	3	-	0	0	0	0	0	0	15	0.02	Master's degree in Human Resource Management, National Central University (Taiwan) Senior Vice President and Chief Sustainability Officer of AUO Corporation Chief Executive Officer of AUO Foundation Chairman of AUO Education Service Corp.	Senior Vice President and Chief Sustainability Officer of AUO Corporation Chief Executive Officer of AUO Foundation Chairman of AUO Education Service Corp.
Director Sheaffer Lee	R.O.C.	Male 61-70	2023.5.29	3	2011.9.8	526	0.79	526	0.69	14	0.02	0	0	Graduate School of Business Administration, National Chengchi University Bachelor of Electrical Engineering, National Cheng Kung University President, Qisda Corporation Assistant Vice President of Marketing Department, U.S. Acer Incorporated	None
Independent Director Max Cheng	R.O.C.	Male 61-70	2023.5.29	3	2020.6.2	0	0	0	0	0	0	0	0	Master of Accounting, Northern Illinois University Chief Financial Officer, AUO Corporation Director, Darwin Precisions Corporation Director and Vice Director, M.SETEK Co., Ltd. Director, Lextar Electronics Corp.	Director, Shirre Lab Corp. Independent Director, Chenbro Micom Co., Ltd. Independent Director, Daxin Materials Corp. Independent Director, Unictron Technologies Corporation

Title & Name	Nationality or Registry	Gender Age	Date Elected	Term (Yrs)	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees Arrangement		Selected Education & Experiences	Current Positions at the Company and Other Companies
						Shares	%	Shares	%	Shares	%	Shares	%		
Independent Director Haydn Hsieh	R.O.C.	Male 61-70	2023.5.29	3	2008.5.16	0	0	0	0	0	0	0	0	Graduate School of Business Administration, National Chengchi University Bachelor of Electrical Engineering, Tatung Institute of Technology Chairman & CSO, Wistron NeWeb Corporation Director, Wistron Corporation Director, AOPEN Incorporated Director, aEnrich Technology Corporation Director, Apacer Technology Inc.	Chairman & CSO, Wistron NeWeb Corporation Director, Wistron Corporation Director, aEnrich Technology Corporation Director, Apacer Technology Inc.
Independent Director Jerry Jou	R.O.C.	Male 61-70	2023.5.29	3	2018.6.20	0	0	0	0	0	0	0	0	PhD, Institute of Electronics, National Chiao Tung University Director General, Department of International Cooperation and Science Education, Ministry of Science and Technology, Taiwan Vice President for International Affairs, Office of International Affairs, National Yang Ming Chiao Tung University Chair, Institute of Electronics, National Yang Ming Chiao Tung University Professor, Institute of Electronics, National Yang Ming Chiao Tung University Dean, Faculty of Systems Engineering, National Yang Ming Chiao Tung University Director, General Center of National Defense Technology Research, National Yang Ming Chiao Tung University	Member, the Third Session Advisory Committee, Taiwan Semiconductor Research Institute Professor, Institute of Electronics, National Yang Ming Chiao Tung University Project Committee Member, Technology Businesses and Products or Technology Development Success and Marketability Committee, Industrial Development Bureau, MOEA Director, 11th Board of Directors, Chu Ming Teaching Foundation Director, 11th Board of Directors, Chu Ming Academic Foundation
Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship: None.															

Note 1: For the representatives of institutional shareholders, please refer to Table 1. Major Shareholder of Institutional Shareholders for the names of institutional shareholders.

Note 2: Where the Chairman of the Board of Directors and the President or person of an equivalent post (the highest level manager) of the Company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto:

1. The Chief Executive Officer of the Company is responsible for the planning and implementation of sustainable business and development strategies; the President holds liable for the planning and management of daily operations of the Company. The Chairman concurrently served as the Chief Executive Officer of the Company for the time being, who mainly plans sustainable business strategies and focuses on core competitiveness of the Company to enhance corporate value. In this sense, this position has its rationality and necessity.
2. In addition, the existing Board of Directors has three independent directors, and 14.3% of the directors are employees/managerial officers, so as to strengthen the independence of the Board of Directors. This structure complies with the principles of corporate governance in that the number of independent directors is less than one-third of the total directors.

1. Major Shareholder

Name of Institutional Shareholder	Major Shareholder of Institutional Shareholders (Note)	Shareholding Ratio (%)
Konly Venture Corp.	AUO Corporation	100.00

Note: For institutional shareholders whose major shareholders are corporations, please refer to Table 2.

2. Major shareholders of the Company's major institutional shareholders

Name of Institutional Shareholder	Major Shareholder	Shareholding Ratio (%)
AUO Corporation	Qisda Corporation	6.90
	Trust Holding for Employees for AUO	5.08
	Quanta Computer Inc.	4.61
	Yuanta Taiwan Dividend Plus ETF	2.99
	ADR of AUO	2.44
	New Labor Pension Fund	1.97
	Nan Shan Life Insurance Company, Ltd.	1.62
	Morgan Stanley & Co. International Plc	1.35
	J.P. Morgan Chase Bank N.A.,Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	0.93
	JPMorgan Securities PLC	0.85

Note: The shareholder record date is August 18, 2023.

3. Professional qualifications and independence analysis of directors

Qualifications / Name (Note 1)	Professional Qualification and Experience	Independence Analysis	Number of Companies Concurrently Serve as An Independent Director
Chairman Hermit Huang	1. The current highest degree was granted by EMBA, National Taiwan University. 2. As the President of Qisda Technology, he has accumulated complete industry experience and rich network, and is good at identifying industry development trends and seeing changes in the market clearly. 3. Mr. Huang has been the Chairman & Chief Executive Officer of Raydium Semiconductor Corporation since 2014. In the role of managerial officer in the Board of Directors, he communicates and interacts with all directors on management strategies and provides relevant management advice, and possesses commercial, marketing and industrial technology skills. 4. Industry Experience: Semiconductor and Computer and Peripheral Equipment,Equipment and Communication network.	1. Concurrently serves as the Chief Executive Officer of the Company, and is a director who is also a managerial officer. 2. Other items have been verified in accordance with the independence requirements set forth in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies promulgated by the Financial Supervisory Commission and still meets the relevant independence requirements.	0
Director Konly Venture Corp. Representative: Hong-Jye Hong	1. The highest degree which Mr. Hong-Jye Hong holds was granted by the Electrical Engineering, University of Massachusetts. 2. He has been working at AUO for more than 10 years and is currently the head of R&D at AUO, where he has accumulated complete industry experience. 3. Industry Experience: Optoelectronics	1. Both representatives of the corporate director are concurrently serving as the Vice Presidents of AUO Corporation. 2. Konly Venture Corp. is the largest shareholder of the Company, holding more than 5% of the issued shares of the Company. Konly Venture Corp. is a company which is 100% invested by AUO Corporation.	0
Director Konly Venture Corp. Representative: Amy Ku	1. The highest academic honor is a master's degree in human resource management from National Central University. 2. With major experience as the vice president of the human resource center, she is currently the chief of sustainability of AUO, responsible for coordinating the strategic direction of AUO's sustainable development, stakeholder management and communication, as well as for the establishment and promotion of a corporate sustainability culture. Her work in this area led her to being awarded “Asia's Top Sustainability Superwomen” in 2020. 3. Industry Experience: Optoelectronics		0
Director Sheaffer Lee	1. The highest degree is the Master of Business Administration, National Chengchi University. 2. He was the President and Chief Operating Officer of BenQ Corporation, the Chairman of Darfon Electronics Corporation, the Director of AU Optronics, the Director of BenQ Asia Pacific Corp., and the Director of Gallant Precision Machining Co., Ltd., etc. Mr. Lee has rich experience in sales, operation and management in the industry.	The items have been verified in accordance with the independence requirements set forth in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies promulgated by the Financial Supervisory Commission and they meet the relevant independence	0

Qualifications / Name (Note 1)	Professional Qualification and Experience	Independence Analysis	Number of Companies Concurrently Serve as An Independent Director
	3. Industry Experience: Semiconductor and Computer and Peripheral Equipment,Equipment and Communication network.	requirements.	
Independent Director Max Cheng	1. He holds a master's degree in accounting from Northern Illinois University and is a certified public accountant in the Republic of China (Taiwan). 2. He has worked at AUO Corporation for over 20 years, during which time he served as AUO's Chief Financial Officer, and has complete industry experience. Mr. Cheng is now the Independent Director of Chenbro Micom Co., Ltd., Daxin Materials Corp., and Unictron Technologies Corp., all of which are listed companies. 3. Industry Experience: Semiconductor, Optoelectronics, Computer and Peripheral Equipment and Communication network.	1. Directors shall be elected through the candidate nomination system in accordance with the provisions of the Articles of Incorporation and the Corporate Governance Principles. During the nomination and selection process of Board members, the Company has obtained written statements, employment history, and proof of current employment from each director, as well as the relative relationship forms, for the purpose verifying and confirming the independence of the directors, their spouses and their relatives within their second degree of kinship with respect to the Company. 2. The items have been verified in accordance with the independence requirements set forth in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies promulgated by the Financial Supervisory Commission as well as the qualifications stipulated in Article 14-2 of Securities and Exchange Act two years before being elected and during their tenures. The independent directors have also been given the authority to participate in the decision-making process and express opinions in accordance with Article 14-3 of the Securities and Exchange Act, so that they can perform their duties and responsibilities independently.	3
Independent Director Haydn Hsieh	1. The highest degree is the Master of Business Administration, National Chengchi University 2. He was the special assistant to the founder of Acer Incorporated, the marketing salesperson of BenQ Corporation's U. S. branch, and the plant manager of BenQ's Taoyuan plant, and later became the President of Acer's Portable Computer Division and the President of Wistron NeWeb Corporation. 3. He is now the Chairman of Wistron NeWeb Corporation; with over 40 years of experience in the industry, he has extensive practical experience. 4. Industry Experience: Computer and Peripheral Equipment and Communication network.		0
Independent Director Jerry Jou	1. The highest degree is the PhD of Institute of Electronics, National Chiao Tung University. 2. He is currently a professor at National Yang Ming Chiao Tung University and has been teaching and researching in the field of electrical engineering and electronics for over 20 years, and has been working hard to align the knowledge in academia with the industry. 3. Industry Experience:Semiconductor.		0

Note 1:Upon investigation, no directors of the Company were under any of the categories stated in Article 30 of the Company Act.

4. Diversity and Independence of the Board of Directors:

(1) Diversity of the Board of Directors

The Board of Directors of the Company directs company strategies, supervise the management, and be responsible to the Company and the Shareholders' Meeting. The various procedures and arrangements of its corporate governance system ensure that, in exercising its authority, the Board of Directors complies with laws, regulations, the Company's Articles of Incorporation or the resolutions of its Shareholders' Meeting.

The structure of the Company's Board of Directors shall be determined by choosing an appropriate number of Board members, not less than five, in consideration of its business scale, the shareholdings of its major shareholders, and practical operational needs.

The members of the Board of Directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as the managerial officers of the Company not exceed one-third of the total number of the Board members, and that an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

1) Basic requirements and values: Gender, age, nationality, and culture.
2) Professional knowledge and skills: A professional background, professional skills, and industry experience.

All members of the Board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:

1) Ability to make operational judgments
2) Ability to perform accounting and financial analysis
3) Ability to conduct management administration
4) Ability to conduct crisis management
5) Industrial Knowledge
6) An international market perspective
7) Ability to lead
8) Ability to make policy decisions

(2) Implementation Status of Diversity

Not only are the members of the Board of Directors of diversity and complementary capabilities across industries but also they have industry experience and related skills, such as business management, financial accounting, marketing, technology and technical research. Please refer to the "Information on Directors" of the annual report (pages 6-7) for reference. The current situation and management objectives of individual directors implementing the diversity policy of the Board of Directors are as follows:

Title	Chairman	Director			Independent Director		
Name	Hermit Huang	Hong-Jye Hong	Amy Ku	Sheaffer Lee	Max Cheng	Haydn Hsieh	Jerry Jou
Gender	Male	Male	Female	Male	Male	Male	Male
Age	61-70	51-60	51-60	61-70	61-70	61-70	61-70
Nationality	R.O.C.						
A Concurrent Employee of the Company	✓						
Having Served More Than 3 Terms as Independent Director						✓ (Note)	

Title		Chairman	Director			Independent Director		
Name		Hermit Huang	Hong-Jye Hong	Amy Ku	Sheaffer Lee	Max Cheng	Haydn Hsieh	Jerry Jou
Professional background								
Industry	Semiconductor	✓			✓	✓		✓
	Optoelectronics		✓	✓		✓		
	Computer and Peripheral Equipment	✓			✓	✓	✓	
	Communication network	✓			✓	✓	✓	
Technology		✓	✓	✓	✓	✓	✓	✓
Finance and Accounting						✓		
Marketing		✓			✓		✓	
Sustainable Development Management		✓		✓			✓	
Professional knowledge and skills								
Ability to conduct management administration and operational judgments		✓	✓	✓	✓	✓	✓	✓
Ability to perform accounting and financial analysis		✓			✓	✓	✓	
Ability to conduct crisis management		✓	✓	✓	✓	✓	✓	✓
Industrial Knowledge		✓	✓	✓	✓	✓	✓	✓
An international market perspective		✓	✓	✓	✓	✓	✓	✓
Abilities in Leadership and Decision-Making		✓	✓	✓	✓	✓	✓	✓

Note: Mr. Haydn Hsieh has served as the independent director of the Company for three consecutive terms. Considering that the professional experience in business management and corporate governance, Mr. Haydn Hsieh is sure to provide important advice for the Company's operation and development, which is of great benefit to the Vompany. His reelection as an independent director this time will provide timely supervision and professional advice to the Board of Directors when exercising his duties as an independent director.

Diversified Management Objectives	Status of Achievement
The directors concurrently serving as the managerial officers of the Company do not exceed one-third of the total number of the Board members	Achieved
Seats of independent directors	The number of seats of independent directors which meet the requirements of the laws and regulations have been established
At least one director with finance and accounting background	Achieved
At least one director with academic background	Achieved
At least one female director	Achieved
The industrial experience of board members covers at least three different industries	Achieved

(3) Independence of the Board of Directors

■ **Structure of the Board of Directors:**

The Company has established a director selection system. The selection process of all directors is open and fair, which is in line with the Company's Articles of Incorporation, Procedures for Election of Directors, Corporate Governance Principles, Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and Article 14-2 of the Securities and Exchange Act, etc. The composition of the current Board of Directors consists of 3 independent directors (42.9%) and 4 non-independent directors (57.1%),of which 1 is an employee/managerial officer of the Company (14.3%, less than 1/3 of all directors). None of the directors has a spouse or family relationship within the second degree of kinship, which complies with the provisions of Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.

■ **The Board of Directors Is Independent:**

The Board of Directors of the Company emphasizes the functions of independent operation and transparency, as the directors and independent directors are independent individuals and exercise their powers independently. The three independent directors also abide by the relevant laws and regulations, along with the powers of the Audit Committee, supervise the effective implementation of the Company's internal control, the selection (dismissal) of certified public accountants and their independence, as well as the fair preparation of financial statements. In addition, according to the Company's Procedures for Election of Directors, the cumulative voting system and candidate nomination system are adopted for the selection of directors and independent directors, and shareholders are encouraged to participate. Shareholders who hold a certain number of shares or more may submit a list of director candidates. Qualification review and confirmation of any violations listed in Article 30 of the Company Act shall be conducted and announced in accordance with the law to protect the rights and interests of shareholders in order to avoid monopoly or excessive nomination rights as well as maintain independence.

The Company has established a performance evaluation system for the Board of Directors and carries out an internal self-evaluation of the Board of Directors and board members every year; the evaluation results are to be reported to the Board of Directors. The evaluation results of the performance of the Board of Directors in 2023. (Please refer to page 22 of the annual report)

In addition, in order to let the investors fully understand the operation of the Board of Directors of the Company, relevant information has also been disclosed in the Company's annual report, official website, or the Market Observation Post System (MOPS):

- Operation status of the Board of Directors;
- Material proposals and resolutions of the Board meetings;
- Continuing education of directors;
- Changes in shareholding of directors (shareholding ratio, share transfer, pledge setting, etc.).

3.2.2 Management Team

March 31, 2024; Unit: Thousands of Shares; %

Title	Nationality	Name	Gender	Date Elected (Note 1)	Shareholding		Spouse & Minor Shareholding		Experience (Education)	Current Positions at Other Companies
					Shares	%	Shares	%		
Chief Executive Officer	R.O.C.	Hermit Huang	Male	2014.01.01	375	0.49	0	0	EMBA, National Taiwan University Associate of Electronics, Taipei Institute of Technology President, Qisda Corporation	Chairman of the Company (Note 2) AUO Foundation Director
President	R.O.C.	WT Lin	Male	2017.10.16	94	0.12	0	0	Master of Electrical Engineering, National Tsing Hua University Director General, General Division of Product Development, Chi Mei Optoelectronics Corporation	SiCEV Electronics Co., Ltd. Representative of Corporate Director Chairman of Raydium Semiconductor (Kunshan) Co., Ltd.
Vice President	R.O.C.	Rich Huang	Male	2013.10.01	31	0.04	8	0.01	Master of Electrical Engineering San José State University R&D Engineer, Myson Century, Inc.	Director of Raydium Semiconductor (Kunshan) Co., Ltd.
Vice President	R.O.C.	CJ Wen	Male	2012.03.05	32	0.04	0	0	PhD of Optics and Photonics, National Central University Director, Product Planning Division, Sunshine Sports Tech Co., Ltd.	None
Vice President	R.O.C.	Fred Wang	Male	2009.04.02	40	0.05	0	0	Bachelor of Physics, Tamkang University Engineering Manager, Integrated Solutions Technology, Inc.	None
Vice President	R.O.C.	YL Chen	Male	2017.10.01	47	0.06	0	0	Master of Electrical Engineering, National Taiwan University Division Director, Himax Technologies	None
Vice President	R.O.C.	SP Tang	Male	2017.10.01	66	0.09	0	0	Master of Electrical and Control Engineering, National Chiao Tung University Manager, Myson Century, Inc.	None
Information Technology Principal	R.O.C.	Alex Yuan	Male	2011.05.12	43	0.06	0	0	Master of Electronics, National Chiao Tung University Director, Multimedia Business Division, Alcor Micro Corp., Ltd.	None
Assistant Vice President	R.O.C.	Patty Lin	Female	2011.02.22	85	0.11	0	0	EMBA, National Taiwan University Bachelor of Finance and Cooperative	Director of Raydium Semiconductor (SAMOA) Corp.

Title	Nationality	Name	Gender	Date Elected (Note 1)	Shareholding		Spouse & Minor Shareholding		Experience (Education)	Current Positions at Other Companies
					Shares	%	Shares	%		
									Management, National Taipei University Manager, Darly Consulting Corporation	Supervisor of Raydium Semiconductor (Kunshan) Co., Ltd.
Assistant Vice President	R.O.C.	MT Lin	Male	2022.10.01	30	0.04	0	0	Department of Industrial Engineering and Management, National Yunlun University of Science & Technology Vice President, Megica Corporation	None
Assistant Vice President	R.O.C.	JR Shih	Male	2023.04.01	2	-	0	0	Master of Electronics, National Chiao Tung University Manager, Himax Technologies	None
Shares held by the manager in the name of others: None. Managerial officers whose spouses or relatives within the second degree of kinship are serving as supervisors of the Company: None.										

Note 1: Referring to the date of initial appointment to the position of managerial officers.

Note 2: Where the Chairman of the Board of Directors and the President or person of an equivalent post (the highest level manager) of the Company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto:

1. The Chief Executive Officer of the Company is responsible for the planning and implementation of sustainable business and development strategies; the President holds liable for the planning and management of daily operations of the Company. The Chairman concurrently served as the Chief Executive Officer of the Company for the time being, who mainly plans sustainable business strategies and focuses on core competitiveness of the Company to enhance corporate value. In this sense, this position has its rationality and necessity.
2. In addition, the existing Board of Directors has three independent directors, and 14.3% of the directors are employees/managerial officers, so as to strengthen the independence of the Board of Directors. This structure complies with the principles of corporate governance in that the number of independent directors is less than one-third of the total directors.

3.3 Remuneration of Directors, Independent Directors, President, and Vice Presidents

3.3.1 Remuneration of Directors and Independent Directors

Unit: NT$ thousands; %

Title	Name	Remuneration								(A+B+C+D) as % of Net Income (Note 8)		Relevant Remuneration Received by Directors who Are Also Employees								(A+B+C+D+E+F+G) as % of Net Income (Note 8)		Other compensations from non-subsidiary affiliates (Note 9)
		Compensation (A)(Note 1)		Pension (B) (Note 2)		Directors Remuneration (C)(Note 3)		Allowances (D) (Note 4)				Salary, Bonus, and Allowance (E)(Note 5)		Pension (F) (Note 2)		Employee Compensation (G) (Note 6)						
		the Company	Consolidated Entities (Note 7)	the Company	Consolidated Entities (Note 7)	the Company	Consolidated Entities (Note 7)	the Company	Consolidated Entities (Note 7)	the Company	Consolidated Entities (Note 7)	the Company	Consolidated Entities (Note 7)	the Company	Consolidated Entities (Note 7)	the Company		Consolidated Entities (Note 7)		the Company	Consolidated Entities (Note 7)	
																Cash	Stock	Cash	Stock			
Chairman Chief Executive Officer	Hermit Huang	5,514	5,514	0	0	6,552	6,552	230	230	12,296 (0.85%)	12,296 (0.85%)	23,308	23,308	0	0	4,400	0	4,400	0	40,044 (2.78%)	40,044 (2.78%)	None
Director	Konly Venture Corp. Representative: Hong-Jye Hong																					
Director	Konly Venture Corp. Representative: Benjamin Tseng(Note 10)																					
Director	Konly Venture Corp. Representative: Amy Ku(Note 10)																					
Director	Sheaffer Lee																					
Independent Director	Max Cheng	4,778	4,778	0	0	6,195	6,195	180	180	11,153 (0.77%)	11,153 (0.77%)	0	0	0	0	0	0	0	0	11,153 (0.77%)	11,153 (0.77%)	None
Independent Director	Haydn Hsieh																					
Independent Director	Jerry Jou																					

1. Please explain the independent director remuneration policy, system, standard, and structure, and the connection between the amount of remuneration and the considered factors such as their job responsibilities, risks, and working time:
   The independent directors' remuneration includes compensation, remuneration, and business execution expenses (expenses for travel). (1) Compensation: The Company must pay compensation on a quarterly basis, which amount is adjusted by the Remuneration Committee according to the professionalism of individual directors and independent directors, the degree of participation in its operations and the value of their contribution, considering the level of domestic and foreign peers, regardless of the Company's operating profit or loss. The compensation is then reported to the Board. of Directors for resolution (2) Director Remuneration: Subject to the provisions of the Articles of Incorporation regarding the distribution of directors' remuneration, remuneration refers to the amount paid by the Remuneration Committee with reference to the industry's usual level of payment, while considering personal performance, operating performance, future operations, and risk preference of the Company to propose a distribution proposal for this purpose. The distribution proposal will be approved by the Board of Directors through resolution. (3) Allowances (Attendance fee): Travel expenses for attending the board meeting, but can only be paid once per day.
2. Other than disclosures in the above table, remuneration paid to directors for providing services (e.g., providing consulting services as a non-employee) for all companies in consolidated financial statements in the most recent year: None.

Table of compensation range

<table>
<tr><th rowspan="3">Range of Remuneration</th><th colspan="4">Name of Director</th></tr>
<tr><th colspan="2">Compensation Paid to Directors (A+B+C+D)</th><th colspan="2">Total Compensation Paid to Directors (A+B+C+D+E+F+G)</th></tr>
<tr><th>The Company</th><th>Consolidated Entities (Note 7) H</th><th>The Company</th><th>Consolidated Entities (Note 7) H</th></tr>
<tr><td>Less thanNT$ 1,000,000</td><td>Hong-Jye Hong, Benjamin Tseng(Note 10), Amy Ku(Note 10)</td><td>Hong-Jye Hong, Benjamin Tseng(Note 10), Amy Ku(Note 10)</td><td>Hong-Jye Hong, Benjamin Tseng(Note 10), Amy Ku(Note 10)</td><td>Hong-Jye Hong, Benjamin Tseng(Note 10), Amy Ku(Note 10)</td></tr>
<tr><td>NT$1,000,000 ~ NT$1,999,999</td><td>None</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td>NT$2,000,000 ~ NT$3,499,999</td><td>Hermit Huang, Sheaffer Lee, Jerry Jou</td><td>Hermit Huang, Sheaffer Lee, Jerry Jou</td><td>Sheaffer Lee, Jerry Jou</td><td>Sheaffer Lee, Jerry Jou</td></tr>
<tr><td>NT$3,500,000 ~ NT$4,999,999</td><td>Max Cheng, Haydn Hsieh</td><td>Max Cheng, Haydn Hsieh</td><td>Max Cheng, Haydn Hsieh</td><td>Max Cheng, Haydn Hsieh</td></tr>
<tr><td>NT$5,000,000 ~ NT$9,999,999</td><td>Konly Venture Corp.</td><td>Konly Venture Corp.</td><td>Konly Venture Corp.</td><td>Konly Venture Corp.</td></tr>
<tr><td>NT$10,000,000 ~ NT$14,999,999</td><td>None</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td>NT$15,000,000 ~ NT$29,999,999</td><td>None</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td>NT$30,000,000 ~ NT$49,999,999</td><td>None</td><td>None</td><td>Hermit Huang</td><td>Hermit Huang</td></tr>
<tr><td>NT$50,000,000 ~ NT$99,999,999</td><td>None</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td>Greater than or equal to NT$100,000,000</td><td>None</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td>Total</td><td>9 persons (Including 3 representatives of corporate directors)</td><td>9 persons (Including 3 representatives of corporate directors)</td><td>9 persons (Including 3 representatives of corporate directors)</td><td>9 persons (Including 3 representatives of corporate directors)</td></tr>
</table>

Note 1: Referring to the compensation of directors (including director's salary, allowances, severance pay, various bonuses and incentive payments, etc.) in 2023.
Note 2: Referring to the appropriated amount in 2023.
Note 3: Referring to the appropriated amount of directors' compensation approved by the Board of Directors of NT$12,746,510 on February 26, 2024.
Note 4: Referring to director's expenses incurred during the implementation of business operation (including expenses for travel, special expenses, various allowances, dormitories, company vehicles and other in-kind provisions) in 2023.
Note 5: Referring to the salary, allowances, severance pay, various bonuses, incentive payments, expenses for travel, special expenses, various allowances, dormitories, company vehicles and other in-kind provisions, etc. received by the directors holding employee status (including those who serve concurrently as the President, Vice Presidents, other managerial officers and non-supervisor employees) in 2023. In addition, the salary recognized under IFRS 2 "Share-based Payment," including the acquisition of employee stock options, new shares with restricted employee rights and participation in cash capital increase to subscribe for shares, shall also be included in the remuneration.
Note 6: Referring to the proposed distribution for 2023 is based on the amount of employee compensation (including stock and cash) to the directors who hold employee status (including those who serve concurrently as the President, Vice Presidents, other managerial officers and non-supervisor employees) approved by the Board of Directors on February 26, 2024, and the proposed distribution amount for this year is calculated with reference to the proportion of the actual distribution amount last year.
Note 7: The total amount of remuneration paid to the Company's directors by all companies in the consolidated financial statements (including the Company) should be disclosed.
Note 8: Net income refers to the net income stated in the 2023 parent company only financial statements of the Company.
Note 9: The amount of remuneration received by the directors of the Company from the invested companies other than subsidiaries or the parent company should be clearly stated.
Note 10: On May 29, 2023, the shareholders' meeting held a comprehensive re-election of directors. After the re-election, Director Benjamin Tseng resigned and Director Amy Ku was appointed as the new director.

3.3.2 Remuneration of Supervisors

Since May 16, 2008, the Audit Committee has been responsible for the implementation of the Supervisors authority as required by the relevant laws and regulations. .

3.3.3 Compensation for President and Vice Presidents

Unit: NT$ thousands; %

Title	Name	Salary (A) (Note 1)		Pension (B) (Note 2)		Bonuses and Allowances (C) (Note 3)		Employee Compensation (D) (Note 4)				(A+B+C+D) as % of Net Income (Note 6)		Other compensations from non- subsidiary affiliates (Note 5)
		the Company	Consolidated Entities (Note 7)	the Company	Consolidated Entities (Note 7)	the Company	Consolidated Entities (Note 7)	the Company		Consolidated Entities (Note 7)		the Company	Consolidated Entities (Note 7)	
								Cash	Stock	Cash	Stock			
Chairman Chief Executive Officer	Hermit Huang	25,715	25,715	756	756	84,649	84,649	22,710	0	22,710	0	133,830 (9.28%)	133,830 (9.28%)	None
President	WT Lin													
Vice President	Rich Huang													
Vice President	CJ Wen													
Vice President	Fred Wang													
Vice President	YL Chen													
Vice President	SP Tang													
Information Technology Principal	Alex Yuan													

Table of Compensation Ranges

Range of Remuneration	Name of President and Vice President	
	The Company	Consolidated Entities (Note 7)
Less thanNT$ 1,000,000	-	-
NT$1,000,000 ~ NT$1,999,999	-	-
NT$2,000,000 ~ NT$3,499,999	-	-
NT$3,500,000 ~ NT$4,999,999	-	-
NT$5,000,000 ~ NT$9,999,999	-	-
NT$10,000,000 ~ NT$14,999,999	Alex Yuan, Fred Wang	Alex Yuan, Fred Wang
NT$15,000,000 ~ NT$29,999,999	Hermit Huang, WT Lin, Rich Huang, CJ Wen, YL Chen, SP Tang	Hermit Huang, WT Lin, Rich Huang, CJ Wen, YL Chen, SP Tang
NT$30,000,000 ~ NT$49,999,999	-	-
NT$50,000,000 ~ NT$99,999,999	-	-
Greater than or equal to NT$100,000,000	-	-
Total	8 persons	8 persons

Note 1: Referring to the remuneration, allowances and severance paid for the Vice Presidents and above in 2023.

Note 2: Referring to the appropriated amount in 2023.

Note 3: Referring to the executive's (Vice Presidents and above) bonuses, incentive pay, expenses for travel, special expenses, various allowances, dormitories, company vehicles and other in-kind provisions in 2023. In addition, the remuneration recognized under IFRS 2 "Share-based Payment," including the acquisition of employee stock options, new shares with restricted employee rights and participation in cash capital increase to subscribe for shares, shall also be included in the remuneration.

Note 4: Referring to the proposed distribution for this year is based on the amount of employee compensation approved by the Board of Directors on February 26, 2024, and the proposed distribution amount for this year is estimated with reference to the proportion of the actual distribution amount last year.

Note 5: The amount of remuneration received by the directors of the Company from the invested companies other than subsidiaries should be clearly stated

Note 6: Net income refers to the net income stated in the 2023 parent company only financial statements of the Company.

Note 7: The total amount of remuneration paid to the Company's directors by all companies in the consolidated financial statements (including the Company) should be disclosed.

3.3.4 Employee Compensation Paid to Managerial Officers

Unit: NT$ thousands

Title		Name	Employee Compensation - in Stock	Employee Compensation - in Cash	Total	Ratio of Total Amount to Net Income (%)(Note 2)
Managerial Officer (Note 1)	Chairman and Chief Executive Officer	Hermit Huang	0	27,516	27,516	1.91
	President	WT Lin				
	Vice President	Rich Huang				
	Vice President	CJ Wen				
	Vice President	Fred Wang				
	Vice President	YL Chen				
	Vice President	SP Tang				
	Information Technology Principal	Alex Yuan				
	Assistant Vice President	Patty Lin				
	Assistant Vice President	MT Lin				
	Assistant Vice President	JR Shih				

Note 1: Referring to the proposed distribution to managerial officers for this year is based on the amount of employee compensation approved by the Board of Directors on February 26, 2024, and the proposed distribution amount for this year is calculated with reference to the proportion of the actual distribution amount last year.
Note 2: Net income refers to the net income stated in the 2023 parent company only financial statements of the Company.

3.3.5 Remuneration paid to the executives with the top five highest remuneration: The Company does not have the following circumstances; therefore, the information disclosure is not required.

1. Losses in the parent company only financial statements in the most recent three years.
2. If the result is ranked within the lowest two tiers in the corporate governance evaluation for the most recent fiscal year, or in the most recent fiscal year or up to the date of publication of the annual report for that year,the company's securities have been placed under an altered trading method, suspended from trading, delisted from the TWSE or the TPEx, or the Corporate Governance Evaluation Committee has resolved that the company shall be excluded from evaluation.

3.3.6 Analysis of Total Remuneration, as a Percentage of Net Income Stated in the Parent Company Only or Individual Financial Statements, Paid by the Company and All Companies in Consolidated Financial Statements during the Past 2 Fiscal Years to the Directors, Supervisors, President, and Vice Presidents, Along with Description of Remuneration Policies, Standards, and Packages, Procedure for Determining Remuneration, and Linkage Thereof to Operating Performance and Future Risk Exposure

1. The remuneration of the Directors, President and Vice Presidents of the Company was paid by the Company, and they did not receive remuneration from other companies in the consolidated financial statements.
2. Analysis of the total remuneration paid to the Company's Directors, President and Vice Presidents as a percentage of the net profit after tax in the parent company only financial statements:

Unit: NT$ thousands

Item \ Year	2023		2022	
	Amount	Proportion of Net Income after tax (%)	Amount	Proportion of Net Income after tax (%)
Remuneration of directors	23,449	1.62	51,844	1.34
Remuneration of managers (Vice Presidents and above)	133,830	9.28	213,111	5.52
Parent company only net profit after tax	1,442,791	-	3,862,336	-

Analysis: The decrease in total remuneration to Directors and remuneration of managers (Vice Presidents and above) from 2022 to 2023 was mainly due to a decrease in the remuneration of Directors and remuneration of employees arising from the decrease in the net profit after tax in 2023.

3. Remuneration Policies, Standards, and Packages, the Procedure for Determining Remuneration, and Its Linkage to Operating Performance and Future Risk Exposure

(1) The remuneration of the Company's Directors includes compensation, remuneration and traffic allowances. In terms of remuneration of Directors, it is adjusted according to the professional ability of individual Directors and Independent Directors, their level of participation in the Company's operations and the value of their contributions with reference to the domestic and foreign standards within the industry, and then submitted to the Board for review and determination. If an Independent Director serves as the convener of the Audit Committee or the Remuneration Committee, additional compensation will be provided accordingly.

In terms of remuneration of Directors, in accordance with Article 19 of the Company's Articles of Incorporation, if the Company records a profit for the year, it shall appropriate no more than 1% as the remuneration of Directors. The Remuneration Committee shall refer to the general standard within the industry and take into account the performance of individual Directors, the Company's operating performance, future operations, risk appetite, and other factors to put forward a recommendation for the distribution, which is ultimately reviewed and determined by the Board. Traffic allowances are paid based on the number of meetings that a Director attended.

(2) The remuneration of the Company's managerial officers is determined in accordance with the "Regulations Governing the Remuneration of Directors, Independent Directors and Managers," which include salary, performance bonuses, other rewards. For the remuneration of employees, the remuneration policy refers to industry standards and takes into account the individual performance evaluation results, responsibilities assumed, and other factors. The performance evaluation indicators refer to the Company's annual financial indicators and non-financial indicators, and they are submitted by the Remuneration Committee to the Board of Directors for approval. Financial indicators are based on the Company's annual operating income and profit, as well as the performance of individual managers. Non-financial indicators are mainly based on the sustainability performance of managers.

Meanwhile, the Company has employee reward plans in place. The performance targets of each reward plan are set in accordance with the Company's strategies, and the Company's overall operations and target achievement are regularly reviewed. In accordance with Article 19 of the Company's Articles of Incorporation, if the Company records a profit for the year, it shall appropriate no less than 1% as the remuneration of employees. In view of the above, the Company provides competitive remuneration in the market to attract, retain and cultivate talents. At the same time, it also keeps abreast of the Company's operating risks and corporate governance principles and, in order to facilitate the sustainable development of the company does not use short-term profits as the only evaluation indicator for remuneration and performance.

3.4 Implementation of Corporate Governance

3.4.1 Operation Status of the Board of Directors

A total of 6 (A) meetings of the Board of Directors were held in 2023. The attendance of the directors is as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) 【B/A】	Remark
Chairman	Hermit Huang	6	0	100	Reelection
Director	Konly Venture Corp. Representative: Hong-Jye Hong	5	1	83	Reelection
Director	Konly Venture Corp. Representative: Benjamin Tseng	3	0	100	Former director should attend 3 times
Director	Konly Venture Corp. Representative: Amy Ku	3	0	100	New director should attend 3 times
Director	Sheaffer Lee	6	0	100	Reelection
Independent Director	Max Cheng	6	0	100	Reelection
Independent Director	Haydn Hsieh	6	0	100	Reelection
Independent Director	Jerry Jou	6	0	100	Reelection

Note: Full re-election the board of directors on May 29, 2023.

Other mentionable items:

1. With regard to the implementation of the Board of Directors, if any of the following circumstances occurs, the dates, terms of the meetings, contents of motions, all independent directors' opinions and the Company's handling of such opinions shall be specified:
   - Matters listed in Article 14-3 of the Securities and Exchange Act: The Company has established an Audit Committee; thus, the provisions of Article 14-3 are not applicable. For a description of the matters listed in Article 14-5 of the Securities and Exchange Act, please refer to the section concerning the operation of the Audit Committee in the annual report (page 25).
   - Any recorded or written Board resolutions to which independent directors have objections or reservations to be noted in addition to the above: None.

2. Regarding recusals of directors from voting due to conflicts of interest, the names of the directors, contents of motions, reasons for recusals, and results of voting shall be specified:

Date	Name of Director	Content of Motion and Follow-up	Reason for Recusal	Result of Voting
2023.01.06	Hermit Huang, Chairman	Approval of the distribution of 2022 performance bonus for managerial officers	Concurrently serving as a managerial officer of the Company	Not participating in the discussion and voting of the proposal
2023.02.23	Haydn Hsieh Independent Director	Proposal for the nomination of Director and Independent Director candidates	Independent Director Haydn Hsieh has been serving as an Independent Director of the Company for three sessions; therefore, he recused himself from the discussion and voting due to conflicts of interest	

Date	Name of Director	Content of Motion and Follow-up	Reason for Recusal	Result of Voting
	Hermit Huang, Chairman	Approval of the managerial officers' remuneration adjustment of 2023	Concurrently serving as a managerial officer of the Company	
2023.08.08	Hermit Huang, Chairman	Approval of the distribution of 2022 compensation for managerial officer employees	Concurrently serving as a managerial officer of the Company	

3. Information on the evaluation cycle and period, scope, method and content for the self-evaluation of the Board of Directors.

   On April 15, 2021, the Board of the Company established its "Regulations for the Performance Evaluation of the Board," requiring that an internal performance evaluation be conducted at least once a year. In 2023, the internal evaluation results for the overall Board, individual Directors, and the Audit Committee were "Good," and the result for the Remuneration Committee was "Excellent." It is assessed that the overall operations of the Board and functional committees are favorable, in compliance with corporate governance requirements, and that they effectively improve the functions of the Board and uphold shareholders' rights and interests.

   In addition, an external professional independent institution or external expert and scholar team shall be engaged to conduct the performance evaluation of the Board at least once every three years. The Company appointed "Taiwan Corporate Governance Association," an external expert, to complete the evaluation in August 2023. The Association recognized the Company's compliance with corporate governance laws and regulations and provided appropriate recommendations. For the general comments and recommendations of the Association and the improvement of the Company, please refer to the Company's website.

Type	Frequency	Period	Scope	Method	Content
Internal Performance Evaluation	Once a year	2023/1/1~ 2023/12/31	The board of directors as a whole	Board of Directors Self-evaluation by the Board	• Participation in the operation of the company; • Improvement of the quality of the board of directors' decision making; • Composition and structure of the board of directors; • Election and continuing education of the directors; • Internal control.

Type	Frequency	Period	Scope	Method	Content
			Individual board members	Board members Self-evaluation by the Board	• Alignment of the goals and missions of the company; • Awareness of the duties of a director; • Participation in the operation of the company; • Management of internal relationship and communication; • The director's professionalism and continuing education; and • Internal control.
			Audit Committee	Audit Committee Self-evaluation by the Board	• Participation in the operation of the company; • Awareness of the duties of the functional committee; • Improvement of quality of decisions made by the functional committee; • Makeup of the functional committee and election of its members and • Internal control.
			Remuneration Committee	Remuneration Committee Self-evaluation by the Board	• Participation in the operation of the company; • Awareness of the duties of the functional committee; • Improvement of quality of decisions made by the functional committee; • Makeup of the functional committee and election of its members and • Internal control.
External Performance Evaluation	Once every three years	2022/7/1~ 2023/6/30	Board of Directors	The "Taiwan Corporate Governance Association," an external independent evaluation institution, was appointed to evaluate the performance of the Board of the Company through online self-evaluation and on-site face-to-face interviews.	• Composition of the Board • Guidance of the Board • Authorization of the Board • Supervision of the Board • Communication of the Board • Internal control and risk management • Self-discipline of the Board • Others (i.e., Board meetings and support systems

4. Evaluation of the current and most recent year's goals for enhancing the functions of the Board of Directors (e.g., establishing an Audit Committee, enhancing information transparency, etc.) and their implementation:
   (1) The Board of Directors of the Company, as the highest governing body, directs company strategies, supervises the management, and is responsible to the Company and the shareholders. In terms of the various procedures and arrangements of its corporate governance system, the Board of Directors complies with laws, regulations, the Company's Articles of Incorporation or the resolutions of its Shareholders' Meeting so as to exercise its authority.
   (2) The Company established an Audit Committee on May 16, 2008 to assist the Board of Directors to perform its supervisory duties and be responsible for the tasks entrusted by the Company Act, Securities and Exchange Act, and other relevant laws and regulations. In order to strengthen corporate governance and manage the company's risk, the board of directors approved the company’s risk management supervised by the Audit Committee. Please refer to the annual report for the operation of the Audit Committee (pages 25-28).
   (3) On November 2, 2011, the Remuneration Committee was established by the Company to develop and regularly review the policies, systems, standards and structures of performance evaluation and compensation of directors and managerial of officers. Please refer to the annual report for the operation of the Remuneration Committee (pages 36-37).
   (4) The Company has purchased the directors' and managerial officers' liability insurance for 2023 to spread the risk of directors' legal liability and enhance corporate governance, which was reported to the Board of Directors on August 8, 2023.
   (5) To achieve Board diversification, a female Director was elected as an 8th session Directors at the re-election in 2023
   (6) In 2023, the Company amended its "Corporate Governance Best Practice Principles," the "Sustainable Development Best Practice Principles," and the "Risk Management Policy and Procedures" and continued to improve its corporate governance according to the Corporate Governance Evaluation indicators of the competent authority; it set up the ESG section on its website and updates information related to corporate governance on a timely basis to improve information transparency.

3.4.2 Operation Status of the Audit Committee

A total of 4 (A) meetings of the Audit Committee were held in 2023. The attendance of the independent directors is as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) 【B/A】	Remark
Independent Director (Convener)	Max Cheng (Note)	4	0	100	Re-election
Independent Director	Haydn Hsieh	4	0	100	Re-election
Independent Director	Jerry Jou	4	0	100	Re-election

Note: The sixth (current) Audit Committee elected independent director Max Cheng as the convener on August 8, 2023. (The convener is the same as the previous session).

Other mentionable items:

1. With respect to the matters set out in Article 14-5 of the Securities and Exchange Act and other issues that have not been approved by the Audit Committee but have been resolved by more than two-thirds of the directors, the dates, terms of the meetings, contents of motions of the Board meeting, and those of the Audit Committee, together with independent directors' objections, reservations, or content of major proposals, results of resolutions of the Audit Committee, and the Company's handling of the Audit Committee's opinions:

   (1) All matters stipulated in Article 14-5 of the Securities and Exchange Act have passed by half of more of all members of the Audit Committee and then submitted to the Board of Directors for resolution. There are no matters that has been adopted with the approval of two-thirds or more of all members of Board of Directors without having been passed by the Audit Committee.

Date of Board of Directors	Date of Audit Committee	Contents of Motions/Resolution		Resolutions and member opinions
The 18^{th} meeting of the 7^{th} board 2023.02.23	The 13^{th} meeting of the 5^{th} Committee 2023.02.23	• Approved the 2022 internal control system effectiveness evaluation and the internal control system statement • Approved the 2022 distribution of remuneration to employees and Directors • Approved the 2022 financial statements, business report and the 2023 business plan • Approved the proposal for cash dividend distribution from earnings for 2022 • Approved the 2022 Table of Earning Distribution • Approved the proposal for the amendments to partial provisions of the "Rules of Procedure for Shareholders' Meetings" • Approved the proposal for the independence and competence evaluation, appointment, and remuneration of CPAs for 2023 • Approved the investment in Raydium Semiconductor (Kunshan) Co., Ltd. via Raydium Semiconductor (SAMOA) Corp.	Approved by the agreement of the Audit Committee members and submitted to the Board of Directors for resolution	Approved by the agreement of all directors present.

Date of Board of Directors	Date of Audit Committee	Contents of Motions/Resolution	Resolutions and member opinions
		• Approved the proposal for the increase and change in the guarantee/endorsement limit provided to the subsidiary Raydium Semiconductor (Kunshan) Co., Ltd., nature, and counterparty • Approved the proposal for the amendments to partial provisions of the "Sustainable Development Best Practice Principles"	
The 19th meeting of the 7th board 2023.05.09	The 14th meeting of the 5th Committee 2023.05.09	• Approved the 2023 Q1 consolidated financial statements	
The 2th meeting of the 8th board 2023.08.08	The 1th meeting of the 6th Committee 2023.08.08	• Approved the 2023 Q2 consolidated financial statements • Approved the proposal for the amendments to partial provisions of the "Audit Committee Charter" • Approved the proposal for the amendments to partial provisions of the "Rules Governing Financial and Business Matters Between the Corporation and its Affiliates" • Approved the proposal for the appointment and remuneration for the profit-seeking enterprise provisional income tax audit and certification for 2023 • Approved the proposal for the purchase of property	
The 3th meeting of the 8th board 2023.11.07	The 2th meeting of the 6th Committee 2023.11.07	• Approved the 2024 audit plan • Approved the 2023 Q3 consolidated financial statements • Approved proposal for the amendments to the Company's "Risk Management Policy and Procedures" • Approved the proposal for the increase in the guarantee/endorsement limit provided to the subsidiary Raydium Semiconductor (Kunshan) Co., Ltd.	

(2) Other than the aforementioned matters, any matter that has been adopted with the approval of two-thirds or more of all members of Board of Directors without having been passed by the Audit Committee: None.

2. Regarding recusals of independent directors from voting due to conflicts of interest, the names of the independent directors, contents of motions, reasons for recusals, and results of voting shall be specified: None.

3. Communication between the independent directors, chief internal auditor, and CPAs (including the key items, methods, and results of audit of finances and operations):

(1) Communication methods between the independent directors, chief internal auditor, and CPAs

- An independent unit that is directly subordinated to the Board of Directors holds liable for internal audit of the Company. In addition to sending the audit report and the follow-up report on the improvement of audit deficiencies to the independent directors on a monthly basis, the chief internal auditor and the independent directors hold regular meetings at least once a quarter, and explain to the independent directors the audit operations and audit results and their follow-up status. The appointment and dismissal of the Company's chief internal auditor shall be resolved by the Audit Committee and the Board of Directors; the evaluation and compensation of the chief internal auditor shall be conducted and paid in accordance with the relevant regulations of the Company and shall be submitted to the Chairman of the Board for approval.
- The independent directors and the certified public accountants meet regularly at least once a quarter, and the CPAs report on the results of the audit or review of the current quarter's financial statements and other communications required by the relevant laws and regulations, and to exchange information on whether there are any significant adjustments to the financial statements or amendments to the laws and regulations which may affect the accounts. The CPAs also provide regular annual updates of the laws and regulations as well as the update on the accounting standard to the independent directors. Independent directors also conduct independent evaluation of the services provided by the CPAs and may convene meetings at any time in case significant events take place.
- In order to implement information transparency and exercise effective internal control as a necessary portion of strong corporate governance, Independent Directors regularly (at least once each year) hold individual meetings with internal auditors and CPAs (excluding Board meetings, and with no Directors or management present). On February 23, 2023, the Company's Independent Directors held the "2023 individual communication meetings" with internal auditors and CPAs. At the meeting, Independent Directors did not put forward any relevant recommendations on communication matters.

(2) Communication status between the independent directors and the chief internal auditor

Date of Communication	Communication Items	Suggestions and Results
Individual communication meetings 2023.02.23	● Summary report of audit execution (1) Routine matters (2) Other matters (3) Establish risk assessment-oriented audit matters	No comments
Audit Committee 2023.02.23	● Results of audit sampling for Q4 2022 and post-quarter follow-up audits ● Passed the audit on the effectiveness of the internal control system and the Statement on Internal Control of 2022	No comments
Audit Committee 2023.05.09	● Results of audit sampling for Q1 2023 and post-quarter follow-up audits	No comments
Audit Committee 2023.08.08	● Results of audit sampling for Q2 2023 and post-quarter follow-up audits	No comments
Audit Committee 2023.11.07	● Results of audit sampling for Q3 2023 and post-quarter follow-up audits ● Audit Plan of 2024	No comments

(3) Communication status between the independent directors and the CPAs

Date of Communication	Communication Items	Suggestions and Results
Individual communication meetings 2023.02.23	● Description of annual audit: Description of key audit matters ● Description of audit of other important matters (1) The impact on the Company when conducting an audit in accordance with the Statement of Auditing Standards No. 315 "Identification and Assessment of the Risk of Material Misstatement" (2) 2022 computer audit findings	No comments
Audit Committee 2023.02.23	● Report on the audit of the 2022 financial statements and description of material regulation updates ● The main impact of the Auditing Standards No. 315 ● Summary of recent updates of auditing standards ● Corporate Governance 3.0 audit quality indicators (AQI) disclosure	No comments
Audit Committee 2023.05.09	● Report on the review of the 2023 Q1 financial statements	No comments
Audit Committee 2023.08.08	● Report on the review of the 2023 Q2 financial statements	No comments
Audit Committee 2023.11.07	● Report on the review of the 2023 Q3 financial statements ● Communication of key audit matters ● Audit schedule	No comments

4. Key points of annual work and operation:

(1) The Audit Committee operates in accordance with the Company's Audit Committee Charter, and its annual work priorities include:

- ■ Communicating audit report results to the chief internal auditor on a regular basis in accordance with the annual audit plan.
- ■ Communicating regularly with the Company's CPAs regarding the results of reviews or audits of financial statements.
- ■ Review of financial statements.
- ■ Evaluation of the effectiveness of the internal control system.
- ■ Appointment, dismissal, compensation, and evaluation on independence and competency of CPAs.
- ■ Consideration of material assets, transaction of derivatives, loaning of funds, endorsements, or transactions involving providing guarantees.
- ■ Material matters stipulated by the competent authorities.

(2) Operation in 2023: The attendance rate of the Audit Committee in 2023 was 100%, and the attendance rate was perfect. The relevant motions were reviewed and approved by the Audit Committee, and there was no objection from the independent directors.

3.4.3 Taiwan Corporate Governance Implementation as Required by the Taiwan Financial Supervisory Commission

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Explanation	
1. Does Company follow "Taiwan Corporate Governance Implementation" to establish and disclose its corporate governance practices?	✓		The Company has established its "Corporate Governance Best Practice Principles" in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and disclosed relevant information on the Company's website and MOPS.	None
2. Shareholding Structure & Shareholders' Rights (1) Does Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters? If yes, has these procedures been implemented accordingly?	✓		The Company has established a spokesperson system to handle related matters in accordance with the requirements. The system offers: 1. spokesperson and acting spokesperson; 2. investor mailbox (Raydium@rad-ic.com); and 3. The Company's website to handle shareholders' suggestions, disputes, and other issues; designated personnel are assigned to handle any litigation filed by shareholders in accordance with the law.	None
(2) Does Company possess a list of major shareholders and beneficial owners of these major shareholders?	✓		The Company reports the changes in the shareholdings of insiders (Directors, managers and major shareholders holding more than 10% of all shares) on the "MOPS" on a monthly basis and obtains the list of shareholders with more than 5% shareholding on a quarterly basis.	None
(3) Has the Company built and executed a risk management system and "firewall" between the Company and its affiliates?	✓		Finance and business between the Company and its affiliates are independent. The Company has established its "Regulations for Supervision of Subsidiaries" and "Regulations for Transactions with Affiliates, Particular Companies, and Group Enterprises" to establish and implement risk control and firewall systems with affiliates.	None
(4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	✓		The Company has established the "Material Inside Information Handling and Insider Trading Prevention Management Procedures" to prohibit insiders from trading marketable securities using undisclosed market information.	None
3. Composition and Responsibilities of the Board of Directors (1) Has the Board of Directors established a diversity policy, set goals, and implemented them accordingly?	✓		For the formulation and implementation of the Company's Board diversification policy, please refer to the annual report (pages 11 to 12).	None
(2) Other than the Compensation Committee and the Audit Committee which are required by law, does the Company plan to set up other Board committees?	✓		The Company has established the Remuneration Committee and Audit Committee as required by the law to assist the Board in exercising its powers but has not established any other functional committees.	None
(3) Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis, reported the results of performance to the Board of Directors, and use the results as reference for directors' remuneration and renewal?	✓		On April 15, 2021, the Board of the Company established its "Regulations for the Performance Evaluation of the Board," requiring that an internal performance evaluation shall be conducted at least once a year. In 2023, the internal evaluation results for the overall Board, individual Directors, and the Audit Committee were "Good," and the result for the Remuneration Committee was "Excellent." It is assessed that the overall operations of the Board and functional committees are favorable, in compliance with corporate governance requirements, and can effectively improve the functions of the Board and maintain shareholders' rights and interests. On February 26, 2024, the evaluation results were reported to the Board, and such results will be used as a reference for remuneration and nomination for re-appointment of individual Directors. In addition, an external professional independent institution or external expert and scholar team shall be engaged to conduct the performance evaluation of the Board at least once every	None

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Reason for Non-implementation</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanation</th></tr>
<tr><td></td><td></td><td></td><td>three years. The Company appointed "Taiwan Corporate Governance Association," an external expert, to complete the evaluation in August 2023. The Association recognized the Company's compliance with corporate governance laws and regulations and provided appropriate recommendations. For the general comments and recommendations of the Association and the improvement of the Company, please refer to the Company's website.</td><td></td></tr>
<tr><td>(4) Does the Company regularly evaluate its external auditors' independence?</td><td>✓
✓</td><td></td><td>1. In accordance with paragraph 5, Article 29 of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Article 3 of the Company's Audit Committee Charter, the Company referw to The Norms of Professional Ethics for Certified Public Accountant No. 10 "Integrity, Objectiveness, and Independence" and AQIs to evaluate the independence and competence of CPAs each year.
2. The Audit Committee of the Company evaluates the independence and competence of CPAs every year. In addition to requiring the CPAs to provide the "Declaration of Independence" and "AQIs," the Audit Committee also adopts the independence assessment standards for CPAs to conduct evaluations; please refer to the annual report - Note 1 description and 13 AQIs (page 33).
(1) Independence
According to the assessment based on The Norm of Professional Ethics for Certified Public Accountant No. 10 "Integrity, Objectiveness, and Independence," it was confirmed that CPAs have no other financial interest or business relationship with the Company other than the fees for certification and tax cases, nor have any family members of CPAs violated the independence requirements. The appointed CPAs confirmed are independent.
(2) Audit Quality and Competency
■ According to the assessment based on The Norm of Professional Ethics for Certified Public Accountant No. 10 "Integrity, Objectiveness, and Independence," it was confirmed that CPAs have no other financial interest or business relationship with the Company other than the fees for certification and tax cases, nor have any family members of CPAs violated the independence requirements. The appointed CPAs confirmed are independent.
■ In terms of independence, due to the high proportion of non-audit fees (including internal control audit fees for listing) and the negative effects on independence arising from the appointment of KPMG for financial statement audit services for a cumulative 19 years (as of 2022), KPMG has arranged internal CPA rotation in 2023.
■ In addition, the CPA firm has been able to complete the financial and taxation certifications of the Company on schedule.
■ In conclusion, we concluded that the audit quality of the appointed CPAs was favorable, and the audit results of the financial statements were reliable for the users of the financial statements.
3. he evaluation results for the most recent year were discussed and approved by the Audit Committee on February 26, 2024, and were submitted to the Board of Directors for resolution on the evaluation of the independence and suitability of the CPAs.</td><td>None</td></tr>
</table>

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Explanation	
4. Does the Company appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors, assisting directors' compliance of law, handling matters related to board meetings and shareholders' meetings according to law, and recording minutes of board meetings and shareholders' meetings)?	✓		1. On April 15, the Board resolved to appoint Assistant Vice President Lin Pei-Yi of the Finance Center as the corporate governance officer to be responsible for the supervision and planning of corporate governance. Her qualifications comply with the requirements of corporate governance officers under paragraph 1, Article 3 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. In 2023, the continuing education programs for the corporate governance officer have been completed. In addition, the financial unit performs various corporate governance affairs to strengthen the implementation of corporate governance and legal compliance of the Board. 2. The main responsibilities of the corporate governance officer are as follows: handling matters related to Board meetings and shareholders' meetings in accordance with the law, preparing the minutes of Board meetings and shareholders' meetings, assisting Directors and Independent Directors in their inauguration and continuing education, providing Directors and Independent Directors with the information needed to carry out their business, assisting Directors and Independent Directors in the comply with laws and regulations, reporting to the Board the review results on whether the qualifications of Independent Directors at the time of nomination, election, and during the term of office comply with relevant laws and regulations, and handle matters related to changes in Directors. 3. For the execution focus of corporate governance affairs in 2023, please refer to the annual report (page 34).	None
5. Has the Company established a means of communicating with its Stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a Stakeholders Section on its Company website? Does the Company respond to stakeholders' questions on corporate responsibilities?	✓		1. The Company values the feedback and opinions of stakeholders, and has established a Stakeholders Section on the Company's website, provided an exclusive mailbox for communication with stakeholders, continued to maintain smooth communication channels with stakeholders, and announced material information on a timely basis for events that may have effects on stakeholders. 2. The Company values the feedback and opinions of stakeholders, and has established a Stakeholders Section on the Company's website, provided an exclusive mailbox for communication with stakeholders, continued to maintain smooth communication channels with stakeholders, and announced material information on a timely basis for events that may have effects on stakeholders. 3. The Company's communication with stakeholders in 2023 has been reported to the Board on November 7, 2023. For the communication with stakeholders in the most recent year and the content of the reports, please refer to the Company's website and the 2023 Sustainability Report.	None
6. Has the Company appointed a professional registrar for its Shareholders' Meetings?	✓		The Company appointed the Shares Registration Service Department of Taishin Securities Co., Ltd. to be the Company's stock affairs agent and to assist with shareholders' meeting affairs.	None
7. Information Disclosure				
(1) Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status?	✓		The Company has established a website (https://www.rad-ic.com/en-US) to disclose important information related to finance, business, corporate governance and affiliates within the Group.	None
(2) Does the Company use other information disclosure channels	✓		The Company has designated personnel responsible for the collection and disclosure of corporate information, and has an	None

Assessment Item		Implementation Status: Yes	No	Explanation	Reason for Non-implementation
(e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?				English version of the Company's website. The Company has appointed a spokesperson and an acting spokesperson. Important information and information on investor conferences are disclosed on the Company's website or on MOPS.	
(3) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?		✓		The Company's 2023 consolidated and parent company only financial statements have been announced and reported within two months (February 29, 2024) from the end of the fiscal year. The 2023 Q1, Q2, and Q3 financial statements and the monthly revenue were also announced and reported on the MOPS before the prescribed deadline, and uploaded to the Company's website simultaneously.	None
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices?	Employee rights	✓		The Company organizes various internal and external employee education and training from time to time, and the Company's employees have formed the Employee Welfare Committee to be responsible for the planning and implementation of employee welfare matters. For employee rights and interests, please refer to Chapter 5.Business Overview – 5.5. Labor-capital relations (pages 90 to 91) of the annual report.	None
	Employee wellness	✓			
	Investor relations	✓		The Company assigns dedicated personnel to make timely announcements of information on financial operations and changes in insiders' shareholdings on MOPS to help investors better understand the Company's business and financial status.	None
	Supplier relations	✓		The Company has established its supplier management procedures and regularly evaluates suppliers in conjunction with the procurement procedures, and requires them to continue to improve in order to create long-term relationships of mutual benefits.	None
	Rights of stakeholders	✓		The Company provides stakeholders with the latest information and communication channels through MOPS and the Company's website to protect the legal rights and interests of both parties.	None
	Directors' training records	✓		The Company notifies Directors to attend related professional training from time to time. Please refer to "Continuing education of Directors in 2023" (pages 34 to 35) of the annual report	None
	Implementation of risk management policies and risk evaluation measures	✓		Please refer to "Chapter 7. Review of Financial Conditions, Financial Performance, and Risk Management – 7.6.Risk management" of the annual report (pages 107 to 108).	None
	Implementation of customer relations policies	✓		The Company maintains close contact with customers to ensure that products meet the expected reliability and quality.	None
	Purchasing insurance for directors	✓		The Company has purchased liability insurance for Directors and reported the insurance coverage to the Board. The insurance coverage is assessed on an annual basis.	None
9. Please explain the improvements made in accordance with the Corporate Governance Evaluation results released by the Taiwan Stock Exchange's Corporate Governance Center, and provide the priorities and plans for improvement with items yet to be improved. (Not required for companies not included in the evaluation): ■ According to the 10th Corporate Governance Evaluation Results announced by the Taiwan Stock Exchange, the Company was ranked as one of the third range companies, i.e., the Top 6% to 20%. The Company will continue to work hard to strengthen corporate governance and move towards sustainable corporate development.					

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Explanation	

■ The improvements made in 2023 are mainly as follows:

1. Improve the attendance rate of Directors at the Shareholders Meetings.
2. Record the important contents of shareholders' questions and the company's replies in the minutes of shareholders' regular meetings
3. Upload uninterrupted audio and video recording of the entire meeting after the Shareholders Meeting.
4. In the 2023 Shareholders Meeting, all directors were re-elected, and a female director was elected.
5. Develop succession plans for the board of directors and key management personnel, and disclose their operation on the company's website.
6. Engage an external professional institution to conduct the evaluation of the Board of Directors for the period.
7. The Company amended the "Audit Committee Organization Regulations" The Audit Committee supervises the risk management, and the Board of Directors approves risk management policies and procedures. The risk management organizational structure, risk management procedures, and their operation status are reported to the Board of Directors.
8. Disclose the linkage between director and executive performance evaluations and compensation in the annual report.
9. Disclose the interim financial report in English within two months after the filing deadline for the Chinese version of the interim financial report.
10. The sustainability report prepared by the company has been verified by a third party, and the English version of the sustainability report has been uploaded to the public information observatory and the company website.
11. The company's website discloses the identified stakeholders, their concerns, communication channels, and response methods. Regular reports on communication with stakeholders are submitted to the Board of Directors.

■ The expected improvements to be made in 2024 are mainly as follows:

1. Simultaneously release important information in Chinese and English.
2. Revise the "Operational Standards for Financial Business Between Related Parties" and "Procedures for Acquiring or Disposing of Assets". Relevant significant related party transactions should be submitted to the board of directors for approval.
3. Disclose relevant information on the company's management status, strategies, risk management, indicators and goals of climate-related risks and opportunities in accordance with the TCFD framework.

Note 1: Standard Evaluation Items for CPAs' Independence

Item	Result
1. There are no direct or indirect material financial interests between CPAs and the Company.	Up-to-standard
2. There are no major close business relationship between CPAs and the Company.	Up-to-standard
3. There is no potential employment relationship of the CPAs when auditing the Company.	Up-to-standard
4. There is no borrowing or lending between the CPAs and the Company.	Up-to-standard
5. The CPAs have never accepted gifts or presents of great value (the value of which exceeds the general social etiquette standards) from the Company and its directors and managerial officers.	Up-to-standard
6. The CPAs have provided audit services to the Company for seven consecutive years.	Up-to-standard
7. Neither the CPAs nor their spouse or supported relatives hold any shares of the Company.	Up-to-standard
8. No CPAs, their spouse or supported relatives, the audit group served, during the audit period or in recent two years, as directors or managerial officers of the Company, or assumed any position that may have a substantial influence on the audit work. It is further acknowledged that they will not hold the aforementioned related positions in subsequent audit periods.	Up-to-standard
9. Has the CPAs complied with the Independence Standard No. 10 of "the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and has obtained the Statement of Independence issued by the CPAs.	Up-to-standard

Highlights of Implementation of Corporate Governance-Related Matters for 2023

Item	Highlights of Implementation
Shareholders' Meeting	● A total of 1 meeting of the Annual Shareholders' Meeting was held (at least 1 meeting shall be held every year)
Board of Directors	● A total of 6 meetings of the Board of Directors were held (at least 1 meeting shall be held every quarter). The attendance rate of the Board members is 97%. The directors have recused themselves due to conflict of interest in the motions in question in accordance with the Procedure for Board of Directors Meetings.
Functional Committees	● A total of 4 meetings of the Remuneration Committee were held (at least 2 meeting shall be held every year). The attendance rate of its members is 100%. ● A total of 4 meetings of the Audit Committee were held (at least 1 meeting shall be held every quarter). The attendance rate of its members is 100%. The committee members have recused themselves due to conflict of interest in the motions in question in accordance with the procedures for the respective committee meetings.
Performance evaluation of the Board of Directors	● The regular internal performance evaluation each year was completed: in 2023, the internal evaluation results for the overall Board, individual Directors, and the Audit Committee were “Good,” and the result for the Remuneration Committee was “Excellent.” It is assessed that the overall operations of the Board and functional committees are favorable, in compliance with corporate governance requirements, and can effectively improve the functions of the Board and maintain shareholders’ rights and interests ● The external performance evaluation conducted every three years was completed: the Company has appointed "Taiwan Corporate Governance Association," an external expert, to complete the evaluation in August 2023. The Association recognized the Company’s compliance with corporate governance laws and regulations and provided appropriate recommendations. For the general comments and recommendations of the Association and the improvement of the Company, please refer to the Company’s website
Training records of directors and Corporate Governance Officer	● All Directors complete at least 6 credits of continuing education programs or 12 credits of initial inauguration education programs each year ● The corporate governance officer has completed a total of 21 hours of continuing education programs
Liability insurance for directors	● The Company purchased the liability insurance for directors and key employees with the insured amount of US$10 million for the period from July 1, 2023 to July 1, 2024. Upon completion of the renewal of the policy, it was reported to the Board of Directors on August 8, 2023.
Results of the Corporate Governance Evaluation	According to the 10th Corporate Governance Evaluation Results announced by the Taiwan Stock Exchange, the Company was ranked as one of the third range companies, i.e., the Top 6% to 20%.

Training Records of the Company's Directors in 2023

Title/Name	Date	Host By	Course Name	Hours	Total Hours	Meets Requirements
Director Hermit Huang	2023.09.01	Taiwan Corporate Governance Association	Corporate Reputation Risk Management	3	9	Yes
	2023.09.01	Taiwan Corporate Governance Association	Impacts of Climate Change Risks on the Company's Financial Disclosures	3		
	2023.12.08	Taiwan Corporate Governance Association	Ethical Corporate Management, Corporate Governance, and Sustainable Development Best Practices Principles and Case Study	3		

Title/Name	Date	Host By	Course Name	Hours	Total Hours	Meets Requirements
Director Hong-Jye Hong	2023.07.03	Securities and Futures Institute	Technical Development of EVs and Smart Vehicles and Models of Business Opportunities	3	6	Yes
	2023.09.01	Taiwan Corporate Governance Association	Corporate Reputation Risk Management	3		
Director Amy Ku	2023.09.01	Taiwan Corporate Governance Association	Corporate Reputation Risk Management	3	12	Yes
	2023.09.01	Taiwan Corporate Governance Association	Impacts of Climate Change Risks on the Company's Financial Disclosures	3		
	2023.09.13	Securities and Futures Institute	Analysis of the Key Points of Corporate Governance Evaluation for Directors and Supervisors	3		
	2023.09.20	Taiwan Securities Association	Analysis of the Preparation, Review, and Interpretation of Corporate Financial Statements	3		
Director Sheaffer Lee	2023.11.17	The Allied Association for Science Parks Industries	Functions and Tasks Corporate Governance Personnel under the Corporate Governance Blueprint	3	6	Yes
	2023.12.01	Independent Director Association Taiwan	Tax Governance in the New Tax Environment	3		
Independent Director Max Cheng	2023.03.29	Chinese National Association of Industry and Commerce	Notes and Q&A for Board Meetings and Shareholders' Meeting in 2023	3	9	Yes
	2023.03.31	Chinese National Association of Industry and Commerce	Impact of the Latest Transnational Tax Regulations on Enterprises and Response (Case Display)	3		
	2023.10.13	Securities & Futures Institute	2023 Insider Trading Prevention Conference	3		
Independent Director Haydn Hsieh	2023.09.22	Taiwan Corporate Governance Association	Key to Improving the Effectiveness of the Board	3	6	Yes
	2023.09.22	Taiwan Corporate Governance Association	Crucial Future Global ESG Trends and Cases Study	3		
Independent Directorg JerryJou	2023.09.13	Greater China Financial and Economic Development Association	Domestic and Foreign Economic and Industrial Trends and Countermeasures of Enterprises	3	6	Yes
	2023.10.11	Greater China Financial and Economic Development Association	Enterprises Compete for Talents: Discussion of Key Issues in Employee Remuneration Strategies	3		

Note: The continuing education of all Directors of the Company is in compliance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies." New Directors received 12 hours of continuing education each year, and re-appointed Directors received 6 hours of continuing education each year.

Training Records of the Company's Corporate Governance Officer in 2023

Title/Name	Date	Host By	Course Name	Hours	2023 Training Hours
Corporate Governance Officer Patty Lin	2023.04.27	Taiwan Stock Exchange Corporation、Taipei Exchange	Sustainable Development Action Plan Conference for TWSE/TPEx-listed Companies	3	21
	2023.05.23	Taiwan Corporate Governance Association	Information Security Governance Mindset and Practices	3	
	2023.06.09	Taiwan Corporate Governance Association	Promote Sustainable Corporate Development through Risk Management - Risk Management Best Practice Principles for TWSE/GTSM Listed Companies	3	
	2023.07.07	Taiwan Corporate Governance Association	AI Explosion: Technical Development and Application Business Opportunities of ChatGPT	3	
	2023.09.22~2023.09.23	Taiwan Corporate Governance Association	Net Zero Sustainability Talent Incubation Course [Central] - Carbon Sink, Carbon Rights and Carbon Trading	9	

Note: The continuing education of the Company's corporate governance officer complies with Article 24 of the "Guidelines Governing the Establishment and Exercise of Powers of the Board of Directors of Listed Companies," and the required training reached 12 hours per year.

3.4.4 Composition, duties, and operational status of the Remuneration Committee

1. Information on the Members of the Remuneration Committee

Title \ Qualifications \ Name		Professional Qualification and Experience	Independence Analysis	Number of Companies Concurrently Serve as An Independent Director
Independent Director (Convener)	Haydn Hsieh	(Note)	(Note)	0
Independent Director	Max Cheng			3
Independent Director	Jerry Jou			0

Note: Please refer to the Professional Expertise and Status of Independence of the Directors in the annual report (page 9).

2. Responsibilities of the Remuneration Committee

On November 2, 2011, the Company established the Remuneration Committee. It consists of three independent directors who shall meet at least twice a year. The members of this Committee shall serve with the care of a good administrator and faithfully perform the following duties and responsibilities and submit their recommendations to the Board of Directors for discussion:

(1) To establish and regularly review the policies, systems, standards and structures for performance evaluation and compensation of directors and managerial officers.

(2) Regularly evaluate and establish the compensation of directors and managerial officers.

3. Operational status of the Remuneration Committee

(1) There are a total of 3 members in the Remuneration Committee.

(2) The term for the members of this Remuneration Committee: From May 29, 2023 to May 28,2026.

(3) A total of 4 meetings of the Remuneration Committee were held in 2023. The attendance is as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) 【B/A】	Remark
Independent Director (Convener)	Haydn Hsieh	4	0	100	Re-election
Independent Director	Max Cheng	4	0	100	Re-election
Independent Director	Jerry Jou	4	0	100	Re-election

Note: On May 29, 2023, the Board of Directors of the Company appointed Mr. Haydn Hsieh, Mr. Max Cheng and Mr. Jerry Jou as members of the Fifth (the current) Remuneration Committee, and the current Remuneration Committee elected Mr. Haydn Hsieh as the convener on August 8, 2023.(The convenor of this session is the same as the previous session.)

Other matters to be recorded:

1. If the Board of Directors refuses to adopt or amends a recommendation of the Remuneration Committee, the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the company's response to the Remuneration Committee's opinion (e.g., if the remuneration passed by the Board of Directors exceeds the recommendation amount of the Remuneration Committee, the circumstances and causes for the difference shall be specified): None.
2. If there are resolutions of the Remuneration Committee to which members object or express reservations, and for which there is a record or declaration in writing, the date of the meeting, session, content of the motion, all members' opinions and the responses to the said opinions shall be specified: None.
3. Contents of proposals, results of resolutions of the Remuneration Committee of 2023, and the Company's handling on the opinions of members:

<table>
<tr><th>Date of Remuneration Committee</th><th colspan="2">Contents of Motions/Resolution</th><th>The Company's handling on the opinions of members</th></tr>
<tr><td>The 4th meeting of the 11 th term
2023.01.06</td><td>■ Approved the percentage of allocation and distribution of 2023 employees' and directors' compensation
■ Passed the distribution of 2022 performance bonus for managerial officers</td><td rowspan="4">Passed by the agreement of the Remuneration Committee members and submitted to the Board of Directors for resolution</td><td rowspan="4">Passed by the agreement of all directors present.</td></tr>
<tr><td>The 4th meeting of the 12th term
2023.02.23</td><td>■ Approved the proposal for the remuneration and welfare of the new President of the Company
■ Passed the principles for setting annual performance indicators for senior managerial officers
■ Passed the managerial officers' remuneration adjustment of 2023</td></tr>
<tr><td>The 4th meeting of the 13th term
2023.05.09</td><td>■ Approved the proposal on compensation of Assistant JR Shih</td></tr>
<tr><td>The 5 th meeting of the 1th term
2023.08.08</td><td>■ Approved the distribution of 2022 compensation for managerial officer employees</td></tr>
</table>

3.4.5 Implementation Status of Sustainable Development and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Reason for Non-implementatio</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr>
<td>1. Does the Company have a governance structure for sustainability development and a dedicated (or ad-hoc) sustainable development organization with Board of Directors authorization for senior management, which is reviewed by the Board of Directors?</td>
<td>✓</td>
<td></td>
<td>
1. The “Raydium Sustainable Development Committee” was established in March 2022 to improve the management of sustainable development, establish a governance framework for promoting sustainable development, and set up the Human Resources and Environmental Safety and Health Centers as the dedicated unit for promoting sustainable development, responsible for proposing and implementing sustainable development policies, systems, or related management policies and specific plans.
2. The Chairman and the President respectively serve as the chairman and the deputy chairman of the Sustainable Development Committee, which has five working groups under its jurisdiction: the Business Governance Group, the Partner Prosperity Group, the Environmental Sustainability Group, the Employee Relations Group, and the Social Care Group. The heads of each group are center-level executives, and a General Secretary is established to coordinate the various working groups to promote sustainable development issues. Committee members confirm and analyze the Company’s ESG report and overall strategies, directions, and goals every year, propose examination and improvement measures for items not achieved, and report the implementation results to the Board on a regular basis.
3. The promotion committee” reports the progress and results of the Company’s sustainable development to the board meeting regularly (at least twice a year). The Board of Directors provides recommendations, tracks the progress, and urges the management team to make adjustments. For issues reported in 2023, please refer to the following table:
<table>
<tr><th>Date of Board meeting</th><th>Issue reported</th></tr>
<tr><td>Feb 23, 2023</td><td>■ Report on the GHG inventory progress of the Company and subsidiary Ruichuangxin</td></tr>
<tr><td>May 9, 2023</td><td>■ Progress of sustainable development
(1) The 2022 report verification results and issues of concern
(2) The 2023 ESG Committee calendar and report schedule planning
(3) Implementation of sustainability targets in Q1 2023
■ Report on the GHG inventory progress of the Company and subsidiary Ruichuangxin</td></tr>
<tr><td>August 8, 2023</td><td>■ Report on the GHG inventory progress of the Company and subsidiary Ruichuangxin</td></tr>
<tr><td>November 7, 2023</td><td>■ Progress of sustainable development
(1) Effective stakeholder communication management
(2) Tracking issues of concern
(3) Preparation plan for the 2023 Sustainability Report
(4) Stakeholder engagement results and goal setting for 2024
■ Report on the GHG inventory progress of the Company and subsidiary Ruichuangxin</td></tr>
</table>
</td>
<td>None</td>
</tr>
</table>

Assessment Item	Implementation Status			Reason for Non-implementatio
	Yes	No	Summary Description	
2. Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy? (Note2)	✓		1. The information disclosed in the Sustainability Report of the Company covers the sustainability performance of the main business locations from January 1, 2023 to December 31, 2023. The Hsinchu Headquarters is the center of the risk assessment boundary, and the assessment covers information of the Taipei and Tainan Offices, excluding overseas operations. 2. The Company utilized the stakeholder list and distributed sustainability questionnaires. The results were sorted by the degree of concern of stakeholders on sustainability issues, and positive, negative, and actual and potential impacts were discussed. The results were then sent to the committee chairman to convene a central executive meeting to analyze the impact of ESG Issues on operations through analysis of the risk assess table, with consideration given to the severity, probability, and human rights. A matrix was then produced based on the rating results to sort the order of impact of both positive and negative issues, and finally the central executive meeting resolved that a total of eight issues are included as material issues. 3. For the risk assessment items and management policies of the material issues in the preceding paragraph, please refer to the supplementary explanation under "7. Other important information to facilitate the implementation of sustainable development practices" (pages 47 to 48) of the annual report.	None
3. Environmental Topic (1) Has the Company set an environmental management system designed to industry characteristics?	✓		1. Through regular internal and external audits, the Company ensures the effectiveness of its environmental safety and health management system and implements the functions of environmental safety and health. In response to the possible impact of climate change on operations, the Company completed a climate change risk survey in 2023, classified risks based on the survey results, and planned climate change countermeasures. 2. The Company has passed the international ISO 14001 Environmental Management System certification, ISO 45001 Occupational Health and Safety Management System certification, and Taiwan Occupational Safety and Health Management System (TOSHMS) certification, and conducts GHG verification in accordance with ISO 14064-1.	None
(2) Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?	✓		The Company has established the "Guidelines for Green Product Management," and adheres to the belief of "Nature Conservation" and "Environmental Protection" in order to focus on the quality of products and services. We constantly focus on R&D and innovation, actively advancing our technologies and processing capacity, and duly fulfilling our corporate social responsibility as a citizen of the Earth. 1. The design of energy-saving products is described as follows: ■ We adopt high-end mature wafer manufacturing processes for our key products, and optimize IC design technology to reduce IC power consumption and allow our products to conserve energy and power. ■ We continue to invest in the development of energy-saving products. ■ Through the use of end products, the new-generation IC can save 11,766,781 kWh of electricity and reduce carbon emissions by 5,825 tons a year. 2. The reduction of Impact on environmental load is described as follows:	None

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Reason for Non-implementatio</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td></td><td></td><td></td><td>■ The Company commissions its suppliers for production and manufacturing. In addition to quality management, the Company continues focusing on environmental protection issues to reduce the impact on the environment.
■ The material procurement and selection of outsourced production materials in 2023 continued to be fully compliant with international environmental protection laws/regulatory requirements (e.g. RoHS, halogen-free and REACH).</td><td></td></tr>
<tr><td>(3) Does the Company evaluate current and future climate change potential risks and opportunities and take measures related to climate related topics?</td><td>✓</td><td></td><td>1. The highest management organization of the Company is the Sustainable Development Committee for climate change, with the Chairman serving as the committee chairman and the President as deputy chairman. The TCFD working group is responsible for identifying and evaluating climate change risks and opportunities, regularly reviewing climate change countermeasures, goals and management measures, and reporting to the board meeting the results of implementation and relevant plans.
2. The Company refers to the Climate Related Financial Disclosures (TCFD) released by the International Financial Stability Board in June 2017, performs identification and evaluation, and participates in climate change mitigation and adaptation through practical actions. The Company conducted a survey on climate related issues in 2023. Through internal and external data discussions, cross-departmental communication and discussion, and produced a matrix diagram of climate risks and opportunities based on factors such as “impact degree” and “likelihood of occurrence,” and ranked the significance of climate change risks and opportunities based on the product of the two measurement dimensions of “degree of impact” and “likelihood of occurrence.” Based on the evaluation results, a total of five climate change risks and three climate change opportunities are identified as shown in the table below.
■ <u>Five major climate change risks</u>
<table>
<tr><th>Risk type</th><th colspan="2">Risk event</th></tr>
<tr><td rowspan="4">Transition risk</td><td rowspan="3">Policies and regulations</td><td>1. Increase the pricing of GHG emissions.</td></tr>
<tr><td>2. Improve the emission disclosure obligations.</td></tr>
<tr><td>3. Requirements and monitoring of existing products and services.</td></tr>
<tr><td>Technology</td><td>4. Replace existing products and services with low-carbon products.</td></tr>
<tr><td>Physical risks</td><td colspan="2">5.1 Changes in rainfall patterns and extreme changes in climate patterns.
5.2 Increase in average temperature.</td></tr>
</table>
■ <u>Three major climate change opportunities</u>
<table>
<tr><th>Opportunity type</th><th>Opportunity event</th></tr>
<tr><td rowspan="2">Resource efficiency</td><td>1. High-efficiency production procedures under supply chain management.</td></tr>
<tr><td>2. Energy efficiency</td></tr>
<tr><td>Products and services.</td><td>3. Develop and/or add low-carbon products and services.</td></tr>
</table></td><td>None</td></tr>
</table>

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Reason for Non-implementatio</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td></td><td></td><td></td><td>3. The Company expects to mitigate and adjust the potential risks of climate change affecting sustainable development by setting management strategies, goals, and action plans.
4. For the measures taken for climate change in the preceding paragraph, please refer to the supplementary explanation under “7. Other important information to facilitate the implementation of sustainable development practices” (pages 47 to 48) of the annual report.</td><td></td></tr>
<tr><td>(4) Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set greenhouse gas emissions reduction, water usage reduction and other waste management policies?</td><td>✓</td><td></td><td><u>GHG</u>
1. In 2022, the Company began to collect GHG emission statistics in accordance with the ISO14064-1 GHG inventory method and obtained external verification.
<table>
<tr><th rowspan="2">Year / Item</th><th colspan="2">GHG emissions</th></tr>
<tr><th>2023</th><th>2022</th></tr>
<tr><td>Scope 1 (tCO_2e/year)</td><td>128.7600</td><td>278.5975</td></tr>
<tr><td>Scope 2 (tCO_2e/year)</td><td>1,222.1363</td><td>1,290.615</td></tr>
<tr><td>Total emissions under Scope 1 and Scope 2 (tCO_2e/year)</td><td>1,351</td><td>1,569</td></tr>
<tr><td>Turnover (NT$ million)</td><td>18,347</td><td>22,822</td></tr>
<tr><td>GHG emissions intensity (tCO_2e/NT$ million)</td><td>0.07</td><td>0.07</td></tr>
</table>
2. In 2023, we installed vehicle charging stations to improve the convenience of EV charging, which in turn made employees adopt environmentally friendly and energy-saving means of transportation; official diesel vehicles were converted to EVs, which can achieve an annual carbon reduction effect of 48%.

<u>Water consumption</u>
1. The calculation method of water consumption is based on the allocation on a pro-rata basis for the calculation and estimation of water consumption. The calculation method is described as follows:
■ Hsinchu Office
Annual water consumption (ton) = [Daily domestic water consumption per employee (liter) * Actual working days per month * Total number of employees per month]/1000
■ Taipei and Tainan Offices
Annual water consumption (ton) = Monthly water consumption of the building (m3) * Water bill allocation ratio

Unit: Ton
<table>
<tr><th>Item</th><th>2023</th><th>2022</th></tr>
<tr><td>Water consumption</td><td>9,719</td><td>9,559</td></tr>
<tr><td>Water consumption per capita</td><td>11.53</td><td>12.29</td></tr>
</table>
2. The Company does not have a production line, and water consumption sources are mainly domestic water used in offices. In terms of water consumption management, the Company regularly promotes water conservation to employees. The total water consumption in 2023 was 9,719 tons, and the water consumption per capita was 11.53 tons, representing a decrease of 6.2% from 2022.</td><td>None</td></tr>
</table>

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Reason for Non-implementatio</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td></td><td></td><td></td><td>
<u>Waste management</u>
1. The Company's waste is classified into hazardous business waste (waste electronic parts and components) and non-hazardous (general) business waste (waste IT equipment). Qualified clearing companies are entrusted for the treatment or reuse of the waste generated; the total weight of wastes in the most recent two years was as follows:
Unit: Ton
<table>
<tr><th>Item</th><th>2023</th><th>2022</th></tr>
<tr><td>Non-hazardous (general) business waste</td><td>1.81</td><td>1.79</td></tr>
<tr><td>Hazardous business waste</td><td>17.76</td><td>30.76</td></tr>
</table>
Note: The total clearance volume in 2022 was higher as scrapped products from overseas were sent back to Taiwan for disposal in 2022
2. The Company entrusts qualified clearing companies and recycling companies to dispose of waste in accordance with the law; it assumes the responsibility of supervising the suppliers' treatment and audits the legality of the waste-clearing process from time to time. For wafer wastes, we cooperate with suppliers to recycle precious metals. We recovered 5.80 kg of precious metal in 2023 as recycled raw materials. Through our efforts, we aim to reduce the impact on the environment.
3. For the information verification listed as follows, please refer to the 2023 Sustainability Report of the Company.
</td><td></td></tr>
<tr><td>4. Social Topic
(1) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?</td><td>✓</td><td></td><td>
1. To protect and safeguard basic human rights, the Company and its subsidiaries comply with the relevant labor laws and regulations in the locations of their operations, recognize the human rights protection spirits and basic principles disclosed in international human rights covenants (i.e., Universal Declaration of Human Rights, ILO Declaration on Fundamental Principles and Rights at Work, and United Nations Guiding Principles on Business and Human Rights,” and have established human rights policies. In addition, the Company has set up relevant whistleblowing and complaint channels for stakeholders to express their rights, interests and opinions through such channels.
2. For the human rights policy and substantial practices of the Company, please refer to the supplementary explanation under “7. Other important information to facilitate the implementation of sustainable development practices” (pages 47 to 48) of the annual report.
</td><td>None</td></tr>
<tr><td>(2) Has the Company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?</td><td>✓</td><td></td><td>
<u>Remuneration of employees</u>
1. Employees are crucial assets of the Company. To attract and retain talent, the Company provides competitive remuneration and incentives, including:
■ Fixed monthly salary with market competitiveness, plus bonuses for three major Chinese festivals.
■ Annual performance bonus.
■ Employee remuneration system.
■ Employee stock ownership trust.
■ Patent bonuses to support employees' innovation and invention.
■ Generous referral bonuses for talents
2. Salaries of employees include principal salary, bonuses and employees’ remuneration. The salary standards are determined
</td><td>None</td></tr>
</table>

Assessment Item	Implementation Status			Reason for Non-implementatio
	Yes	No	Summary Description	
			based on educational background, past experience, personal professional ability, and work performance. Salary adjustments are made with reference to the general standards of different duties within the industry and the results of the individual performance evaluation, time invested, and duties assumed annually. The salary package and labor conditions of all employees are more favorable than the labor regulatory standards in Taiwan so as to ensure that the salaries offered are competitive among IC design companies. **Employee welfare measures** The Company provides welfare that is more favorable than the legal system, including providing employees with flexible leave hours to enhance the convenience of leave arrangements in order to achieve work-life balance, and the Company provides one day of paid volunteer leave each year to encourage employees to give back to society. To facilitate the relationships between cross-unit employees, it also offers a variety of club activities, merchant discounts, and various welfare subsidies. For relevant information, please refer to "Chapter 5. Business Overview – 5.5. Labor Relations – 5.5.1.1 Employee Benefit Plans " on (page 90) of the annual report. **Workplace diversification and equality** Pursuant to government laws and regulations, there is no discriminatory treatment or unfair treatment towards employees or job applicants based on race, gender, age, religion, nationality or political affiliation and applicants are matched to adequate jobs so that employees may be respected and be able to exhibit their full potential. Men and women are entitled to reward conditions with equal pay for the same position and equal opportunities for promotion. At the end of 2023, female employees accounted for 21.0%, and female executives accounted for 8.6%. **Business performance reflected in the remuneration of employees** The Company has a reasonable salary system which allocates employee bonuses based on annual operational performance and profitability, and shares operational results with employees.	
(3) Has the Company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?	✓		**Occupational safety and health policy** The Company has passed the ISO 45001 and TOSHMS and complies with the PDCA spirit and environmental safety and health policies. The Company has delegated occupational safety and health personnel to be responsible for the planning, promotion, supervision and inspection of the Company's safety and health management operations. The Occupational Health and Safety Committee is jointly formed by the labor and the management according to the regulations. Meetings are convened on a regular basis to review, coordinate and provide recommendations on safety and health management matters. In February 2023, the Company completed the ISO 45001 and TOSHMS renewal certification. **Occupational safety and health education and training** In order to improve the employees' occupational safety and health knowledge and emergency response capabilities, enhance employees' awareness of the hazards of the working environment, and reinforce their safety and health knowledge and concepts required for disaster prevention to avoid occupational disasters, the	None

Assessment Item	Implementation Status			Reason for Non-implementatio
	Yes	No	Summary Description	
			Company organized relevant safety and health education and training programs in 2023, and there were a total of 312 participants/1,098 hours. In addition, construction contractors working in the Company shall comply with occupational safety and health laws and regulations and the Company's environmental safety and health requirements. Before entering the Company, they must undergo the necessary occupational safety and health education and training and shall be notified of the hazards before entering for operations. **Occupational disaster management** In order to shorten the response time of relevant units in the event of an occupational disaster, the Company has established the "Procedures for Accident Investigation and Reporting," which stipulates that in the event of a false alarm, occupational injury or occupational disease that occur to any workers within the Company, first aid, reporting, investigation, improvement, and other measures shall be adopted for each incident, and countermeasures shall be proposed based on the root cause of the incident. All improvement measures shall be implemented horizontally to prevent the recurrence of similar incidents. As of the printing date of the annual report, there was one case of occupational injury in 2023. An employee injured his/her foot ligament during the basketball game organized by the Company. During the recovery period for the ligament, the Company granted the occupational sickness leave and allowed the employee to work from home for better recovery of his/her injury. Subsequently, to prevent sports injury, the organizer arranged warm-up exercises for all participants before the game to prevent accidents. **Health improvement** The Company has established its Procedures for Employees' Health Management in accordance with the Occupational Safety and Health Act. On-site practicing nursing personnel implement the service plans for health management. In 2023, employee health service items were: ■ Health inspection: Implemented once a year, which is more favorable than the regulations; implemented once every two years for the senior management. ■ On-site occupational physician services: A total of 6 times (once every two months) ■ Health improvement courses: 6 sessions; 171 participants ■ Blood donation event: 1 session; 21 participants; 29 bags of blood (250cc each) ■ Sports activities: 174 participants for 4 lectures, 268 participants for online sports courses, 169 participants for online group for running, and 121 participants for the personal running point race. ■ Provide Employee Assistance Programs (EAP) for employee consultation/consultation ■ Employ visually-impaired masseuses to provide relaxing massage services **Fire prevention** The Company conducts regular fire safety education and training and evacuation drills in accordance with fire safety regulations to cultivate employees' awareness of safety management and	

Assessment Item	Implementation Status			Reason for Non-implementatio
	Yes	No	Summary Description	
			emergency response capabilities. As of the publication date of the annual report, there has been no occurrence of the following hazardous fires or casualties.	
(4) Has the Company established effective career development training plans?	✓		The Company values employees' development, has established effective training plans and blueprints, and built a comprehensive training system to help employees improve their soft power and hard skills at work and for career development. For relevant information, please refer to "Chapter 5. Business Overview – 5.5. Labor Relations – 5.5.1.2.Continuing Education and Training System " (pages 91) of the annual report.	None
(5) Does the Company's product and service comply with related regulations and international rules for customers' health and safety, privacy, sales, labelling and set policies to protect consumers' or customers' rights and consumer appeal procedures?	✓		1. The Company has set strict requirements for the raw materials used in products and strictly abides by the environmental and quality standards of international advocacy organizations to prevent products from containing ingredients that are harmful to the human body or may cause damage to the environment. 2. The Company built its quality management system based on a "customer-oriented" and "risk assessment" approach. It obtained the ISO9001 quality management system certification in 2006, implements internal audits annually, and reports the system operating status to the senior management of the Company through management review meetings to ensure the effectiveness and adequacy of the operation of the quality management system. 3. The Company obtained the ISO14001 environmental management system certification in 2012. During the evaluation stage of product development, it requires the use of green raw materials and compliance with RoHS, halogen-free, REACH, China VOC, and other regulations to reduce the negative impact of products on the environment and customers' health. 4. For the management of confidential information between the Company, customers and suppliers, in addition to the relevant management guidelines for information security, it also formulated personnel management specifications, entered into non-disclosure agreements (contracts and statements) with current customers and suppliers, and continued to strengthen the protection of confidential information. For relevant information, please refer to "Chapter 5. Business Overview – 5.6 Cyber security Management" (pages 93 to 97) of the annual report. 5. The Company has established a customer-oriented quality system and business philosophy and uses an objective testing system to comprehensively evaluate customers' satisfaction with the Company's products or services in order to understand the gap between customers' requirements and expectations to serve as the basis for business management, and, in turn, achieve the goal of sustainable operation. The Company values customers' opinions and conducts annual surveys on service quality from the three major aspects of service, quality, and delivery. The average comprehensive score for customer satisfaction in 2023 reached 9.1.	None
(6) Does the Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental,	✓		1. The Company has established "Procedures for Supplier Management" to select premium suppliers based on the supplier selection criteria and sustainability risk assessment. In addition to product/process technology assessments, the Company also evaluates suppliers' quality management systems, hazardous substance management systems, environmental management	None

Assessment Item	Implementation Status			Reason for Non-implementatio
	Yes	No	Summary Description	
occupational safety and health or labor right, and their implementation status?			systems, labor safety and health management systems, and other management systems. Only those who pass the evaluation will be included in the list of qualified suppliers. 2. The Company is committed to driving the positive circulation of the supply chain. In order to ensure that suppliers have safe working environments, dignified labor relations, and ethical operations and promote environmental protection, the Company promotes supply partner sustainability management operations based on its "compliance standards," "risk assessment," "audit verification," "continual improvement," and other management operations to jointly cooperate for sustainable development. New suppliers shall execute the "Declaration of Code of Conduct Compliance" to confirm that the new supplier complies with the requirements of corporate social responsibility, understands the specific requirements of the Company for a responsible supply chain, and duly observes. 3. Perform regular audits of the suppliers to ensure normal operation of the quality management systems, hazardous substance management system, environmental management system, labor safety and health management system, corporate social responsibility system, and other management systems. For the control over hazardous substances in materials, suppliers are required to update the Material Safety Data Sheet (SDS) regularly. The materials themselves and the supplies ultimately contained in products shall also be regularly sent to an impartial third party to test for hazardous substances to ensure that hazardous substances in the products comply with the customer and the industry section and will not cause significant negative effects on the environment. 4. The Company purchases from qualified suppliers in accordance with the requirements. In the future, the Company will continue to work with suppliers to improve corporate social responsibility and reduce significant negative impacts of the supply chain on the environment.	
5. Does the Company refer to international reporting rules or guidelines to publish Sustainability Report to disclose non-financial information of the Company? Has the said Report acquire third party verification or statement of assurance?	✓		The Company's Sustainability Report was prepared with reference to the GRI Universal Standards 2021 published by the Global Sustainability Standards Board (GSSB). In addition, to align with international trends and become a benchmark company, it also extensively refers to international sustainability indicators and external initiatives as the basis for the preparation of its ESG Report. To strengthen the accuracy and credibility of the data in the report, the report received moderate assurance from SGS Taiwan Industrial Services Ltd. based on AA 1000 AS V3 TYPE II. In 2023, partial data was certified by impartial third-party institutions; international common indicators were adopted for data not verified. If there is any estimation, they were specified in relevant chapters.	None
6. If the company has established sustainable development best-practice principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," state the implementation and any deviations from such principles: In April 2021, the Board of Directors approved the establishment of the "Corporate Social Responsibility (CSR) Principles" and the implementation of CSR in accordance with the concept of the Principles. In May 2022, the Board of Directors revised the "CSR Principles" into the "Sustainable Development Principles" and proposed a mission and vision for sustainable development with the goal of achieving economic, environmental and social sustainability. In February 2023, the Board of Directors approved the amendment to the "Sustainable Development Principles", and continued to input resources into cultural and artistic activities or cultural and creative industries to promote cultural development.				

Assessment Item	Implementation Status			Reason for Non-implementatio
	Yes	No	Summary Description	

7. Other important information to facilitate the implementation of sustainable development practices:

(1) Risk Assessment Items and Management Guidelines for the Company's Major Issues:

Major Issues	Risk Evaluation Items	Management Guidelines
Environment	Climate change Action management	1. The Company carried out the GHG inventory of its offices according to the standards of ISO14064-1. 2. The results of the inventory shall be verified by a third-party verification institution. 3. Formulate short-, mid-, and long-term carbon reduction strategies and goals. 4. The Company identifies potential risks and opportunities and formulates risk management strategies based on the TCFD framework, in order to mitigate the impact of climate risks on operations and grasp climate related business opportunities.
Society	Recruitment/promotion and salary/welfare	1. We regularly review the competitiveness of the overall remuneration. structure and the leave and attendance policy in comparison with companies in the same industry. 2. We implement an employee performance management system, and the Company’s operating performance links positively to individual performance and degree of contribution.
	Human rights and employee diversification and equality	1. Provide a safe and healthy work environment. 2. Enhance the balance between work and family of employees. 3. Organized human rights protection training courses. 4. Establish diverse communication channels to promote labor-capital harmony.
	Training and education	1. Through training plans and blueprints, we help employees improve their soft power and hard skills at work and for career development. 2. Establish a comprehensive training system to assist employees in online self-learning or training effectiveness evaluation. 3. Conduct annual requirement surveys based on the capabilities required by the organization to ensure the necessity of training requirements.
Corporate Governance	R&D and design and commodity services	1. We conduct technical exchanges with customers and end brands on a regular basis, extensively collect market information, and invest R&D resources in an early stage. 2. Strengthen cooperation with domestic universities to share R&D results. 3. Reward innovation and invention to enhance intellectual property rights. 4. Invest funds that account for 15% to 20% of the Company’s operating income in R&D activities each year.
	Supply chain management	Comply with international initiatives and standards, establish relevant specifications, select suppliers through the three major aspects of ESG, and require supply chain partners to comply with the sustainable development policy of the Company and conduct regular inspections to improve the sustainable efficiency of the supply chain.
	Information security and privacy management	1. Raise awareness towards information security and establish an environment of information security. 2. Safeguard the Company's information assets and protect the Company's interests. 3. Ensure the sustainable operation of the Company's information system. 4. Strictly keep customer privacy and confidential information to ensure zero complaints about infringements or violations of customer privacy rights.
	Anti-corruption and ethical corporate management	1. The Company regularly advocates the ethical corporate management policy to directors and all employees, and requires directors and managers to sign each year a “Declaration of Adherence to Ethical Corporate Management Policy” to implement the ethical corporate management policy. 2. The Company has established an evaluation mechanism for both customers and suppliers. Customers or suppliers are required to sign a letter of commitment to integrity, which stipulates the terms of ethical behavior, including compliance with ethical corporate management policies and the right to terminate or revoke the contract at any time if the counterparty engages in any unethical behavior. 3. Strengthen training courses and training related to ethics, uphold the business philosophy of ethics and honesty, follow the principles of fairness, honesty, trustworthiness, and transparency in business activities, adopt a zero tolerance attitude toward any corrupt or bribery behavior, promise that there will be no form of corruption or bribery in all business interactions, and regularly report the implementation to the board meeting every year.

Assessment Item	Implementation Status			Reason for Non-implementatio
	Yes	No	Summary Description	

(2) The Company's human rights policy and substantial practices implemented

Human rights policy		Substantial practices implemented
I	Provide a safe and healthy work environment	In compliance with the "Act of Gender Equality in Employment," the Company has formulated the "Regulations for Sexual Harassment Control."
		Offer employee health inspections and health improvement activities each year to encourage employees to value and maintain their physical and mental health.
		Protect the safe and healthy working environment for employees and contractors and regularly organize fire drills and environmental cleaning and sanitization.
		Build a safe environment and reduce occupational disasters by following the international environmental and safety management system.
II	Eliminate illegal discrimination and reasonably ensure equal job opportunities	Respect employees with differences based on the “Employment Service Act, adopt the principle of equal pay for equal work and have zero difference in treatment in terms of gender, race, age, ethnicity and religion.
		The use of discriminatory words and requirements in external advertisements of job vacancies is prohibited.
		The Company, its subsidiaries and suppliers shall respect the basic human rights of employees and the supply chain, and shall not allow unreasonable or inhumane management, including any form of sexual harassment, sexual assault, corporal punishment, mental or physical pressure, bullying, public humiliation, or verbal abuse; neither may they threaten to take any of such actions.
III	No child labor	To ensure compliance with corporate social responsibility and ethical standards, the Company explicitly prohibits child labor from the beginning of employment, strictly implements the policy of child labor prohibition, and only hires employees aged 18 or above to duly comply with the social responsibility, international specifications standards, and relevant government regulations.
IV	No forced labor	The Company, its subsidiaries and suppliers shall prohibit the use of labor due to force, guarantee (including debt repayment) or contract binding, involuntary or exploitative prison labor, or enslaved or trafficked persons. This includes the use of intimidation, coercion, threats, kidnapping, or fraud to transport, harbor, recruit, deploy, or receive labor or services.
		The Company, its subsidiaries and suppliers will not force or coerce any unwilling personnel to provide services. The daily and weekly working hours, extended working hours, holidays, special leaves and other leaves of employees are in compliance with the laws and regulations.
		Set up a notice function in the attendance system for employees who are applying for overtime work, provide overtime payment after overtime work, and have dedicated personnel in place to carry out working hour examinations and control on a monthly basis.
V	Value the physical and mental health of employees	Improve the balance between work and family of employees and provide employees with a leave and attendance system and various welfare measures that are more favorable than the Labor Standards Act. If employees have children less than six years old at home, they can apply for work-from-home and nursery allowance according to the requirements.
		Provide EAP to relieve employees’ physical and mental pressure.
		Organize diverse activities, such as employee rest areas, family day, year-end dinner, and clubs, to improve the physical and mental health of employees.

(3) The Company actively practices sustainable development while engaging in business operations in order to comply with international development trends. Taking into account the development trend of domestic and foreign sustainability issues, the relevance with the Company's core business, and the impact of the Company's overall operating activities on stakeholders, the Company formulated the "Raydium Sustainable Development Policy" to facilitate economic, environmental, and social progress so as to achieve the goal of sustainable development.

3.4.6 Climate-related information

1. Implementation of climate-related information

Item	Implementation status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	1. Monitoring of climate-related risks and opportunities by the Board • In 2023, the Company reported to the Board on climate change-related issues. In the future, the Company will report the achievements of climate change mitigation and related plans to the Board on a regular basis, including the Company's carbon reduction strategy, measures and results. 2. Monitoring of climate-related risks and opportunities by the management • The ESG Committee identifies the risks and opportunities of climate change and takes countermeasures. The implementation status and achievements are regularly reported to the Chairman and the President and announced in the annual ESG Report. • Under the supervision of the President, the Environmental Safety and Health Department is responsible for the assessment and planning of energy, water resources, waste and other issues, setting goals, strategies and methods, and regularly reporting to the President on climate change-related development plans and implementation measures.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term)	After relevant departments under the ESG Committee carried out the TCFD education and training in 2023, responsible departments discussed possible climate risks and opportunities and impacts on the Company based on their scope of business on a case-by-case basis. Climate change risk and opportunity evaluation procedures were also adopted to rate the possibility and level of impact of different issues and prepare the risk and opportunity matrix. A total of five climate risks and three climate change opportunities were identified through the climate change risk and opportunity evaluation and risk matrix calculation, which are set out below.

1. Climate change risk

Risk type	Impact of climate-related risks on operations				
	Risk event		Impact on the Company	Time span	Potential financial impact
Transition risk	Policies and regulations	Increase the pricing of GHG emissions	1. If the supplier has to pay the carbon tax/fee and transfers the carbon cost to the Company, and the Company cannot transfer the incremental cost to the customer, the cost of material purchases will increase, and profits will decrease. 2. If the preferential carbon tax rate does not apply to suppliers, the cost of material purchases of the Company will increase, affecting the competitiveness of its products.	Short-term	Increase in operating costs
		Improve the emission disclosure obligations	By 2027, the organizational GHG inventory of the subsidiaries in the consolidated statement shall be completed. By 2029, the organizational GHG verification of the subsidiaries in the consolidated statements shall be completed. Through the organizational GHG inventory and verification, the Company can understand the organization's GHG emissions and further set the GHG reduction target.	Mid-term	Increase in operating costs
		Requirements and monitoring of existing products and services	1. Failing to comply with the new energy specifications of the EU will affect the products' competitiveness. 2. The introduction of carbon fees and carbon taxes may affect operating costs.	Short-term	Increase in operating costs
	Technology	Replace existing products and services with low-carbon products	Low-carbon products will be the mainstream trend in the future market. If the level of comprehension of new specifications during the R&D and design stage is low, it will reduce market competitiveness.	Mid-term	New and alternative technology R&D expenses
Physical risk	1. Changes in rainfall (water) patterns and extreme changes in climate patterns 2. Increase in average temperature		1. The delivery term is affected due to the delay in delivery terms of raw materials and products arising from floods and weather. 2. Operating suspension and an increase in maintenance and operating costs due to indirect effects on equipment operations resulting from the increase in energy cost and consumption and unstable power supply as the power/energy structure changed.	Long-term	Increase in operating costs, decrease in production capacity or operation interruption

Item	Implementation status

2. Climate change opportunities

Opportunity type	Impact of climate-related opportunities on operations			
	Opportunity type	Description of opportunities for the Company	Shock time	Potential financial impact
Resource efficiency	High-efficiency production procedures under supply chain management	Adjust the supply chain portfolio based on the location of the customers and provide low-cost and low-carbon services by means of localized production.	Mid-term	Reduce operating costs and strengthen supply chain resilience
	Energy efficiency	Select products with the energy-saving label to reduce energy consumption and improve energy efficiency.	Short-term	Reduction in operating costs
Products and services	Develop and/or add low-carbon products and services	Develop energy-saving products to secure more business opportunities	Mid-term	Increase income through demand for low-carbon products and services

Item	Implementation status
3. Describe the financial impact of extreme weather events and transformative actions.	1. For details of financial impacts of extreme weather events (operation interruption due to extreme weather events, resulting in flooding that affects production schedules, delivery, and product damage) and transition actions (costs for responses to carbon reduction policies and regulations and the green energy and environmental protection transition of the industry resulted in the increase in operating costs); please see the description in item 2 above for details. 2. To respond to the possible impact of global warming and extreme weather on the Company's operations, the Company made reference to the "Recommendations of the Task Force on Climate Related Financial Disclosures (TCFD)" published by the Financial Stability Board (FSB) in June 2017 to assess and participate in the mitigation and adaptation of climate change through substantial actions. The Company commenced its climate change risk survey in 2023 and classified the main risks based on the survey results to map out climate change countermeasures. 3. It is hoped that the complete inventory and plan implementation can mitigate and adjust the possible risks of the Company's sustainable operations under climate change; the information of will be disclosed in the Sustainability Report each year.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	1. The highest management organization of the Company for climate change is the 5Sustainable Development Committee, with the Chairman serving as the committee chairman and the President as the deputy chairman. The TCFD working group is responsible for identifying and evaluating climate change risks and opportunities, regularly reviews climate change countermeasures, goals and management measures, and reports to the board meeting the results of implementation and relevant plans. 2. Identification, evaluation and management process of climate risks The TCFD promotion team confirms the risks of climate change, such as changes in policies/regulations and development technologies, and historical disasters. The team evaluates climate change risks, distinguishes physical risks and transformation risks, and scores risks based on their likelihood of occurrence and degree of impact. The team then ranks them in order of significance, simulates risk scenarios based on the recommendations of international professional units, and calculates the results of financial impact analysis to formulate response strategies, goals, and action plans. 3. To achieve sound operations, enhance corporate governance, and implement the risk management and supervision function of the Board of Directors, the Company has established a Risk Management Committee to carry out risk identification and grasp relevant risks that may affect sustainable corporate development based on four major aspects of finance (F), operation (O), strategy (S), and hazard (H). Climate change risks are already included in the scope of hazard risks, and the Company minimizes the possible risks through risk control, avoidance, transfer, retention, and relevant management strategies and countermeasures, and even transformed them into business opportunities
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	1. The Company refers to the TCFD Knowledge Hub to classify major risks and opportunities by features. It considered the recommendations of the IEA (International Energy Agency) and IPCC (Intergovernmental Panel on Climate Change) for climate scenarios and cited RCP2.6 and RCP 8.5 (the worst-case scenario) in the IPCC Assessment Report to discuss the physical impacts and transition impacts, and carried out financial analysis and comparison based on the operating income in 2023. 2. Description of scenario-setting and financial impact assessment:

<table>
<tr><th>Item</th><th colspan="6">Implementation status</th></tr>
<tr><td rowspan="9"></td><td rowspan="2">Scenario analysis</td><td rowspan="2">Risk type</td><td colspan="4">Impact of climate-related risks on operations</td></tr>
<tr><td colspan="2">Climate-related risks</td><td>Assumptions</td><td>Financial impact assessment</td></tr>
<tr><td rowspan="4">RCP2.6</td><td rowspan="4">Transition risk</td><td rowspan="3">Policies and regulations</td><td>Increase the pricing of GHG emissions</td><td>Based on the current market and the Net Zero target by 2050, by assuming that the carbon fees are US$10-120/ton, suppliers will transfer the carbon costs to the Company, resulting in the increase in the cost of material purchases and the decrease in profits.</td><td>Assuming that major suppliers will transfer 100% of the cost of carbon fees/taxes to the Company, it is estimated that the increased cost of carbon fees/taxes will account for about 0.4% - 4.1% of its operating income by 2030.</td></tr>
<tr><td>Improve the emission disclosure obligations</td><td>Assuming that the renewable energy substitution ratio will reach 30% by 2030.</td><td>It is estimated that the incremental green power expense between 2024 and 2030 will not exceed 0.03% of the operating income, which has an insignificant impact on the Company's finance.</td></tr>
<tr><td>Requirements and monitoring of existing products and services</td><td>International energy regulations are becoming more and more stringent. If the existing products cannot meet the customer's energy-saving requirements or the new energy regulations,</td><td>they will affect product competitiveness, result in a decrease in the overall operating income of the Company, and affect profits.</td></tr>
<tr><td>Technology</td><td>Replace existing products and services with low-carbon products</td><td>The Company's general strategy is to focus on the research and development of high-efficiency and low-energy consumption products.</td><td>The cost of masks and manpower is expected to increase.</td></tr>
<tr><td rowspan="2">RCP8.5</td><td rowspan="2">Physical risk</td><td rowspan="2">Long-term</td><td>Changes in rainfall (water) patterns and extreme changes in climate patterns</td><td>A short period of heavy rainfall may cause flooding that affects production schedules and delivery or cause product damage during the course of transportation</td><td>Power outages and transportation difficulties may result in operation disruptions, which will cause a decrease in the overall operating income of the Company and affect profits.</td></tr>
<tr><td>Increase in average temperature</td><td>Operating suspension and an increase in maintenance due to indirect effects on equipment operations resulting from the increase in energy cost and consumption and unstable power supply as the power/energy structure changed.</td><td>It is expected that the Company's purchase cost and electricity bill will increase. If the supplier or the Company's operations are interrupted, the Company's overall operating income will decline, which will affect profits.</td></tr>
<tr><td colspan="6"></td></tr>
<tr><td>6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.</td><td colspan="6"><u>The Company's climate change risk management strategies and targets:</u>
<u>Strategy</u>
1. Transition risk strategy
• Collaborate with value chain partners to continuously develop innovative designs and take energy-saving product design into consideration throughout the product life cycle.
• Continue to monitor the trends and requirements of international climate change and proactively disclose information on responses to climate change.
• Continue to innovate and develop low-energy-consumption products to meet customer demand for low-carbon products.
2. Physical risk strategy
• Support production at the same location to separate production risks of suppliers.
• Audit climate risks in the supply chain, diversify the supply chain layout, and diversify supply chain risks.
• Strengthen the power backup for server rooms for continuous operation.
• Continue to plan for and promote energy-saving and carbon reduction projects and improve resource efficiency.
3. Transition opportunity strategy
• Optimize existing building equipment and energy management.</td></tr>
</table>

Item	Implementation status
	• Adopt high-end advanced processes and energy-saving designs, regularly review the R&D direction for low-carbon products, and jointly develop low-carbon products with customers **<u>Indicators and targets</u>** 1. Climate action: • Achieve RE30 for the purchase and consumption ratio of renewable energy by 2030. • Achieve the net zero target by 2050. 2. Carbon inventory: • The Company has completed in 2022 to 2024 the GHG inventory for 2021 to 2023, and obtained the verification statements from a third-party verification company. • In 2023, the overseas subsidiary Ruichuangxin has completed the ISO 14064-1 GHG inventory. • In 2023, a total of 13 suppliers passed the greenhouse gas verification of impartial third-party institutions. In the future, we will exert our influence on suppliers and continue to urge them to complete the ISO14064-1 GHG inspection and jointly formulate and set the Scope 3 carbon reduction targets with suppliers to achieve a sustainable supply chain.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	The Company currently does not have internal carbon pricing.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	• The Company began to conduct organizational GHG inventory in 2022. Currently, we have completed the GHG inventory in Taipei, Hsinchu, and Tainan from 2021 to 2023 and requested SGS to complete the verification in accordance with ISO14064:2018. • The subsidiary Ruichuangxin began to conduct organizational GHG inventory in 2022. Currently, it has completed the GHG inventory from 2022 to 2023 and requested SGS to complete the verification in accordance with ISO14064:2018. • The ESG Sustainable Development Initiative aims to achieve net zero by 2050 and reduce global warming and environmental pollution through the use of green electricity. It is expected that the proportion of renewable energy used will reach 5% by 2025, 15% by 2027, 25% by 2029, and 30% by 2030 and achievement of RE30.
9. GHG inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below)	Please refer to the description under 1-1 and 1-2 for GHG inventory data and assurance status.

1-1 The Company's Greenhouse Gas Inventory and Assurance in the Recent Two Years

1-1-1 GHG inventory information: Specify the GHG emission volume (tCO2e), intensity (tCO2e/NT$ million) and data coverage for the most recent two years:

Item \ Year	GHG emissions	
	2023	2022
Scope 1 (tCO_2e/year)	128.7600	278.5975
Scope 2 (tCO_2e/year)	1,222.1363	1,290.615
Total Scope 1 and Scope 2 emissions (tons CO_2 e/year)	1,351	1,569
Turnover (NT$ million)	18,347	22,822
GHG emission intensity (tCO_2e/NTD million)	0.07	0.07

1-1-2 GHG inventory information: Describe the status of assurance for the most recent two years as of the publication date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinions:

Year	Total emission (tCO_2e/year)	Scope of assurance	Assurance institution	Assurance standards	Assurance opinion
2023	1,351	Taipei, Hsinchu, and Tainan Offices	SGS Taiwan Industrial Services Ltd.	ISO14064: 2018	Reasonable assurance level
2022	1,569				

1-2 GHG reduction targets, strategies and substantial action plans: Describe the GHG reduction base year and its data, reduction targets, strategies and substantial action plans and the achievement of the reduction targets:

- **GHG reduction base year and its data:**
  The base year for the Company's GHG reduction is 2021, and the total GHG emission of Scope 1 and Scope 2 in 2021 was 1,700 tCO_2e. In 2023, Scope 1 and Scope 2 GHG emissions were reduced by 349 tCO_2e or 21% from the base year.
- **Reduction targets, strategies and substantial action plans, and achievement of reduction targets:**
  To continuously reduce the total GHG emission of Scope 1 and Scope 2, save energy or improve energy efficiency, the following measures were completed in 2023: Installed vehicle charging stations to improve the convenience of EV charging, which in turn made employees adopt environmentally friendly and energy-saving means of transportation; official diesel vehicles were converted to EVs, which can achieve an annual carbon reduction effect of 48%.

3.4.7 Taiwan Corporate Conduct and Ethics Implementation as Required by the Taiwan Financial Supervisory Commission

<table>
<tr><th colspan="2" rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Causes for the Difference</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td rowspan="3">Establishment of Corporate Conduct and Ethics Policy and Implementation Measures</td><td>1. Does the company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?</td><td>✓</td><td></td><td>On April 15, 2021, the Board of Directors approved the establishment of the "Ethical Corporate Management Principles" and the "Procedures for Ethical Management and Guidelines for Conduct", and incorporated "Ethical Corporate Management" into the Company's core values as its highest purpose of sustainable management. All directors, members of the management team and employees are expected to follow the value and act ethically. Corresponding rules have been revealed on the Market Observation Post System and the Company's website so as to help stakeholders better understand the ethical code of conduct of the Company.</td><td>None</td></tr>
<tr><td>2. Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/ GTSM Listed Companies?</td><td>✓</td><td></td><td>1.The Company's "Ethical Corporate Management Principles", "Procedures for Ethical Management and Guidelines for Conduct", "Work Rules" and "Whistleblowing and Complaint Procedures" have established specific measures to prevent unethical conduct for relevant personnel to follow. Any violation will be enforced in accordance with the Company's disciplinary system.
2.The Company analyzes and assesses business activities on a regular basis within its business scope which are at a higher risk of being involved in unethical conduct, and establishes programs to prevent unethical conduct. The scope of prevention is as follows:
(1) Offer and accept bribes.
(2) Making illegal political contributions.
(3) Improper charitable donations or sponsorships.
(4) Offering or accepting unreasonable gifts, entertainment or other improper benefits.
(5) Infringement of trade secrets, trademarks, patents, copyrights, and other intellectual property rights.
(6) Engage in unfair competitive practices.
(7) The development, procurement, manufacture, provision or sale of products and services which directly or indirectly harm the rights, health and safety of consumers or other stakeholders.</td><td>None</td></tr>
<tr><td>3. Whether the company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and complaint procedures, and periodically reviews and revises such policies?</td><td>✓</td><td></td><td>The Company has established "Procedures for Handling Material Inside Information and Prevention of Insider Trading", "Codes of Ethical Conduct for Directors", "Whistleblowing and Complaint Procedures", "Ethical Corporate Management Principles", and "Procedures for Ethical Management and Guidelines for Conduct". There are regulations on ethical integrity, avoidance of conflict of interest, and entertainment for business purposes. A risk assessment mechanism has been established for unethical conduct; relevant ad hoc training sessions or tests are conducted to achieve the effects of raising awareness.</td><td>None</td></tr>
</table>

Assessment Item		Implementation Status			Causes for the Difference
		Yes	No	Summary	
Ethic Practice Management	1. Whether the company has assessed the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?	✓		The Company has established an evaluation mechanism for its customers and suppliers. The customers or suppliers are required to sign a declaration of honesty and integrity, specifying the terms and conditions of ethical conduct, the rights and obligations of both parties are also stipulated in the contract.	None
	2. Whether the company has set up a unit which is dedicated to promoting the company's ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and monitor its implementation?	✓		The Company's dedicated unit is the "Ethical Corporate Management Group", which is under the Board of Directors and consists of the Human Resources and EHS Center, and Legal Affairs Team. The Group is responsible for the formulation and supervision of the ethical corporate management. The dedicated unit reports the performance of the previous year to the Board of Directors in the second quarter of each year. The implementation situation in 2023 is expected to be reported to the Board of Directors in May 2024.	None
	3. Whether the company has established policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?	✓		1. In "Ethical Corporate Management Principles" and "Procedures for Ethical Management and Guidelines for Conduct" which the Company established, the policy on the prevention of conflict of interest has been clearly established and is required to be implemented by all units; the relevant matters are also stipulated in the "Work Rules" so that all employees are able to follow them. 2. The "Procedure for Board of Directors Meetings", "Audit Committee Charter" and "Remuneration Committee Charter" clearly stipulate that the directors shall refrain from participating in the discussion and voting on any proposals in which they have a conflict of interest in accordance with the principle of recusal. 3. The company has stated convenient reporting channels internally and on the company website, and has not received any integrity-related reporting cases in 2023.	None
	4. To implement relevant policies on ethical conducts, has the company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPA periodically?	✓		The Company has established a complete and effective control mechanism in its accounting system and internal control system for operational activities and businesses with a high potential for unethical conduct, and through annual self-evaluation of internal control, each department of the Company is required to review its internal control system to ensure the effectiveness of its design and implementation, and report the actual implementation of the audit plan to the Board of Directors.	None
	5. Does the company provide internal and external ethical conduct training programs on a regular basis?	✓		The company's integrity management training trains all employees regularly every year, and is held through both online and physical courses. ■ In 2023, the Company held ethical corporate management and anti-corruption training courses, with physical and online courses organized; the training participation rate was 99.3%, and the passing rate was 100%..	None

<table>
<tr><th colspan="2" rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Causes for the Difference</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td rowspan="3">Implementation of Complaint Procedures</td><td>1. Does the company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?</td><td>✓</td><td></td><td>■ Internal complaint/whistleblowing channels
<u>Ethics mailbox</u>: The mailbox serves as the whistleblowing channel for internal employees. Mail is automatically forwarded to legal affairs and audit executives.
<u>President's mailbox</u>: The mailbox is used to communicate directly with the President. In addition to whistleblowing and complaints, those who have suggestions, questions or even reflections on the Company can communicate with the President via the mailbox.
<u>HR mailbox</u>: Employees can use the mailbox to reflect HR-related issues.
■ External whistleblowing mailbox
<u>Whistleblowing mailbox</u>: <u>Whistleblower@rad-ic.com</u>; the mailbox is an independent whistleblowing mailbox for external parties. Mail is automatically forwarded to legal affairs and audit executives.
Appropriate personnel are assigned for the above channels for the use of internal and external personnel. The personnel or unit in charge of handling whistleblowing shall immediately prepare a report and notify the Audit Committee in writing if any material violation or concerns of material damage to the Company is found.</td><td>None</td></tr>
<tr><td>2. Whether the company has established standard operation procedures for investigating the complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner?</td><td>✓</td><td></td><td>The Company has specified the standard operating procedures and confidentiality mechanism for the investigation of whistleblowing matters in the "Procedures for Ethical Management and Guidelines for Conduct" and "Whistleblowing and Complaint Procedures".</td><td>None</td></tr>
<tr><td>3. Does the company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?</td><td>✓</td><td></td><td>The Company has formulated the "Whistleblowing and Complaint Procedures", specifying the establishment of whistleblowing and complaint channels, and investigation and handling procedures. All personal information and materials provided will be kept confidential so as to protect the confidentiality of the whistleblower and the complainant. Appropriate protective measures have been taken to prevent the whistleblower from being improperly handled as a result of the whistleblowing.</td><td>None</td></tr>
<tr><td>Information Disclosure</td><td>Does the company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and Market Observation Post System (MOPS)?</td><td>✓</td><td></td><td>The Company has uploaded the "Ethical Corporate Management Principles" to the Company's website and the Market Observation Post System to disclose information related to ethical corporate management, and regularly reports to the Board of Directors annually on the implementation.</td><td>None</td></tr>
<tr><td colspan="6">If the company has established corporate governance policies based on Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe any discrepancy between the policies and their implementation:
The Company has formulated the "Ethical Corporate Management Principles" to ensure that ethical corporate management is the highest purpose of sustainable operation, and that the directors, management team, and all employees shall act in accordance with ethical standards and to implement the Principles in concrete terms.</td></tr>
</table>

Assessment Item	Implementation Status			Causes for the Difference
	Yes	No	Summary	
Other important information to facilitate better understanding of the company's corporate conduct and ethics compliance practices (e.g., review the company's corporate conduct and ethics policy): The Company continues to pay attention to the development of the regulations related to ethical corporate management, and at unspecified times and occasions, the Company has conveyed to stakeholders the importance and implementation of the Company's philosophy of ethical corporate management, and encouraged directors, managerial officers and all employees to make suggestions to review and improve the policy and promotion measures for ethical corporate management so as to enhance its effectiveness.				

3.4.8 Corporate Governance Guidelines and Regulations

The Company has established a "Corporate Governance Principles", according to which the rights and interests of shareholders are protected, the functions of the Board of Directors are intensified, the roles of functional committees to the Board of Directors are given full play to, the rights and interests of stakeholders are respected, and the information transparency is enhanced. The "Corporate Governance Principles" of the Company can be available at the Market Observation Post System or the official website of the Company.

3.4.9 Other Important Corporate Governance Information

1. The Company has established the "Procedures for Handling Material Inside Information and Prevention of Insider Trading" as the basis for the Company's material information and disclosure mechanism for all employees to follow in order to avoid any violation or occurrence of insider trading.
2. The Company's directors, independent directors, managerial officers and other insiders are issued with the latest version of the "Compliance Brochure for Directors and Supervisors of TWSE/TPEx-Listed and Emerging Market Companies" prepared by the competent authorities upon their appointment to facilitate insiders' compliance.
3. The Company has three independent directors, and an Audit Committee and a Remuneration Committee composed of independent directors to strengthen corporate governance operations.
4. The Company has delegated a Corporate Governance Officer, who is responsible for the execution of all corporate governance-related matters by the Finance Department, in order to protect shareholders' rights and interests and strengthen the functions of the Board of Directors.
5. The operation of corporate governance of the Company can be available at the Market Observation Post System or the official website of the Company “Investor Zone-Corporate Governance”.

3.4.10 Status of the Internal Control System Implementation

1. Statement on Internal Control

Raydium Semiconductor Corporation

Statement on Internal Control

Date: February 26, 2024

The Company makes the following statement according to the self-evaluation conducted of the internal control system in 2023:

1. The Company acknowledges that it is the responsibility of the Board of Directors and managerial officers to establish, implement, and maintain the established internal control system. Its purpose is to reasonably ensure that operational effectiveness and efficiency (including income, performance, and asset safety) and reporting are reliable, timely, and transparent, as well as to ensure compliance with relevant regulations and laws.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its 3 stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond control. Nevertheless, the internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
3. The Company evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations identify 5 components of internal control based on the process of management control: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communication; and 5. monitoring operations. Each key component includes several items. Please refer to the Regulations for the aforementioned items.
4. The Company has evaluated the design and operating effectiveness of the internal control system according to the Regulations.
5. In accordance with the aforementioned evaluation, the Company has found that the design and implementation of the internal control system (including the assessment and management of subsidiaries), as of December 31, 2023, including the efficacy of understanding operations, the efficiency of achievement of objectives, reliability in reporting, timeliness, and compliance with the relevant guidelines and laws, are effective and can reasonably provide assurance of the aforesaid goals.
6. This statement is an integral part of the Company's annual report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This statement has been approved on February 26, 2024, by the Board of Directors, and out of the 7 Board members in attendance, 0 has objected to this statement and all consented to the content expressed herein.

Raydium Semiconductor Corporation

Chairman: Hermit Huang

President: WT Lin

2. If a CPA has been hired to carry out a special audit of the internal control system, the CPA audit report shall be disclosed: None.

3.4.11 Reprimands on the Company and its Staff:None.

3.4.12 Major Resolutions of Shareholders' Meeting and Board Meetings during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report

1. Major Resolutions of 2023 Shareholders' Meeting and Implementation Status

- To recognize 2022 Business Report and Financial Statements
  Resolution and implementation status: The resolution was passed.
- To recognize the proposal for the 2022 Earnings Distribution Table
  Resolution and implementation status: The resolution was passed, stipulating that July 5, 2023 should be the base date of distribution, and cash dividend should be distributed July 28, 2023. (Cash dividend NT$41 for each share).
- Amended the Rules of Procedure for Shareholders Meetings
  Resolution and implementation status: The resolution was approved.
- Election of seven Directors (including three Independent Directors)
  Election Results : Shareholders present voted to elect seven directors(including three Independent Directors), and all nominated directors were elected.
- To propose the release of directors and their representatives from non-competition restriction
  Resolution and implementation status: The resolution was approved.

2. Major Resolutions of Board Meeting

During the 2023 calendar year and as of the printing date of this annual report, Board meetings were convened. Major resolutions approved at these meetings are summarized below:

Date	Major Resolutions
The 17th meeting of the 7th board 2023.01.06	■ Approved the distribution ratio for employees' and directors' remuneration for 2023 ■ Approved the distribution of managers' performance bonuses for 2022
The 18th meeting of the 7th board 2023.02.23	■ Approved the 2022 internal control system effectiveness evaluation and the internal control system statement (Note) ■ Approved the 2022 distribution of remuneration to employees and Directors (Note) ■ Approved the 2022 financial statements, business report and the 2023 business plan (Note) ■ Approved the proposal for cash dividend distribution from earnings for 2022 (Note) ■ Approved the 2022 Table of Earning Distribution (Note) ■ Approved the proposal for the amendments to partial provisions of the "Rules of Procedure for Shareholders' Meetings" (Note) ■ Election of seven Directors (including three Independent Directors) ■ Approved the proposal for the nomination of Director and Independent Director candidates ■ Approved the release of non-competition restrictions for new Directors and their representatives ■ Approved the proposal for the stipulation of matters related to the 2023 annual shareholders' meeting and procedures for shareholders' proposals ■ Approved the proposal for the independence and competence evaluation, appointment, and remuneration of CPAs for 2023 (Note) ■ Approved the investment in Raydium Semiconductor (Kunshan) Co., Ltd. via Raydium Semiconductor (SAMOA) Corp. (Note) ■ Approved the proposal for the increase and change in the guarantee/endorsement limit provided to the subsidiary Raydium Semiconductor (Kunshan) Co., Ltd.., nature, and counterparty (Note) ■ Approved the proposal for the amendments to partial provisions of the "Sustainable Development Best Practice Principles" (Note)

Date	Major Resolutions
	■ Approved the proposal for the amendments to partial provisions of the "Sustainable Development Best Practice Principles" (Note) ■ Approved the proposal for the Company's 2023 budget ■ Approved the proposal for the change in the Company's President ■ Approved the proposal for the regular review of the policy, system, standards and structure of the remuneration of Directors and managers ■ Approved the proposal for the salary adjustment of managers in 2023
The 19th meeting of the 7th board 2023.05.09	■ Approved the 2023 Q1 consolidated financial statements (Note) ■ Approved the proposal for the remuneration of Assistant Vice President JR Shih
The 1th meeting of the 8th board 2023.05.29	■ Election of the 8th Chairman of the Company ■ Approved the appointment of the 5th session Remuneration Committee members
The 2th meeting of the 8th board 2023.08.08	■ Approved the 2023 Q2 consolidated financial statements (Note) ■ Approved the proposal for the amendments to partial provisions of the "Audit Committee Charter" (Note) ■ Approved the proposal for the amendments to partial provisions of the "Rules Governing Financial and Business Matters Between the Corporation and its Affiliates" (Note) ■ Approved the proposal for the appointment and remuneration for the profit-seeking enterprise provisional income tax audit and certification for 2023 (Note) ■ Approved the proposal for the purchase of property (Note) ■ Approved the proposal for principles for setting the annual performance indicators of the senior management ■ Approved the distribution of managers' remuneration of employees for 2022 ■ Approved the release of non-competition restrictions for managers ■ Approved the renewal of bank line of credit
The 3th meeting of the 8th board 2023.11.07	■ Approved the 2024 audit plan (Note) ■ Approved the 2023 Q3 consolidated financial statements (Note) ■ Approved proposal for the amendments to the Company's "Risk Management Policy and Procedures" ■ Approved the proposal for the increase in the guarantee/endorsement limit provided to the subsidiary Raydium Semiconductor (Kunshan) Co., Ltd.. ■ Approved the renewal of bank line of credit
The 4th meeting of the 8th board 2024.01.05	■ Approved the distribution ratio for employees' and directors' remuneration for 2024 ■ Approved the distribution of managers' performance bonuses for 2023 ■ Approved the proposal for the adjustment of manager titles and the appointment of Information Technology Principal of the Company
The 5th meeting of the 8th board 2024.02.26	■ Approved the 2023 internal control system effectiveness evaluation and the internal control system statement (Note) ■ Approved the 2023 distribution of remuneration to employees and Directors (Note) ■ Approved the 2023 financial statements, business report and the 2023 business plan (Note) ■ Approved the proposal for cash dividend distribution from earnings for 2023 (Note) ■ Approved the 2023 Table of Earning Distribution (Note) ■ Approved the proposal for the amendments to partial provisions of the "Procedures for Acquisition or Disposal of Assets" (Note) ■ Approved the proposal for the stipulation of matters related to the 2024 annual shareholders' meeting and procedures for shareholders' proposals ■ Approved the proposal for the regular review of the policy, system, standards and structure of the remuneration of Directors and managers and the amendments to partial provisions of the "Regulations Governing the Remuneration of Directors, Independent Directors and Managers" ■ Approved the proposal for principles for setting the annual performance indicators of managers for 2024 ■ Approved the proposal for amendments to partial provisions of the "Regulations for the Management of Employee Stock Ownership Trust" ■ Approved the proposal for the salary adjustment of managers in 2024

Date	Major Resolutions
	■ Approved the proposal for the independence and competence evaluation, appointment, and remuneration of CPAs for 2024 (Note) ■ Approved the proposal for the amendments to partial provisions of the "Rules of Procedure for Board Meetings" (Note) ■ Approved the proposal for the amendments to partial provisions of the " Regulations Governing the Exercise of Powers by Audit Committee " (Note) ■ Approved the proposal for the Company's 2024 budget ■ Approved the renewal of bank line of credit

Note: Matters referred to in Article 14-5 of the Securities and Exchange Act.

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

3.4.14 Resignation or Dismissal of Chairman, President, and Heads of Accounting, Finance, Internal Audit, Corporate Governance Officer and R&D during 2023 and as of the Date of this Annual Report: None.

3.5 Information Regarding the Company's Independent Auditors

3.5.1 Auditor Fee Information

Unit: In Thousands of New Taiwan Dollars

Accounting Firm	Name of CPA	Audit Period	Audit Fees	Non-audit Fees	Total	Remark
KPMG Taiwan	Chien-Hui Lu An-Chih Cheng	2023.1.1~ 2023.12.31	2,900	955	3,855	Non-audit fees include tax registration certificates, financial reports (English version), etc.

3.5.2 When the CPA Firm Is Changed and the Audit Fees Paid for the Fiscal Year of Such Fees Are Lower than Those for the Previous Fiscal Year, the Amounts of Audit Fees before and after the Change and the Reasons Thereof Shall Be Disclosed: None.

3.5.3 Audit Fees Paid for the Fiscal Year Are at Least 10% Less than Those Paid for the Previous Year, the Amounts of Audit Fees Reduced, Their Percentage, and the Reasons Thereof Shall Be Disclosed: None.

3.6 CPA's information:

3.6.1 Former CPAs

<table>
<tr><td>Date of Change</td><td colspan="4">February 26, 2024</td></tr>
<tr><td>Reasons and Explanation of Changes</td><td colspan="4">Internal business adjustment within the firm</td></tr>
<tr><td rowspan="3">Describe whether the Company terminated or the CPA did not accept the appointment</td><td colspan="2">Client / Status</td><td>CPA</td><td>Consignor</td></tr>
<tr><td colspan="2">Termination of appointment</td><td>N/A</td><td>N/A</td></tr>
<tr><td colspan="2">No longer accepted (continued) appointment</td><td>N/A</td><td>N/A</td></tr>
<tr><td>Other issues (except for unqualified issues) in the audit reports within the last two years</td><td colspan="4">None</td></tr>
<tr><td rowspan="6">Differences with the company</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="2">Audit scope or procedures</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>No</td><td colspan="3">V</td></tr>
<tr><td colspan="4">Description</td></tr>
<tr><td>Other Revealed Matters</td><td colspan="4">None</td></tr>
</table>

3.6.2 Successive CPAs

Accounting Firm	KPMG Taiwan
CPA	An-Chih Cheng / Chien-Hui Lu
Date of Engagement	February 26, 2024
Prior to the Formal Engagement, Any Inquiry or Consultation on the Accounting Treatment or Accounting Principles for Specific Transactions, and the Type of Audit Opinion that Might be Rendered on the Financial Report	None
Written Opinions from the Successor CPAs that are Different from the Former CPA's Opinion	None
The reply of former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Standards:None.	

3.7 The Company's Chairman, President or managers in charge of finance or accounting has been under current audit firm or its affiliates' employment in the last year: None.

3.8 Net Change in Shareholding by Directors, Management and Shareholders with 10% Shareholdings or More

3.8.1 Change in Equity Interests by Directors, Managerial Officers, and Major Shareholders

Unit: Thousands of shares

Title	Name	2023		As of March 31, 2024	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Chairman and Chief Executive Officer	Hermit Huang	(36)	0	0	0
Corporate Director and Major Shareholder	Konly Venture Corp.	0	0	0	0
Representative of Corporate Director	Hong-Jye Hong	0	0	0	0
Representative of Corporate Director	Benjamin Tseng	Note 1	Note 1	-	-
Representative of Corporate Director	Amy Ku	Note 1	Note 1	0	0
Director	Sheaffer Lee	0	0	0	0
Independent Director	Max Cheng	0	0	0	0
Independent Director	Haydn Hsieh	0	0	0	0
Independent Director	Jerry Jou	0	0	0	0
President	WT Lin	0	0	0	0
Vice President	Rich Huang	(59)	0	0	0
Vice President	CJ Wen	(26)	0	0	0
Vice President	Fred Wang	0	0	0	0
Vice President	YL Chen	(28)	0	(25)	0
Vice President (Note 2)	SP Tang	(65)	0	0	0
Information Technology Principal	Alex Yuan	(38)	0	(9)	0
Assistant Vice President	Patty Lin	(20)	0	0	0
Assistant Vice President	MT Lin	0	0	0	0
Assistant Vice President	JR Shih	Note 2	Note 2	0	0

Note 1: Director Benjamin Tseng resigned on May 29, 2023, and Director Amy Ku were elected on May 29, 2023, so there is no change during the period.

Note 2: Vice President JR Shih assumed the office on April 1, 2023, respectively, so there is no change data during the period.

3.8.2 Stock Trade with Related Party: None.

3.8.3 Stock Pledge with Related Party: None.

3.9 Relationship among the Top Ten Shareholders

March 31, 2024; Unit: Thousands of shares; %

Name (Note 1)	Shares Held		Shares Held by Spouse & Minors		Shares Held in the Name of Others		Name and Relationship between Raydium's Shareholders (Note 2)	
	Shares	%	Shares	%	Shares	%	Name	Relationship
Konly Venture Corp.	11,454	15.10	0	0	0	0	Darly Venture Inc./Darly 2 Venture, Ltd.	The parent companies of both parties are related parties
Konly Venture Corp. Person in Charge: Shuang-Lang (Paul) Peng	0	0	0	0	0	0	Darly Venture Inc./Darly 2 Venture, Ltd.	The parent companies of both parties are related parties
Capital Tip Customized Taiwan Select High Dividend ETF account	7,182	9.47	0	0	0	0	None	None
Fubon Life Insurance Co., Ltd.	3,120	4.11	0	0	0	0	None	None
Darly Venture Inc.	2,300	3.03	0	0	0	0	Darly 2 Venture, Ltd.	The companies shares the same Chairman
							Konly Venture Corp.	The parent companies of both parties are related parties
Darly Venture Inc. Person in Charge: Jasmin Hung	11	0.01	0	0	0	0	Darly 2 Venture, Ltd.	The companies shares the same Chairman
							Konly Venture Corp.	The parent companies of both parties are related parties
Taiwan Life Insurance Co., Ltd.	1,379	1.82	0	0	0	0	None	None
Labor pension fund under the new system	1,013	1.34	0	0	0	0	None	None
Darly 2 Venture, Ltd.	993	1.31	0	0	0	0	Darly Venture Inc.	The companies shares the same Chairman
							Konly Venture Corp.	The parent companies of both parties are related parties
Darly 2 Venture, Ltd. Person in Charge: Jasmin Hung	11	0.01	0	0	0	0	Darly Venture Inc.	The companies shares the same Chairman
							Konly Venture Corp.	The parent companies of both parties are related parties
Norges Bank investment account in the custodianship of Citibank (Taiwan)	975	1.29	0	0	0	0	None	None
Cong-Meng Huang	890	1.17	711	0.94	0	0	None	None
Advanced Aggregate International Stock Index investment account under the series of funds of Advanced Starlight Fund in the custodianship of JPMorgan Chase Bank, N.A., Taipei Branch	859	1.1	0	0	0	0	None	None

Note 1: All of the top ten shareholders shall be listed, and the names of corporate shareholders and their representatives shall be listed separately if they are corporate shareholders.

Note 2: If the shareholders listed above include both corporate shareholders and natural persons, the relationship among them shall be disclosed pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

3.10 Long-term Investment Ownership

Unit: Thousands of Shares; %

Long-Term Investments (Note 1)	Ownership by the Company		Ownership by Directors, Managers and Directly/Indirectly Owned Subsidiaries		Total Ownership	
	Shares	%	Shares	%	Shares	%
Raydium Semiconductor (SAMOA) Corp.	8,100	100.00	-	-	8,100	100.00

Note 1: The Company's investments are accounted for using the equity method directly

Chapter 4 Capital and Shares

4.1 Capital and Shares

4.1.1 Source of Capital

April 30, 2024; Unit: Thousands of shares; NT$1,000

Year/ Month	Par Value (NT$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Other
2003.10	11	24,000	240,000	6,000	60,000	Initial cash capital	None	10/23/2003; Fu-Chien-Shan-Tzu No. 09223088100
2004.09	11	24,000	240,000	6,100	61,000	Cash capital increase	None	09/21/2004; Fu-Chien-Shan-Tzu No. 09320043910
2005.07	15	24,000	240,000	15,000	150,000	Cash capital increase	None	07/01/2005; Fu-Chien-Shan-Tzu No. 09408697820
2006.05	15	60,000	600,000	35,000	350,000	Cash capital increase	None	05/09/2006; Fu-Chien-Shan-Tzu No. 09575590110
2007.07	18	60,000	600,000	40,000	400,000	Share subscription warrant converted into shares	None	07/09/2007; Yuan-Shang-Tzu No. 0960017620
2008.08	10	60,000	600,000	45,500	455,000	Capital increase from earnings	None	08/05/2008; Yuan-Shang-Tzu No. 0970021896
2009.08	10	60,000	600,000	53,175	531,750	Capital increase from earnings	None	08/17/2009; Yuan-Shang-Tzu No. 0980022878
2010.07	10	80,000	800,000	64,980	649,800	Capital increase from earnings	None	07/20/2010; Yuan-Shang-Tzu No. 0990020679
2016.10	10	80,000	800,000	72,230	722,300	Stock swap	None	10/11/2016; Chu-Shang-Tzu No. 1050028009
2017.12	10	80,000	800,000	70,320	703,200	Capital reduction	None	12/11/2017; Chu-Shang-Tzu No. 1061000717
2019.08	10	80,000	800,000	72,320	723,200	Issuance of Restricted Stock Awards	None	08/20/2019; Yuan-Shang-Tzu No. 1080023778
2019.12	10	80,000	800,000	67,003	670,034	Capital reduction	None	12/13/2019; Chu-Shang-Tzu No. 1080036087
2020.05	10	80,000	800,000	66,943	669,434	Capital reduction by canceling Restricted Stock Awards	None	05/14/2020; Chu-Shang-Tzu No. 1090013424
2021.05	10	100,000	1,000,000	66,937	669,368	Capital reduction by canceling Restricted Stock Awards	None	05/17/2021; Chu-Shang-Tzu No. 1100013679
2022.01	10	100,000	1,000,000	75,861	758,618	Cash capital increase	None	01/20/2022; Chu-Shang-Tzu No. 1110001826
2022.03	10	100,000	1,000,000	75,855	758,552	Capital reduction by canceling Restricted Stock Awards	None	03/11/2022; Chu-Shang-Tzu No. 1110007581

April 30, 2024; Unit: Thousands of shares

Type of Stock	Authorized Share Capital			Remark
	Outstanding Shares	Unissued Shares	Total	
Common Stock	75,855	24,145	100,000	None

Shelf Registration: None.

4.1.2 Status of Shareholders

March 31, 2024; Unit: Thousands of shares; Persons; %

Structure / Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of Shareholders	2	36	145	22,519	243	22,945
Shareholding	1,285,000	13,060,535	18,172,724	26,886,840	16,450,127	75,855,226
Percentage	1.69%	17.22%	23.96%	35.44%	21.69%	100.00%

4.1.3 Shareholding Distribution Status

Type: Common Share

March 31, 2024; Unit: Thousands of shares; Persons; %

Shareholding Range	Number of Shareholders	Shareholding	Percentage
1 ~ 999	16,825	810,487	1.07%
1,000 ~ 5,000	5,199	8,868,608	11.69%
5,001 ~ 10,000	404	3,134,879	4.13%
10,001 ~ 15,000	126	1,609,231	2.12%
15,001 ~ 20,000	81	1,464,866	1.93%
20,001 ~ 30,000	89	2,275,249	3.00%
30,001 ~ 40,000	37	1,299,484	1.71%
40,001 ~ 50,000	27	1,239,335	1.63%
50,001 ~ 100,000	67	4,788,174	6.31%
100,001 ~ 200,000	46	6,405,538	8.44%
200,001 ~ 400,000	19	5,178,759	6.83%
400,001 ~ 600,000	10	4,950,532	6.53%
600,001 ~ 800,000	4	2,829,344	3.73%
800,001 ~ 1,000,000	5	4,552,548	6.00%
Over 1,000,001	6	26,448,192	34.87%
Total	22,945	75,855,226	100.00%

Note: The Company did not issue any preferred stock.

4.1.4 List of Major Shareholders

March 31, 2024; Unit: Share; %

Shareholding / Shareholder's Name	Shares	Percentage
Kang Li Investment Co.	11,454,429	15.10%
Capital Tip Customized Taiwan Select High Dividend ETF account	7,182,000	9.47%
Fubon Life Insurance Co., Ltd.	3120,000	4.11%
Darly Venture Inc.	2,299,763	3.03%
Taiwan Life Insurance Co., Ltd.	1,379,000	1.82%
Labor pension fund under the new system	1,013,000	1.34%
Darly 2 Venture, Ltd.	992,548	1.31%

Shareholder's Name / Shareholding	Shares	Percentage
Norges Bank investment account in the custodianship of Citibank (Taiwan)	975,000	1.29%
Cong-Meng Huang	890,000	1.17%
Advanced Aggregate International Stock Index investment account under the series of funds of Advanced Starlight Fund in the custodianship of JPMorgan Chase Bank, N.A., Taipei Branch	859,000	1.13%

4.1.5 Market Price, Net Worth, Earnings, Dividends per Common Share

Unit: NT$; Thousands of Shares; %

Item / Year			2022 (Distributed in 2023)	2023 (Distributed in 2024)	March 31, 2024
Market Price Per Share	Highest		699	452.5	506
	Lowest		197	293	374
	Average		387.89	367.18	453.98
Net Worth per Share	Before distribution		170.55	147.89	(Note 1)
	After distribution		129.55	132.69	(Note 1)
Earnings per Share	Weighted average number of shares		75,388	75,855	(Note 1)
	Earnings per Share (After Tax)		51.23	19.02	(Note 1)
Dividends Per Share	Cash dividend		41	15.2(Note 2)	
	Stock dividends	Earning Distribution	-	-	
		Capital Distribution	-	-	
	Accumulated unpaid dividends		-	-	
Return on Investment	Price / Earnings Ratio		7.57	19.3	
	Price / Dividend Ratio		9.46	24.16	
	Cash Dividend Yield Rate		10.57%	4.14%	

Note 1: As of the date of publication of the annual report, the Company does not have financial statements audited by the CPAs for Q1 of 2024.

Note 2: The proposal for the distribution of 2023 earnings in cash dividend was approved by the resolution of the Board of Directors on February 26, 2024. It is expected that the ex-dividend date and dividend payment date will be determined after the 2024 shareholders meeting.

4.1.6 Dividend Policy and Implementation Status

1. **Dividend Policy Stipulated in the Current Articles of Incorporation of the Company**

Article 19-1:

If there is any surplus in the Company's annual accounts, the Company shall pay tax and make up for the accumulated deficit, and then set aside 10% as legal reserve, provided that if the legal reserve has reached the Company's paid-in capital, no further provision shall be made, and the remainder shall be set aside or reversed as special reserve in accordance with the provisions of the Act. If there is any unappropriated earnings, the Board of Directors shall prepare a proposal for distribution of the earnings. The distribution of dividends and bonuses, in whole or in part, by the issuance of new shares shall be resolved by the shareholders' meeting; the distribution of cash shall be specially resolved by the Board of Directors and reported to the shareholders' meeting.

The Company's dividend policy is a residual dividend policy that takes into consideration the Company's current and future investment environment, capital requirements, domestic and foreign competition, and capital budget, as well as the interests of shareholders, balanced dividends and the Company's long-term financial planning. Not less than 10% of the earnings available for distribution shall be appropriated as dividends to shareholders each year, of which no less than 10% of the total cash and stock dividends shall be paid in that year.

2. **Distribution of Dividends Proposed in the Shareholders' Meeting**

On February 26, 2024, the Board of Directors resolved to distribute cash dividends to shareholders in the amount of NT$1,152,999,435(NT$15.2 per share), which will be submitted to the 2024 Annual Shareholders' Meeting for report.

3. **If There Is an Expected Significant Change in Dividend Policy, It Shall be stated: None.**

4.1.7 Effect on the Operating Performance and Earnings per Share of Distribution of Stock Dividends Proposed or Adopted in the Most Recent Shareholders' Meeting: Not applicable

4.1.8 Compensation of Employees and Directors

1. **Percentage or Range of the Compensation of Employees and Directors as Set Forth in the Articles of Incorporation**

Article 19:

If the Company makes a profit within a fiscal year (profit is defined as income before income tax before the distribution of employee compensation and director's compensation), the Company shall appropriate not less than 1% as employee compensation and not more than 1% as director's compensation, but shall reserve in advance an amount to cover any accumulated losses (including the amount of adjustment to undistributed earnings).

The aforesaid shall be resolved by the Board of Directors and reported to the shareholders' meeting.

2. **The basis for estimating the amount of employee and director remunerations, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:**

The percentage of distribution of employee and director compensation distribution stipulated in the Company's Articles of Incorporation is the estimated basis of the Company's amount of pre-tax net income before deducting the compensation for employees and directors, and is recognized as operating costs or operating expenses for the fiscal year 2023. If there is a change in accounting estimate after the adoption of the financial statements in the following year, the change is treated as a change in accounting estimate and the effect of such change is recognized as profit or loss in the following year.

3. **Distribution of compensation approved by the Board of Directors:**

On February 26, 2024, the Board of Directors of the Company resolved the annual distribution information of 2023:

(1) The amount of employees' remuneration of NT$270,958,926 and directors' remuneration of NT$12,746,510 distributed in cash is not different from the amount of expenses recognized in the accounts.

(2) The amount of any employee remuneration distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial statements for the current period and the total employee remuneration: Not applicable.

4. **The actual distribution of employees' and directors' compensation in the previous year (including the number of shares distributed, the amount of shares, and the share price), the difference between the distribution and the recognition of employees' and directors' remuneration, and the amount of the difference, the reasons for the difference and the treatment of the difference shall be stated:**
   (1) In the previous year, the actual amount of employees' remuneration of NT$789,984,733 and directors' remuneration of NT$42,701,877 were distributed.
   (2) There is no difference between the amount actually distributed and the recognized amount.

4.1.9 Share Repurchases by the Company:

1. Already executed: None.
2. Currently executing: None.

4.2 Corporate Bonds (Including Outstanding and In-Process Bonds): None.

4.3 Preferred Shares (Including Outstanding and In-Process Shares): None.

4.4 Global Depositary Receipt (Including GDRs Which Have Been Issued and Not Yet Fully Redeemed and Those in Process): None.

4.5 Employee Stock Options: None.

4.6 Status of Employee Restricted Stock:

4.6.1 As of the publication date of the annual report, in the case of Restricted Stock Awards where the vesting conditions have not been fully met and their impact on shareholders' equity : None.

4.6.2 Employee Restricted Stock Granted to Management Team and to Top 10 Employees:None.

4.7 Status of New Share Issuance in Connection with Mergers and Acquisitions: None.

4.8 Financing Plans and Implementation: None.

Chapter 5 Overview of Operations

5.1 Business Activities

5.1.1 Business Scope

1. The Main Business Activities of the Company

(1) F601010 Intellectual Property Rights
(2) I301010 Software Design Services
(3) I501010 Product Designing
(4) CC01080 Electronic Components Manufacturing
(5) F401010 International Trade
(6) ZZ99999 Any business activities that are not prohibited or restricted by law, except those that are subject to special approval
Research, development, design, production, manufacturing, and sale of the products below:
A. Display driver IC
B. Display Timing Control IC
C. Power Management IC
D. LED Driver IC
E. Touch Control IC
F. EEPROM

The aforesaid operations shall be conducted in accordance with the provisions of the relevant laws and regulations

2. Revenue by Product mix

Unit；NT$ thousands

Year / Main Products	2022		2023	
	Amount	%	Amount	%
Display driver IC	22,081,123	96.75	17,698,235	96.47%
Others	741,041	3.25	648,387	3.53%
Total	22,822,164	100.00	18,346,622	100.00%

3. Current Products and Services

The main business of the Company is the design, development and sales of Driver IC, TCON and PMIC for a-Si/LTPS/AMOLED/LED panel. Driver ICs are the key components of panels and can be categorized into driver ICs for large-sized panels and driver ICs for small and medium-sized panels, depending on the size of the panel for applications. Large-sized panels are mainly used in notebook computers (NB), monitors and televisions (TV). Small and medium-sized panels are mainly used in applications such as tablets, smartphones, wearable devices, digital cameras. And for automotive applications, displays panel size range from 1.8" to over 55", which are mainly used in head-up displays (HUD), central information displays (CID), instrument cluster display (Cluster), pillar-to-pillar display, and electronic rear view mirror displays (e-mirror).

4. New Products Planned for Development

(1) Ultra-high-resolution (8K4K) TV source driver IC
(2) Driver IC for notebooks with ultra-narrow bezel display panels
(3) High frame rate notebook driver IC
(4) Touch IC for touch panel notebooks supporting the active stylus
(5) Integrated notebook driver IC (TED/LTDI)
(6) Timing control IC supporting QHD resolution
(7) Driver IC for LTPO AMOLED mobile phones with ultra-low frame rate AMOLED driver IC for smartphone application supporting LTPO panel for extreme low refresh rate

(8) AMOLED mobile phone on-cell tough display driver integrated
(9) AMOLED wearable device in-cell ultra-low power consumption TDDI
(10) Driver IC for AMOLED tablets and notebooks
(11) Driver IC for AMOLED automotive panels
(12) Mini/Micro LED driver IC
(13) Automotive in-cell TDDI
(14) Automotive local dimming bridge IC
(15) Automotive timing control IC
(16) Automotive in-cell local dimming and TDDI
(17) Automotive cascade LTDI IC
(18) Automotive Micro LED timing control IC

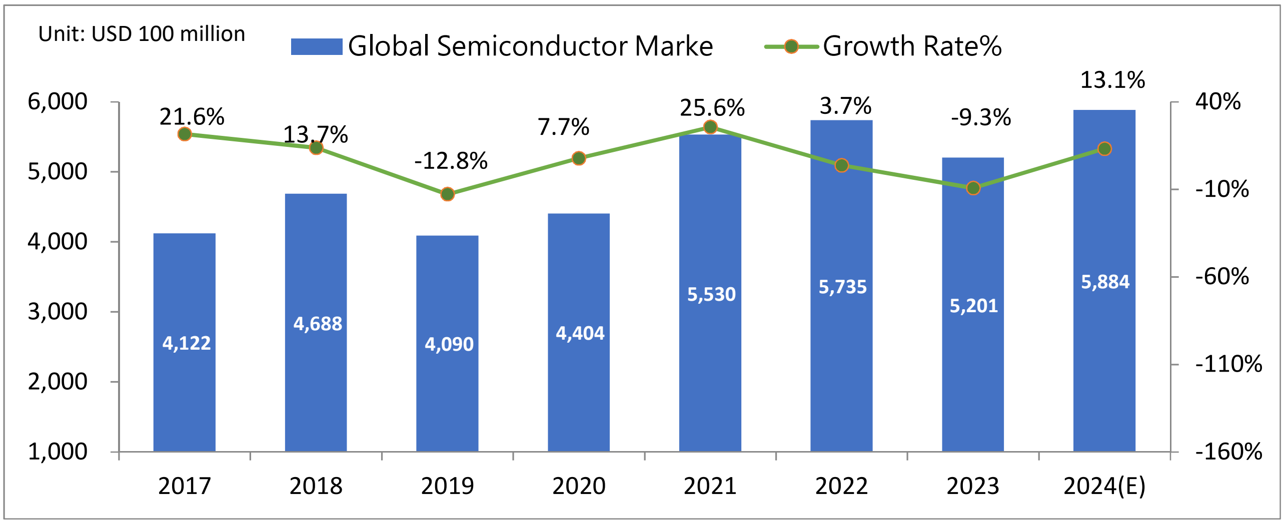
5.1.2 Industry Overview

1. Industry Status and Development

In 2023, the semiconductor market was less favorable than expected, the inventory adjustment time was lengthened, and there were effects of geopolitical interference and high inflation. The market continued to be weak. Although the overall condition of the semiconductor industry market was poor in 2023, major semiconductor manufacturers continued to improve their technologies and make arrangements for the mid-to-long-term production capacity demand in the hope of accelerating the promotion of future application trends after the economic recovery. According to the data released by the World Semiconductor Trade Statistics (WSTS), global semiconductor sales amounted to US$520.1 billion in 2023, representing a decline of 9.3% from US$573.5 billion in 2022.

Affected by the weak end demand and the destocking of the supply chain, the semiconductor industry showed a slow recovery in the second half of 2023. With the recovery of end demand step by step, the supply chain's inventory has returned to the normal level. According to the forecast of WSTS, the scale of the semiconductor market will reach US$588.4 billion in 2024, with an annual growth of 13.1%, and the semiconductor sales market will return to its double-digit growth (Figure 1-1). In the long run, the global semiconductor market remains strong, as chips allow a smart and efficient life closely connected to the Internet, exerting long-term and significant effects.

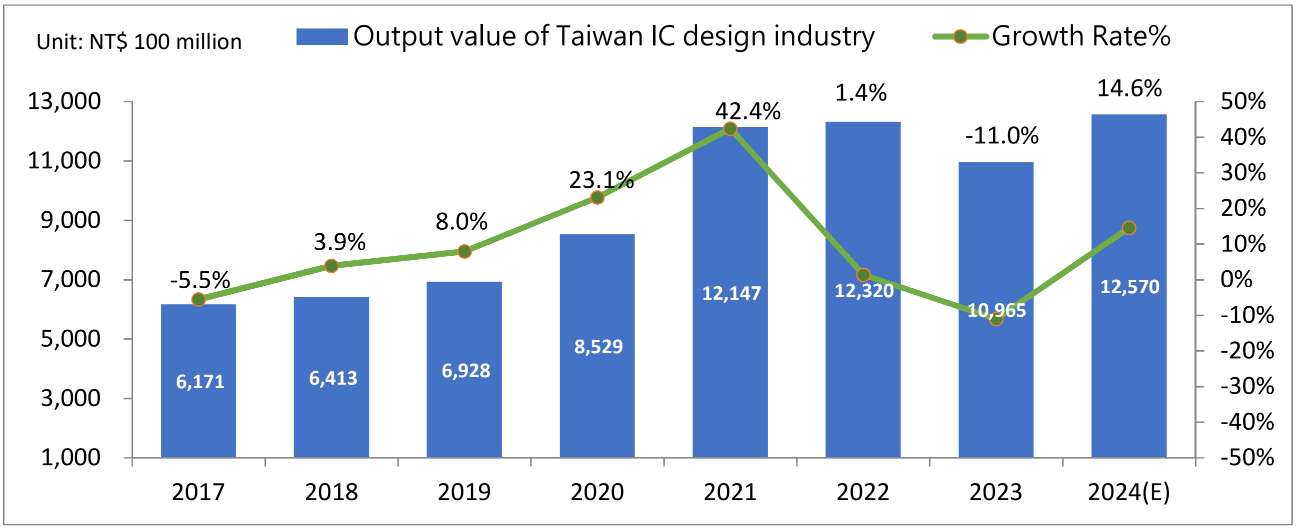
Figure 1-1: Global Semiconductor Production Value



Source: WSTS (2024/02), compiled by Raydium

According to statistics from the Industrial Technology Research Institute, ITRI, the production value of semiconductors in Taiwan in 2023 was NT$4.3 trillion, representing a decline of 11.2% compared to 2022, of which the production value of the IC design industry was NT$1.07 trillion, representing an annual decline rate of 12.9%. In contrast to the market demand slowdown in 2023, the semiconductor industry chain underwent an inventory adjustment period. In 2024, the semiconductor industry's inventory issue was gradually resolved, thanks to the industry chain. The global market demand recovered, driven by strong demand for applications such as AI and high-performance computing (HPC), and the semiconductor industry experienced a rebound. Reinforced semiconductor support policies in different countries have led to substantial growth in wafer fab construction and equipment investments. It is estimated that the global semiconductor production value will exceed NT$5 trillion in 2024, driving the growth of IC design production value. In 2024, the growth rate of the production value of Taiwan's IC design industry is expected to increase by 14.6% annually, and the production value will reach NT$1.26 trillion (Figure 1-2). The semiconductor industry in Taiwan has the advantages of advanced development and clustering, and is able to focus on the new generation of innovative products and application services in the hope of continuing to drive the development of the semiconductor industry's ecological chain.

Figure 1-2: Output value of Taiwan's IC industry



Source: International Strategy Center, ITRI (2024/2), compiled by Raydium

Driven by the trend of the digital information society, displays have entered a variety of application fields, including portable electronic products, information notebooks, and desktop computer monitors, and further expanded to automotive, digital TVs and ultra-large displays, making the displays in the 21st century enter a full range of application fields.

Driver IC, timing controller IC (TCON) and power management IC (PMIC) are 3 most important components on a display panel. Driver ICs may be applied to large or medium/small panels and source driver IC and gate driver IC are common on a large panel. The former, installed on the X axis of a panel, supplies the driving voltage of each row of pigment point to determine the grayscale, color and color saturation of the point; and the latter, applied to the Y axis, is mainly used to control the conduction timing of each row of pixel. TCON is responsible for receiving video signals from a system (such as a laptop graphics card) and converting into a timing signal required by the driver IC.

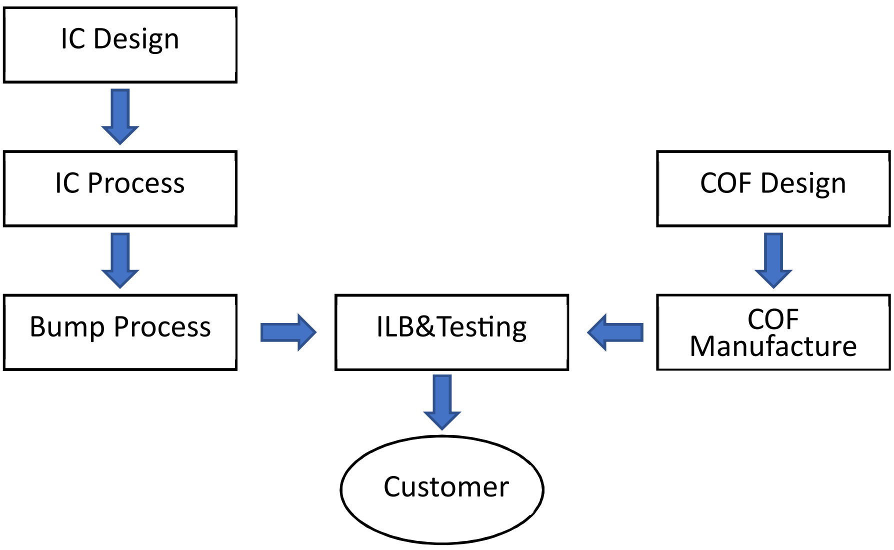
PMIC is another essential component on a panel. Generally, a system only has one power source, while a panel as well as components, such as driver IC, TCON, level shifter, LED driver, require different voltages. PMIC can convert a single voltage into different ones to meet the requirements of all components. The voltage conversion efficiency of PMIC is critical to power consumption of a panel, especially mobile devices (such as laptops) demanding lower energy consumption.

The driver ICs for small- and medium-sized panels continue to develop in the direction of high-integration single chips. Functionally, TCON and high-speed interfaces are integrated to simplify the design of external FPC and PCB. The kind of high-integration driver ICs has been used in wearable and mobile phone driver ICs and extended to industrial control and automotive applications. Due to the limited space in small- and medium-sized end devices, IC products must be highly integrated. In line with the integrated in-cell touch of LCD panels, the driver IC shall also be integrated with the touch function to form the TDDI, and such application methods have been extended from mobile phones to tablets, laptops, industrial control, and automotive panels. AMOLED displays provide features such as high color saturation, lightness, thinness, and foldability. Panel diversification continued to create new applications for display devices, and it also gave rise to a full range of technical services for IC design companies. The screen size of AMOLED mobile phones is increasing on a daily basis, and the improved resolution has increased power consumption. To achieve the full-time standby of the display screen and low power consumption of mobile phones, the Company launched the driver IC that combined AMOLED and LTPO technologies to realize the full-time standby of the display screen of mobile phones with an ultra-low panel frame rate at 1Hz. The technology gave rise to the trend of follow-up on the combined AMOLED and LTPO technologies by other mobile phone brands within the industry.

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

The development and design of integrated circuits is the front-end part of the IC industry system, as they are mainly about the development and design of integrated circuits and the production of layout. The manufacturing process of ICs is divided into a professional division of labor system, in which photomask manufacturing, wafer manufacturing, gold bump manufacturing, wafer testing, grinding and cutting, and packaging are assigned to professional foundries. The finished products are marketed to display panel and manufacturers by the Company. The upstream and downstream structures of the driver IC industry are shown below (see Figure 2):

Figure 2: Up-, Middle- and Downstream structure of the driver IC industry



Source: Compiled by Raydium

3. Product Trends

(1) Large-sized driver IC

Through cooperation with international customers, the Company has nurtured its R&D capabilities and accumulated R&D capacity to actively develop high-integration chips and provide products with high frame rates to offer a brand-new visual experience. In terms of the development of TV panels, as the US and the EU have further requirements for power consumption, the design structure shall be changed to further achieve the effect of power consumption reduction for the panel system. In this regard, the Company has also developed a new driver structure that uses the current redistribution technology to save the use of energy, which significantly reduces the required power consumption and lowers the operating temperature concurrently, allowing the temperature of driver ICs to not increase excessively during high-speed operations. The structure maintains the stability of the system and achieves the effect of energy conservation.

For the development of desktop monitors, the frame rate of office models has increased from 60Hz to 100Hz, and the subsequent models are developing toward 120/144Hz. The Company has provided relevant solutions and will soon enter the stage of mass production. For the development of notebook products, the Company provides a variety of driver ICs with high frame rates to apply to various e-sports products so as to improve product values. In addition, to achieve a higher screen-to-body ratio, the Company made an effective reduction in the size of ICs to allow the narrow bezel of panels, and the length-to-width ratio of panels improved from 16:9 to 16:10, allowing the overall system design to achieve lightness and thinness. For the next-generation product development, the Company further increased the transmission rate of driver IC interfaces to 3Gbps and adopted higher operating voltage to meet the demand for high-speed LCD. It is expected to enter mass production in 2024.

In terms of new technology development, the Company has developed LED local dimming driver ICs, which have been applied to TV panels and have been put into mass production to supply the large-scale international brand for its Mini LED TVs. Second, the notebook applications have been verified by customers and will be introduced into products. In the future, we will continue to expand our product lines to provide customers with a series of comprehensive solutions.

Regarding the development of large touch display integrated (LTDI) applied to on-cell (OTP) and in-cell (ITP) panels, the Company has completed the designs that support multiple active stylus protocols. Combined with the development of the touch algorithm, we conducted system verification to establish comprehensive technical capabilities and provide customers with comprehensive design solutions.

Based on the above, the driver ICs for large-sized panels face many opportunities and challenges in the highly competitive market. The Company will continue to innovate and maintain its high quality, competitive cost advantages, and technical services catering to customers to work closely with customers and achieve joint success.

(2) Small and medium-sized driver IC

AMOLED panels have the advantages of thinness, lightness, low power consumption, fast response, high color saturation, and high contrast, and can be made into flexible displays. The leading mobile phone brand in the US adopted AMOLED panels for high-end mobile phones in 2017, leading the world's major mobile phone companies to accelerate the introduction of AMOLED panels. Initially, it was only applied to premium high-end products, and then slowly extended to all high-end products. In 2021, the leading US mobile phone company fully adopted AMOLED panels, which drove other mobile phone brands to accelerate the introduction of AMOLED panels in mainstream products. By the end of 2023, the penetration rate of AMOLED panels for mobile phones has exceeded 50%.

AMOLED display screens also have the advantage of being easily bendable. In addition to the infinity display mobile phones, waterfall display mobile phones, and foldable mobile phones, mobile phone companies have also launched surround display mobile phones and four-sided display phones. The emergence of these AMOLED display screen applications is the major driver for the rapid growth of AMOLED display screens. Consumers' preference for high screen-to-body ratio phones has led to the development of mobile phone display screens from large and small bang screens, water drop screens, pinhole screens, and dynamic island screens, which were all meant to maximize the screen-to-body ratio. Full display has become an important item in the design of new mobile phones. However, there are many problems to be overcome in terms of technology. For example, the structure of the full display requires to be integrated with the fingerprint recognition system under display, camera under display (CUD), sensor under display, and other functions.

The Company worked with an AMOLED panel customer and a mobile phone brand customer to continue to refine and optimize the development of the CUD technology to achieve the perfect compensation in the lens area to render the effect of nearly no difference, and the technology has been used in the mass production for multiple models of mobile phones. In terms of the panel frame rate, it has been increased from 60Hz to 120Hz, and even 144Hz, mainly to meet the needs of user experience and the continuous improvement in the fluency of mobile phone games and other applications. Due to the pursuit of high resolution for mobile phone displays, the Company engaged in the mass production of driver ICs with high frame rates and low power consumption in response to the condition of high frame rates for panels and continued to improve its process technology to further reduce digital power consumption. The increase in screen size and the improvement in resolution of mobile phones have brought about increasing power consumption at the same time. Therefore, the leading US mobile phone brand wants to allow full-time standby of the display screen of mobile phones to achieve the goal of low power consumption. The Company has exhibited the achievements of its deeply rooted R&D capacity. After the introduction and testing of LTPO technology on watches, the application of AMOLED combined with LTPO technology began to be applied to high-end mobile phone panels to realize the full-time standby of the display screen of mobile phones with an ultra-low panel frame rate at 1Hz. This technology gave rise to the trend of follow-up on the combined AMOLED and LTPO technologies by other mobile phone brands within the industry. In addition, consumers' strong desire for full display is driving mobile phone companies and panel companies to continuously pursue the R&D of ultra-narrow bezel technology. There are different requirements for new technologies on a yearly basis, which further highlights the advantages of AMOLED technology, resulting in the increasing ratio of AMOLED used in mobile phone panels.

The panel plant in Mainland China built multiple Gen 6 AMOLED production lines, and the accumulated technologies and yield have significantly improved, and its mass production capacity keeps pace with large-scale international companies. Regardless of AMOLED panels with glass substrate (rigid) or flexible substrate (flexible), the tier 1 large-scale leading brands in Mainland China have adopted them extensively in wearable devices and mobile phones, and the adoption extended from high-end products to mid-level mainstream products. Recently, there has been a trend of penetration to tablets and notebooks. The Company's AMOLED driver IC products have been widely used in the full range of AMOLED mobile phone products of multiple brands. As the weight of the current foldable mobile phones is approaching that of a bar phone, and the thickness is getting lighter and thinner, various mobile phone brands have become more active in launching foldable phones. Regardless of large, horizontally foldable phones in the size of a tablet or small, vertically foldable phones that can be put into the pocket, the prices are getting more affordable, and the market acceptance is getting higher. It is expected that there will be a rapid growth of foldable mobile phones this year.

AMOLED has the characteristics of low blue-light eye protection. Many Chinese brand companies have adopted AMOLED panels for tablets and expanded their applications to notebooks. They have even adopted flexible AMOLED panels to launch foldable notebooks. Flexible AMOLED panels have been applied to tablets to create ultra-thin and light products with ultra-narrow bezels by brand companies in 2023. The trend shows that the application areas of AMOLED are expanding and penetrating into tablets, laptops, and other larger panel sizes at a fast speed.

In terms of AMOLED wearable devices, apart from the low power consumption capacity for the design of driver ICs, the Company has been continuing to align with brand customers over the years to optimize the power consumption by adopting the angle of system application. The Company's product development process is based on self-iteration. Each generation of new ICs requires a significantly lower power consumption capability than that of the previous generation. The excellent performance of the Company has allowed it to maintain its leading position for many years, especially in the field of wearable applications, including the largest market share in the non-Apple market. The Company has been focusing on the field of AMOLED driver ICs for a long time. With the continuous investments in developing new technologies. Its leading technologies in the industry allow the Company to be the main supplier of AMOLED panel companies in Taiwan and China in the long run.

Adopting touch functions in wearable devices and mobile phones and the trend of lighter weight and thinner thickness, the AMOLED integrated touch sensor technology has become the mainstream technology for wearable devices. Mobile phone brands have also included AMOLED panels in the evaluation of the optimal adoption timing. In 2018, the Company launched the first AMOLED driver IC product (AMOLED TDDI) that integrates the driver and in-cell touch technology ahead of the industry, which was applied to AMOLED glass display screens for wearable products. In 2023, certain US brands switched to adopt flexible AMOLED panels with TDDI for high-end wearable devices, representing the rise of the era of wearable devices with AMOLED TDDI. In 2019, AMOLED flexible display screens began to be widely used in mobile phone products. Looking at the evolution of TFT-LCD panel technology in the past, it is expected that AMOLED TDDI will also be introduced into mobile phone products. The Company is also actively discussing with panel companies about feasible development plans, and will soon develop the first AMOLED TDDI used in mobile phones, which will also possess the integrated ICs for active stylus writing functions.

In terms of touch notebooks, taking into account the cost of consumer electronic products, the Company mainly uses on-cell touch panel (on-cell) technology. In high-end 2-in-1 notebooks, due to the demand arising from the writing habits of human beings, active stylus has become a necessary function; therefore, the development regarding the integration of touch functions and active stylus writing functions is further confirmed. The Company keeps abreast of market development trends and has completed the development of the first touch IC with active stylus writing functions to provide customers with solutions with competitive advantages.

(3) Automotive driver IC

With the rapid development of smart cockpits and automotive infotainment and entertainment systems, the function of automotive displays will convey information related to data related to the vehicle to drivers and provide entertainment and information functions to passengers. As the role of automotive displays has become more important and diversified, it is expected to bring greater demand and space to grow. Due to the importance of an intuitive human-machine interface and convenient operation of automotive display driver ICs, the initial display driver ICs (DDI) with a single function have turned to TDDI. Furthermore, to provide high brightness and better contrast effect, the local dimming function is included to form the automotive TDDI with comprehensive functions. At present, among the automotive displays, the central information display (CID) and cluster are the largest applications, while the head-up display (HUD) and eMirror have the highest growth rate. The size of both CID and cluster panels is developing into larger sizes, mainly 10”–20”, and the resolution is moving toward high resolution, such as FHD. The cockpit designs and full-cockpit-width pillar to pillar displays will be the designs leading the future trend, allowing the size of automotive panels to develop further into 30” or above. In addition, in-cell touch continues to be the mainstream for basic automotive panels due to its advantages of narrow bezels and high transparency. When combined with Mini LED local dimming bridge ICs, they can significantly improve the visual effects of high-end automotive displays, and the overall growth rate shall not be underestimated.

(4) TCON and power management IC

In terms of the development of high-end timing control ICs, we are actively developing products with the eDP 1.5 specification and working with customers to develop various display functions of the start screen and integrate self-developed image processing technology to meet customers’ needs in the requirements for high-end notebooks and e-sports-related products. In terms of the application of desktop monitors, the ASICs developed to meet the needs of customers have entered mass production. For standard timing control ICs, we adopted high-speed interface technology and image algorithms to provide low-cost and high-performance solutions. Currently, we have completed the development of FHD 120Hz products, and will focus on the development of products for WQHD 165Hz specification in the future.

There is mass production in place for relevant products using the Company’s power management ICs for laptops, desktop monitors, LCD TVs, and tablets, including power management ICs, LED backlight driver ICs, and voltage converters. In 2023, we proposed a solution for the cross-talk problem of panels and developed an adjustable VCOM compensating buffer that can instantly reflect the cross-talk caused by different frames and improve the image display quality to meet the needs of high-end products. In addition, the two-in-one integrated power management ICs were integrated with the power management ICs and Gamma ICs to achieve low cost and high performance, which will be provided to customers for verification and introduced to mass production this year.

Combining the product development of timing control ICs and power management ICs, the Company offers one-stop solutions to customers. Carry out circuit designs in response to customers, make firmware adjustments, and provide online firmware updates to shorten the product development period and provide effective and cost-competitive products to customers.

4. Product Competition

In recent years, Mainland China has been doing its best to support the industry supply chain, especially the development of the semiconductor industry. Through international mergers, acquisitions, and the government's support of local companies, Mainland China's overall IC design output value continues to grow. The Taiwanese IC design companies are now moving toward high specification and high technology innovation to achieve high price-performance ratio in order to go faster than their competitors, and to maintain their market share to stay in the leading position.

Moreover, Mainland China's IC design industry is actively recruiting Taiwanese high-end IC design talents through national policy support, which will continue to bring competition and threats to Taiwan's IC design industry, as the upstream and downstream of the industry continue to consolidate and enhance their competitiveness. Therefore, long-term talent cultivation, key technology research and development, and industrial consolidation are going to be the primary issues when trying to strengthen Taiwan's semiconductor industry.

The Company has long placed emphasis on medium and long-term development strategies, and continues to work with upstream and downstream alliances for technology enhancement. The Company emphasizes early stage development to enjoy higher margins and market share and makes early plans to train and nurture talents to develop next-generation products ahead of others so as to achieve simultaneous upgrade advantages.

5.1.3 Technology and R&D

1. R&D Expenses:

The Company's consolidated R&D expenses for 2023 were NT$3,049,448 thousand, accounting for 17% of revenue.

2. Successfully Developed Technologies or Products

The experience of the Company's product development team is mainly in high voltage circuit design, mixed signal circuit design and touch system development. The technologies developed and applied to mass production products in the last five years are as follows:

Year	R&D Results throughout the Years	Applied Fields
2019	High-speed point-to-point interface driver IC for high refresh rates for e-sports	NB / Monitor
	AMOLED driver IC for mobile phones of various resolutions	Mobile phone
	AMOLED wearable with display edge rounding processing driver IC	Wearable
	AMOLED wearable ultra-low power driver IC	Wearable / VR
	TCON for TVs and laptops	TV / NB
	TDDI IC for automotive applications	Automotive
	LCD panel backlight driver IC	NB / Monitor / Tablet
	LCD panel integrated power management IC	NB / Monitor / Tablet
	AMOLED power management IC	Wearable
2020	Optical touch control integrated driver IC(Photo Touch)	TV
	High-speed (360Hz) LTPS display driver IC for e-sports	NB
	AMOLED Overdrive driver IC for mobile phones	Mobile phone
	AMOLED De-Burn-in driver IC for mobile phones	Mobile phone
	AMOLED touch control integrated driver IC for wearable devices (TDDI)	Wearable
	AMOLED driver IC supporting under-screen camera technology for mobile phones	Mobile phone
	TCON for TVs, laptops and desktop displays	TV / NB / Monitor
	AMOLED low-ripple power management IC	Wearable
	High-resolution 10-bit driver IC for automotive applications	Automotive
2021	Touch control integrated driver IC (LTDI) for in-cell touch display panels	NB
	Micro LED driver IC	Micro LED
	Cascaded TDDI IC for automotive applications	Automotive
	Local dimming bridge IC for automotive applications	Automotive
	Timing controller (TCON) IC for automotive applications	Automotive
	AMOLED touch control integrated driver IC supporting LTPO flexible wearable devices display (TDDI)	Wearable
	AMOLED driver IC supporting LTPO flexible display for mobile phones	Mobile phone
	Single inductor dual output AMOLED power management IC	Wearable
	TCON IC for laptops (eDP1.4PSR2)	NB
	LCD Gaming Monitor TCON IC	Monitor
	LED display driver IC	PID
2022	AMOLED display driver IC supporting LTPO flexible display and Multi-frame rate switching function	Mobile phone
	AMOLED pixel base Overdrive display driver IC	Mobile phone
	AMOLED full screen De-Burn-in display driver IC	Mobile phone
	AMOLED display driver IC for laptops	NB
	Micro LED knob display driver IC for vehicles	Automotive
	Micro LED wearable display driver IC with low power consumption	Wearable
	AMOLED touch controller IC for foldable mobile phone with	Mobile phone

Year	R&D Results throughout the Years	Applied Fields
	integrated active stylus	
	AMOLED touch controller IC for laptops and tablets with integrated active stylus	NB / Tablet
	Scan type LED driver IC for local dimming LED backlight	Automotive
	Up to 1000 zones local dimming bridge IC with eDP interface for large size and high resolution application	Automotive
	Integrated TCON and touch control driver IC (TDDI) for in-cell touch panels	NB
	High-precision 4ch LED driver IC for local dimming	MNT/NB
2023	LTDI that supports multiple active stylus protocols	NB
	High-speed P2P interface driver IC for gaming notebooks	NB
	Ultra-high-speed (4 Gbps) low power consumption display driver IC for TV	TV
	AMOLED RAM-less display driver IC	Mobile phone
	LTPO AMOLED ultra-low power consumption (1Hz) display driver IC	Mobile phone
	AMOLED WQHD display driver IC	Mobile phone
	AMOLED high pin count display driver IC	Mobile phone
	AMOLED multi-frame overdrive compensating technology for delayed luminescence panel	Mobile phone
	AMOLED wearable TDDI with ultra-low power consumption	Wearable
	High-resolution bridge IC with eDP interface and 1,600 zones local dimming for automotive display	Automotive

5.1.4 Long-term and Short-term Business Development Plans

1. Short-term Business Development Plans

(1) Marketing strategies:

A. Strengthening existing customer services and business to become a long-term strategic partner of our clients.

B. Developing new markets and clients, building marketing channels and partnerships with new clients.

(2) Production strategies:

A. Strengthening the existing partnerships with major outsourcing companies to obtain stable and sufficient production capacity and technical services.

B. Developing new domestic and international outsourcing capacity to increase supply sources and flexibility.

C. Strengthening inventory management to lessen seasonal fluctuations in industries.

(3) R&D strategies:

A. Increasing the proportion of R&D for mid-range and high-end products.

B. Developing new products to achieve the leading position and enjoying high product profitability.

C. Building up the Company's own key technologies and patents and investing in new generation product deployment.

D. Reducing development time and cost, shortening the duration for the product launch and enhancing competitiveness of new products in terms of price.

(4) Operational management and financial planning:

Through sound financial planning and operational management, the Company coordinates the allocation of its resources with the goal of maximizing the overall effectiveness of the available resources.

2. Long-term Business Development Plans

(1) Marketing strategies:

A. Strengthening international market capability and increasing strategic cooperation with international clients.

B. Strengthening communication and cooperation with brands and panel manufacturers.

(2) Production strategies:

A. Sharing the risk of developing new processes and technologies with supply chain companies.

B. Increasing economic scale and reducing production costs.

(3) R&D strategies:

A. Expanding the management team, planning core products, establishing the Company's own key technologies and patents, and continuing to invest in the R&D of new generation products to pursue technological leadership.

B. Enhancing product design capabilities, establishing standardized and modularized development technologies, shortening development time and reduce development costs, speeding up the product launch, and improving competitiveness of new products in terms of price.

(4) Operational management and financial planning:

A. Establishing a sound management system, implementing the Company's management philosophy, shaping an excellent corporate culture, and realizing the vision of sustainable management.

B. Strengthening the financial structure and corporate structure, building up long-term development strength, and enriching the management team and improving the Company's reputation and image to match the growth of the Company's operation scale.

5.2 Market, Production, and Sales Overview

5.2.1 Market Analysis

1. Main product sales area

Unit: NT$ thousands; %

Territory \ Year	2023	
	Amount	%
Taiwan	5,013,379	27.33
China (including Hong Kong)	12,823,794	69.90
Other countries and regions	509,449	2.77
Total	18,346,622	100.00

2. Market Share

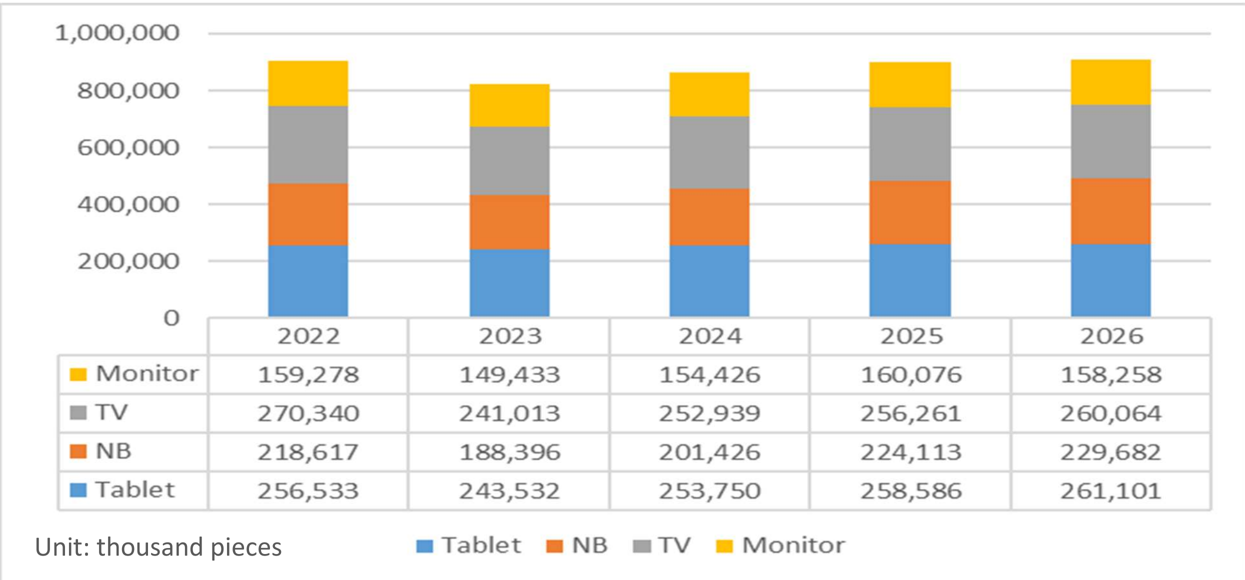
In terms of the market distribution of large-sized panel driver IC, the Company is one of the top three panel driver IC suppliers, in addition to the Korean panel manufacturers' own IC suppliers. The Company focus on small and medium-sized panel driver IC development for mid- to high-end smartphones, automotive, wearable devices and tablet applications. In recent years, as the production capacity of AMOLED panels in Mainland China makers continues to expand, the Company's products have been promoted in AMOLED panel makers and smartphone brands with great success. The Company's AMOLED driver IC maintains a leading position in the cross-strait market, and the overall market share of small and medium-sized panel driver IC continues to grow.

3. Market supply and demand situation and growth in the future

(1) Large-sized panels

Omdia, a global technology industry research institution, estimates that the global large-sized LCD shipments from 2022 to 2026 will increase from 820 million units in 2023 to 862 million units in 2024, with a shipment increase of 4.9%. Although the overall demand remains conservative, the quotation of TV panels has rebounded, and the quotation of IT panels has hit rock bottom; it is expected that the panel market will gradually recover in 2024.

Figure 3: Forecast of Global Large-Sized LCD Shipment, 2022-2026



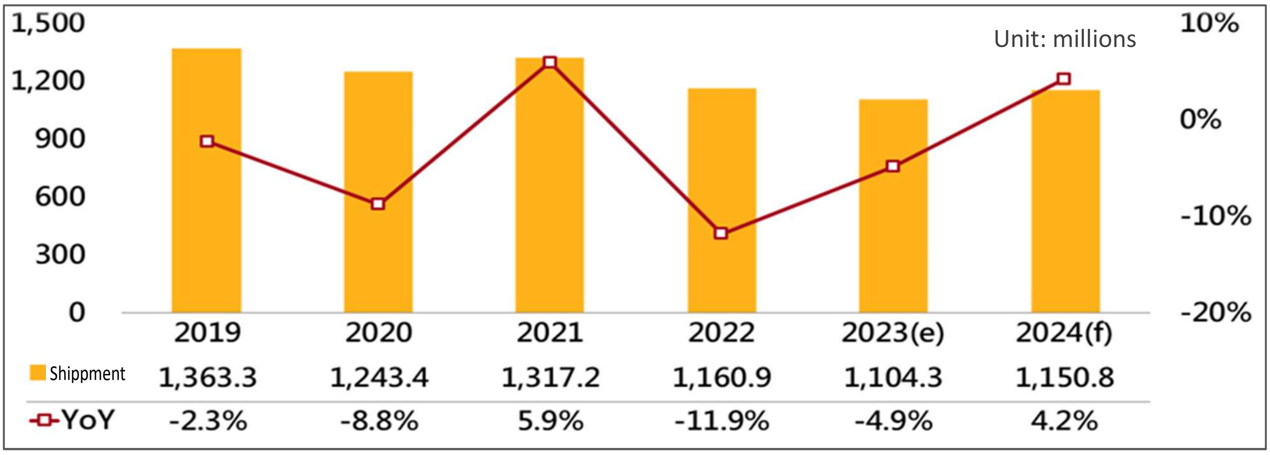
	2022	2023	2024	2025	2026
Monitor	159,278	149,433	154,426	160,076	158,258
TV	270,340	241,013	252,939	256,261	260,064
NB	218,617	188,396	201,426	224,113	229,682
Tablet	256,533	243,532	253,750	258,586	261,101

Source: Omdia, Feb. 2024

(2) Small and medium-sized panels

According to the statistics released by DIGITIMES, the occurrence of geopolitical wars, continuous high inflation, the failure of China, the world's second largest economy, to drive demand as expected, and the continued destocking of distributors in 2023, the global smartphone market has been sluggish. Consumers have longer and less frequent replacements of phones in the post-pandemic era. According to DIGITIMES' research on the smartphone market (Figure 4), the sales volume in 2023 has reached a trough after years of recession. With countries worldwide implementing inflation control and rolling out economy stimulation plans, it is estimated economic activities will record an upswing, driving the recovery of consumers' purchasing power, and the demand for smartphones is expected to have observable growth. Therefore, smartphone manufacturers have tried every means to improve the functions and performance of mobile phones in many aspects, including appearance design, camera function upgrade, high frame rate for the enhancement of the display effect, ultra-low power consumption through full-screen standby, and user interface optimization. Face recognition, multi-camera, telescopic lens, optical zoom, full display, infinity display, four-sided display, foldable display, fingerprint recognition system under display, and CUD appeared as the innovations of mobile phones, hoping to attract consumers' attention through innovative differences. AMOLED has an absolute advantage when being used in full display, infinity display, four-sided display, foldable display, fingerprint recognition system under display, CUD, and full-screen standby. Such changes in the display structure were in line with the expectations of consumers and received positive feedback from the market, accelerating the penetration rate of AMOLED panels in terms of mobile phone displays.

Figure 4: Growth trend of smartphone, 2019-2024



Source: DIGITIMES, Oct. 2023

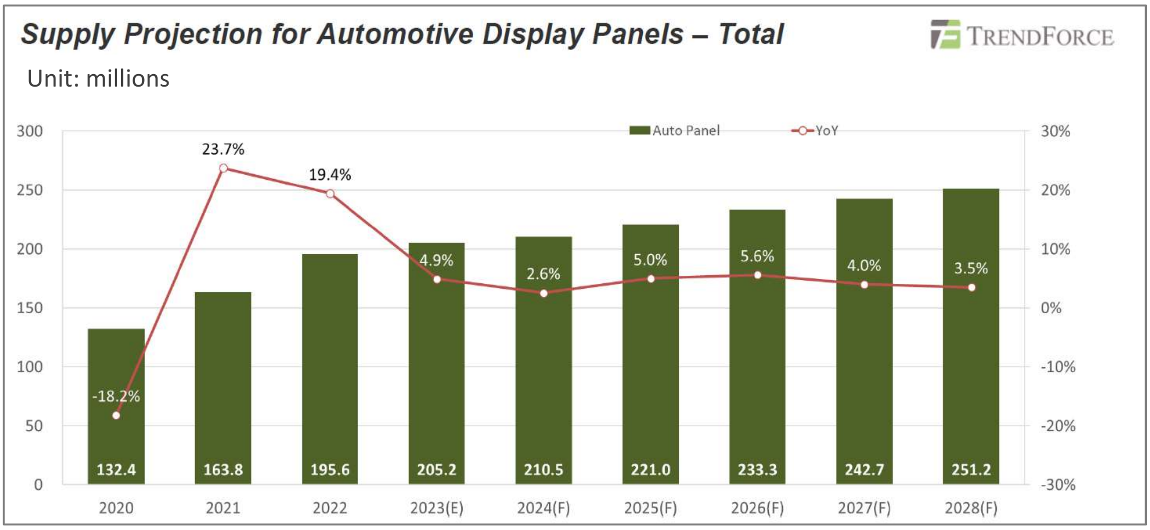
According to Omdia's market survey data (Figure 5), smartphone brands quickly adopted AMOLED panels for mainstream mobile phone products in 2023, causing the penetration rate of AMOLED in the overall smartphone displays to exceed 50%. It is expected that the AMOLED panel's penetration rate in smartphones will continue to increase in the future. To prolong the standby time of mobile phones, the leading smartphone brand in the US took the lead in adopting the new AMOLED panel process technology, LTPO, in 2021 and realized the full-time full-screen standby of the mobile phone display screen with an ultra-low power consumption due to the ultra-low panel frame rate at 1Hz. Up to the second half of 2023, LTPO AMOLED panels have been used in nearly all newly released high-end smartphones, indicating that the penetration rate of AMOLED will further increase. In general, although the overall growth of smartphones is slow, it is expected that the demand for AMOLED panels for smartphones will reach 800 million units in 2025. Due to the continuous increase in new technologies and applications of AMOLED panels, the penetration rate may maintain an increasing growth trend on a yearly basis.

The first foldable mobile phones were launched in 2019. Although the production volume of foldable mobile phones was limited, the price was high, and the durability of foldable screens required improvement, there is no doubt that the market has high expectations for foldable mobile phones. Various mobile phone brands actively drive the upstream and downstream industrial chains to develop foldable mobile phone-related components. After years of efforts, the maturity and completeness of the industrial chain have been relatively improved, resulting in a significant decrease in the prices of foldable mobile phones. In 2023, various mobile phone brands have launched multiple foldable mobile phones, either horizontally or vertically foldable phones, attracting consumers' attention. The internal and external screens have become larger, and the foldable phones have become lighter and thinner, with the equivalent thickness and weight to that of bar phones. The prices have also become more affordable, entering an acceptable and affordable range for consumers. The foldable mobile phone industry chain is nearing maturity. The application of AMOLED flexible and foldable screens has been extended to tablets and notebooks, opening up new business opportunities to expand the penetration rate of AMOLED flexible display screens. The thin and light characteristics of flexible AMOLED panels are fully exhibited when used in tablets. In the past, AMOLED production was mostly by Korean panel companies. However, huge capital and labor were invested in the improvement of technologies and production yields by AMOLED panel companies in Mainland China over the past few years, which gained the recognition of large-scale international mobile phone companies. Therefore, the AMOLED supply chain joints have been shifting to Mainland China. In the following years, the demand for AMOLED panels of tablets, notebooks, and automotive will also be increasing. Under the circumstance of strong demand and substantial supply growth, the continuous growth of AMOLED will be driven.

(3) Automotive display panels

According to TrendFroce's market survey data, the global shipping volume of automotive panels has benefited from the supply chain recovery after the lockdown of the pandemic was lifted. The global automotive market is returning to the pre-pandemic order. Under the global trend of net zero emissions, the shipping volume of EVs recorded significant growth. Due to the increase in the number of panels used for each vehicle, the global shipping volume of automotive TFT-LCD panels in 2023 reached 205 million units, representing a growth of 4.9% from 2022. It is expected that the shipping volume will continue to increase to 210 million units in 2024 (Figure 6). The growth of automotive displays will continue to be driven by the central information display (CID), cluster, HUD, and pillar-to-pillar displays. With the strong growth of EVs, digitalization and self-driving topics continued to be discussed, and more displays were selected as standard equipment for vehicles, which will further drive the growth of automotive panels. 10"–20" FHD panels or above will become the mainstream sizes in the factory-installed product market. For better display and viewing effects, 45-inch 8K1K products have appeared in the market, and products with larger sizes and better resolutions are also in the design planning. The production value of automotive displays has become the second largest in small- and medium-sized applications after mobile phones, which has given rise to competition among global panel companies.

Figure 6: Amount of Shipment of automotive display Panels, 2020-2028



Source: Omdia, Mar. 2024

4. Competitive Advantage

(1) Excellent R&D team

Our R&D team adhere to the principle of technology autonomy and has been working on the development and integration of analog circuit, mixed-signal circuit and touch system for an extended period of time. The Company has been providing constant training to the best talents in each field and has built up solid R&D experience to continuously develop driver IC, touch IC, TCON IC, and power management IC with various functions and specifications. We also develop integrated products (TDDI, TED, LTDI) and emerging products (Micro LED and Mini LED) to maintain our leading position in the industry.

(2) Total solutions

The Company's excellent R&D team owns numerous patents. With strong technological capacity and high defense barriers, the Company's product lines span across large-, medium- and small-sized panels, and it offers solutions with diversified processes for a-Si/LTPS/AMOLED/LED and other panels, including high-speed interface point-to-point driver ICs used in large-sized panels, LTPO technology driver ICs used in AMOLED small- and medium-sized panels with a high frame rate up to 144Hz, LTPO technology driver ICs that support full-screen standby, ultra-low power consumption TDDI used in AMOLED wearable devices, driver ICs complying with multiple safety certification specifications used in automotive panels that can match with touch ICs, timing control ICs, and power management ICs. The Company is committed to providing a full range of display products and comprehensive solutions to fulfill customer demand.

(3) First-mover advantage

The Company is one of the major suppliers of AMOLED driver IC to Mainland Chinese panel manufacturers. With the active investment in AMOLED panels factories by Mainland Chinese manufacturers, their market share in AMOLED panels is expected to continue to increase as production capacity continues to be set-up and yield rates continue to improve. In addition, the increasing penetration of AMOLED panels in various end products will lead to a steady growth in demand for related driver IC. Since the process, stacking and driving method of AMOLED panels are different from those of TFT-LCD, AMOLED panels require extra De-mura compensation and subpixel rendering algorithm customized according to panel characteristics in order to optimize and enhance panel display performance, which results in a higher technical barrier for AMOLED driver and requires time to make technology progress. The uniqueness of each AMOLED panel and the IP required to be used (generally refers to the various functional modules in the IC) and the specifications are different, and it is difficult to achieve commonality. The Company conducts discussions and development on new technology requirements with key panel customers, and through numerous customer feedbacks, we accumulate experience to shorten the learning curve and establish product compatibility among different platforms, which becomes a high barrier for competitors to surpass.

(4) Outstanding quality and efficient service

The Company's products are supplied to and meet the needs of major international panel manufacturers in Taiwan, Mainland China, Japan, South Korea, etc. We are constantly improving our development schedules, quality, yield, delivery and technical service, and continue to strive for excellence to establish excellent quality and efficient service to meet customer needs, and do our best to help customers achieve their goals. We have successfully established good relationships and mutual trust with many well-known manufacturers.

(5) Quality customers and supply chain partners

As display driver ICs are customized products, panel manufacturers need to collaborate with major suppliers at the early stage of product development to jointly execute the product development process. The Company's direct and close cooperation with our key panel manufacturer's clients helps us to reduce the risk of research and development by being close to customers' needs, and to keep abreast of market trends and develop new-generation technologies with continuous innovation to provide growth momentum for future operations.

In summary, the Company has a strong competitive niche in terms of R&D technology, product integrity, quality and service, and customer relations.

5. Favorable and Unfavorable Factors in the Long Term

Favorable Factors

(1) Diversification of display process leads to diversification of application fields

Display process such as a-Si/LTPS/AMOLED/LED is booming, driving display applications from consumer and information fields to in-vehicle, industrial control, medical, airport, and outdoor large signage applications. The diversified development of displays provides suitable display methods for each field of application, and simultaneously brings unlimited business opportunities for upstream component manufacturers.

(2) Steady growth of new applications of display driver IC

According to TrendForce's top ten technology industries in 2023, the following two items are related to display applications: "with the capacity and technology in place, and the influence of Chinese panel companies in the small-sized AMOLED market is expanding" and "TV and automotive displays will become the two key applications to increase the penetration of Mini LED backlight, and Micro LED will be extended to diverse application scenarios." The two items are related to display applications. In terms of AMOLED application, the foldable mobile phone demand in the small-sized mobile phone market is optimistic, while the development for the medium-sized is focused on notebooks. In terms of Mini LED, the total shipping volume of Mini LED backlight displays in 2023 was approximately 13.34 million units. TV is the application field where multiple brands have made arrangements. Furthermore, automotive displays have higher requirements for brightness, contrast, and reliability. Relevant features of Mini LED backlights help improve driving safety. It is estimated that the shipping volume of Mini LED TVs will reach 6.21 million units in 2024, with an annual increase of approximately 54%; the shipping volume of Mini LED automotive displays will reach approximately 300,000 units, with an annual increase of approximately 50%. As one of the leading manufacturers of large, medium and small display driver ICs in Taiwan and China, the Company benefits from the growth of large-, medium-- and small-sized panels.

(3) Display brand manufacturers actively focus on display technology and quality

In order to create differentiation from competitors' products, display brand manufacturers pay more attention to display technology and demand higher display quality. The Company has strong R&D capability, which is conducive to the development of high quality products and innovative technology to meet clients' needs. The display industry and its application markets are changing rapidly, and more and more attention is being paid to operational efficiency and swift response capabilities.

Unfavorable Factors and Responsive Measures

(1) Centralization of the display panel industry

The industry of display panels is both capital-intensive and technology-intensive, with the characteristics of oligopoly, and there is a trend of the big players getting even bigger. The ability of panel manufacturers to negotiate on component supply increases with the expansion of their scale of operations.

Responsive Measures:

In addition to maintaining close partnerships and a stable source of orders through strategic alliances with industry heavyweights, we are also accelerating the development of new technologies to enhance client value.

(2) Display panel driver IC become multi-integrated as panels become human-machine interfaces

With display panels becoming an important medium for human-machine interface, the design of display panel driver IC also needs to evolve to integrate other multiple functions or peripheral IC, which increases technical complexity, development cost and operational risk.

Responsive Measures:

The Company needs to understand more about the application market, and strengthens product planning and communication with clients. Through good interaction with clients who are market leaders, the Company can grasp the most advanced technology development trends and reduce the related investment risks. The Company has the technical ability of innovation and integration development, as it has been in mass production for AMOLED embedded touch driver IC (TDDI) for wearable devices for many years; the Company has developed TDDI driver IC for in-vehicle products with integrated touch functions to enhance safety with more intuitive operation design; we have led the industry in introducing smartphone display driver IC with Camera Under Display function to achieve 100% full-screen display, and we have completed the development of T-CON Embedded Driver (TED) for NB.

(3) Product prices reduction pressure

In order to stimulate the end market, electronic products continue to adopt price reduction strategies, and also require upstream component suppliers to cooperate with such price reductions. Facing the pressure of price reduction, display driver IC companies will be affected in terms of level of profitability if they cannot maintain their technological leadership or do not have good upstream and downstream industry chain management to control costs.

Responsive Measures:

By grasping market opportunities and actively planning the development of next-generation new technologies and highly integrated new products, the Company maintains its competitive advantage and strengthens strategic cooperation with the upstream supply chain to jointly create a competitive cost structure in order to increase profit margins.

5.2.2 Main Product Applications and Manufacturing Processes

1. Product Applications

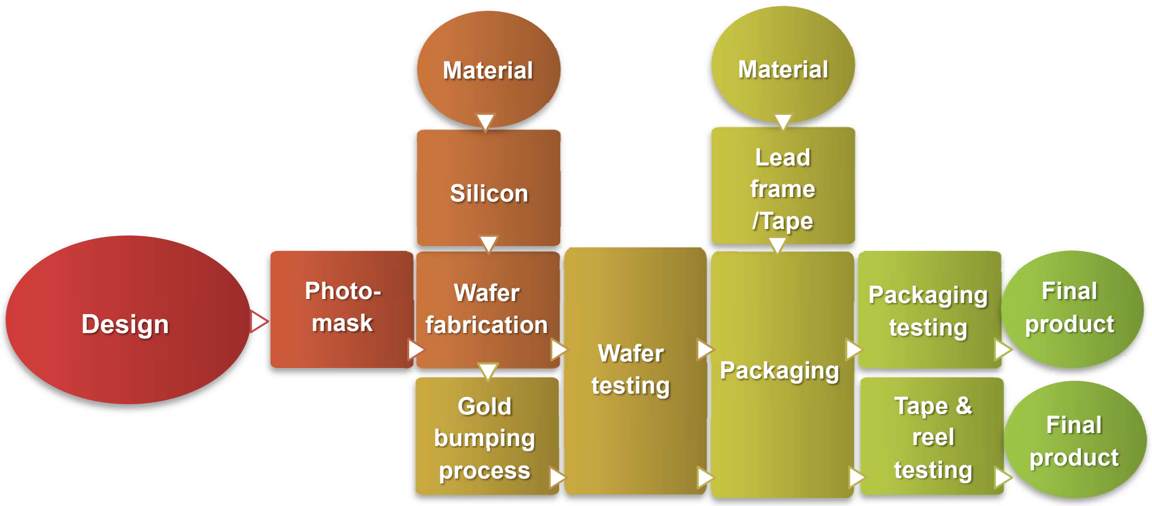
Display driver ICs are mainly used in various type of displays, which can be categorized into computer displays (e.g., Notebook, Monitor, etc.), home audio and video equipment (e.g., TV, etc.), consumer and entertainment products (e.g., smartphones, wearable devices, handheld game console, etc.), and automotive displays. There are kinds of driver ICs for various applications and can be differentiated into the categories shown in the following table by applications and specifications:

Application Category	Applied Products	Panel Size
Television	Flat panel TV, curved TV	24" or above
Desktop monitor	PC monitor, e-sports monitor, industrial monitor	15" or above
Laptop	Laptop, tablet	7"~17.3"
Consumer and entertainment applications	Smartphone, handheld game console	3" or above
Wearable device	Smartwatch, Smart band	0.6"~2"
Digital video cameras and camera applications	Digital video camera, digital camera	2"~5"
Automotive display applications	All kinds of displays for vehicles, such as dashboard, head-up display, central information display, and co-pilot display	1.8"~55"

Source: ITIS Program, ITRI, and Raydium

2. Products Manufacturing Process

The Company is a wafer design company. The wafers are manufactured by our foundry. After initial testing, the wafers produced are sent to the packaging plant for packaging and complete functional testing of the wafers. The following is the flow chart of the product manufacturing process:



5.2.3 Supply of Essential Raw Materials

Material	Suppliers	Market Condition
Wafer	TSMC, VIS, UMC, SMIC	Stable quality and supply, long-term cooperation, and good supply situation.
Tape	Chipbond, LG, JMC	Stable quality and supply, long-term cooperation, and good supply situation.

5.2.4 Major Suppliers and Clients

1. Major Suppliers in the Last Two Calendar Years

Unit: NT$ thousands; %

Item	2022				2023			
	Name (Note 1)	Amount	Percent	Relation to Raydium	Name (Note 1)	Amount	Percent	Relation to Raydium
1	K	(Note 2)			K	2,766,061	33.71	None
2	J	3,129,797	27.06	None	J	(Note 2)		
3	G	2,051,378	17.74	None	G	1,451,959	17.69	None
4	E	1,849,497	15.99	None	E	883,665	10.77	None
5	B	1,549,963	13.40	None	B	862,916	10.52	None
	Others	2,984,507	25.81	None	Others	2,241,174	27.31	None
	Net purchase	11,565,142	100.00		Net purchase	8,205,775	100.00	

Note 1: The names of suppliers accounting for 10% or more of the Company's total procurement amount in the two most recent fiscal years and their actual procurement amount and percentage are coded as such because the counterparties are those whose names cannot be disclosed under contractual agreements and are not related parties.
Note 2: It was not disclosed being that the amount failed to exceed 10% of the net purchase.

Analysis on increase or decrease: The production capacity reconciliation and product mix resulted in changes in the amount and percentage of procurement from suppliers.

2. Major Clients in the Last Two Calendar Years

Unit: NT$ thousands; %

Item	2022				2023			
	Name (Note 1)	Amount	Percent	Relation to Raydium	Name (Note 1)	Amount	Percent	Relation to Raydium
1	Z	5,627,004	24.66	None	Z	3,666,734	19.99	None
2	Y	2,704,635	11.85	None	Y	2,213,075	12.06	None
3	O	(Note 2)			O	2,153,301	11.74	None
4	AUSZ	2,448,239	10.73	Subsidiary of AUO Corporation	AUSZ	1,964,881	10.71	Subsidiary of AUO Corporation
	Others	12,042,286	52.76		Others	8,348,631	45.50	
	Net sales	22,822,164	100.00		Net sales	18,346,622	100.00	

Note 1: The names of clients accounting for 10% or more of the Company's total sales amount in the two most recent fiscal years and their actual sales amount and percentage are coded as such because the counterparties are those whose names cannot be disclosed under contractual agreements and are not related parties.
Note 2: It was not disclosed being that the amount failed to exceed 10% of the net sales.

Analysis on increase or decrease: The decrease in revenue resulted in changes in the amount and percentage of sales to clients.

5.2.5 Production in the Last Two Years

Unit: thousand pieces / NT$ thousands

Year / Output	2022			2023		
Main Products	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Display driver IC	Note	433,606	11,623,463	Note	425,915	11,277,459
Others	Note	69,888	442,629	Note	59,248	383,052
Total		503,494	12,066,092		485,163	11,660,511

Note: The Company is in the IC design industry and all products are outsourced for production; thus, there is no production capacity statistics in the Company.

5.2.6 Sales Volume and Value for the Two most recent fiscal years

Unit: thousand pieces / NT$ thousands

Year / Shipments &Sales	2022				2023			
	Domestic Sales		Export Sale		Domestic Sales		Export Sale	
Main Products	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Display driver IC	107,121	7,412,952	325,674	14,668,171	83,110	4,679,466	340,968	13,018,769
Others	36,438	422,915	28,059	318,126	37,633	333,913	25,119	314,474
Total	143,559	7,835,867	353,733	14,986,297	120,743	5,013,379	366,087	13,333,243

Note: The amounts above are expressed in net amounts.

5.3 Employees

Unit: Persons; Year; %

Year		2022	2023	As of March 31, 2024
Number of Employees (Persons)	R&D	640	705	707
	Management and sales	147	156	167
	Manufacturing	74	79	79
	Total	861	946	953
Average age(Years)		38.1	39.1	38.9
Average years of service(Year)		5.92	5.62	5.74
Education (%)	Ph.D.	1	2	2
	Masters	66	67	67
	Bachelor’s Degree	32	30	30
	Senior High School	1	1	1
	Below Senior High School	0	0	0
	Total	100	100	100

5.4 Environmental Protection Expenditures

Losses (including indemnity) caused by environmental pollution and the total indemnity amount involved in the most recent year up to the date this report is published; accounts of future countermeasures (including improvement actions) and possible expenditures (including loss, disposition, and an estimate of indemnity incurred by a failure to implement countermeasures; if a reasonable estimation cannot be made, the justification shall be provided):

The Company is a professional IC design company engaged in research and development of semiconductors. We do not have an in-house production process, and have entrusted the production of wafers to well-known IC manufacturers and outsourced packaging and testing. Therefore, it is a low-pollution and low-risk industry, and there is no risk of pollution sources and environmental incidents that may violate various environmental regulations. In addition, the Company is committed to environmental protection and safety and health, and provides the necessary resources to maintain a comfortable working environment, and has not suffered any loss due to environmental pollution in the last two years, and has no possible expenses in the future.

5.5 Labor Relations

5.5.1 Employee Benefit Plans, Continuing Education, Training, and Retirement Systems and the Status of Their Implementation, and the Status of Labor-management Agreements and Measures for Preserving Employees' Rights and Interests:

1. **Employee Benefit Plans**

   The Company provides labor insurance, National Health Insurance, comprehensive group insurance and annual health checkup. In addition to the bonuses for the three festivals, the Company also provides employee performance bonuses and employee compensation depending on the Company's operating conditions. To enhance employees' concern about and solidarity to the Company's operating performance, the Company released an Employee Stock Ownership and Trust Plan in 2023 in accordance with resolution dated August 9, 2022 by the board of directors, so as to improve the level of benefits to strengthen the competitiveness of corporate talents.

The Company has established the Employee Welfare Committee according to law, and held regular meetings on a quarterly basis to resolve the welfare systems formulated by the Employee Welfare Committee and plan all kinds of employee activities, such as employee travel or family day, and year-end dinner. Except for the gift money for the three festivals, the Employee Welfare Committee also provides related subsidies, including childbirth, marriage, funeral, and emergency assistance. The Employee Welfare Committee also helped colleagues to establish and join clubs. By the end of 2022, a total of 21 clubs had been established, such as Badminton Club, Mountaineering Club, Camping Club, Yoga Club, and Wine Tasting Club.

In response to the sub-replacement fertility, the Company provides exclusive parking spaces for pregnant female employees, and offers a nursing room to create a comfortable environment in pink, so that female employees can balance their work and family. Since 2022, employees who have children aged six and below can apply for home office and childcare allowances. For the childcare problems, employees can apply for parental leave without pay. The Company takes the initiative to care for employees and arrange affairs for their reinstatement when they apply for parental leave without pay. The rate of reinstatement without pay in 2023 is 100%.

2. Continuing Education and Training System

The Company attracts outstanding talents and highly values talent cultivation, for which it has formulated the Education and Training Management Measures underpinning their education and training. Education and training were used to enrich their knowledge and skills, and improve work efficiency and quality by integrating employee growth with corporate development goals. In 2023, up to 4,700 employees were trained, with the cumulative training hours of 12,700 hours.

(1) New Employee Training:

On the day when a new employee is enrolled, he/she will accept new employee training. There are compulsory and elective courses for them, so that new employees can fit into the environment of the Company more quickly.

(2) Professional Development:

The Company inputs sufficient resources for employees of different positions and ranks. Knowledge transfer help employees enhance their self-worth and achieve common grow. Relevant training is provided for different posts and employees, while scheduling the courses according to the performance of employees' needs to maximize the course benefits. External training courses can be assigned by the department head or applied by individual employees according to the business. Upon course completion, sharing of learning experience or acquisition of relevant certificates can help to transfer the courses into internal training where they can share more knowledge and experience.

(3) Executive' Training:

The Company introduced the "Executive Leadership Development Plan" in 2021. The Plan embracing work guidance, cross-team operation, etc. is designed to conduct training in stages every year. The Book Club is held every two months to improve management functions through guided reading and case sharing. Every December, at the "AAA Executive Strategy Event", all executives review the past and look forward to the future together, conveying the strategic layout and implementation plan for the next year.

3. **Retirement Systems**

To maintain the stable post-retirement life of employees, the Company formulated the Retirement Measures of Employees pursuant to the Labor Standards Act and the Labor Pension Act.

Those who are subject to the pension provisions of the Labor Standards Act (former system), a total of 2% of the aggregate salary will be allocated to the labor retirement reserve in the Bank of Taiwan every month. If an employee is eligible for the pension method stipulated in the Labor Standards Act, the pension shall be calculated based on the base number of years of service and the average salary of the month before statutory retirement. Two bases will be given for every full year reached, provided, however, that one base will be given for every full year to those whose service years are more than 15 years, the accumulation of bases is limited to the ceiling of 45. Less than half a year will be counted as half a year, and more than half a year will be counted as one year.

For those who are subject to the pension provisions of the Labor Pension Act (new system), a total of 6% of the employee's monthly wages will be allocated to the individual pension account of the Bureau of Labor Insurance, Ministry of Labor. The employee will be assisted in going through relevant formalities according to his/her will. Employee pensions are paid in the form of monthly pensions or lump-sum pensions pursuant to the amount of their individual pension account and accumulated income.

The amount allocated (paid) by the Company in 2023 was NT$61,335,000.

4. **Labor-management agreements and measures for preserving employees' rights and interests**

The Company shall follow the labor laws and related regulations, and both parties shall follow the employment contract, work rules and various management regulations. The Company has comprehensive management regulations, which specifies employee rights, obligations and benefit items to protect the rights and interests of employees. Therefore, the Company's labor relations have been harmonious since its establishment and no significant labor disputes or losses have occurred as of the date of the publication of the annual report.

5.5.2 List of losses due to labor disputes in the most recent year up to the date this report is published, disclosure of the estimated amount, and countermeasures against current and possible future events. If the amount cannot be reasonably estimated, the reason shall be provided: None.

5.6 Cyber Security Management

5.6.1 Describe the Cyber Security Risk Management Framework, Cyber Security Policies, Concrete Management Programs, and Investments in Resources for Cyber Security Management.

1. Cyber Security Risk Management Framework

The current state of the Internet makes various hacking software, malware and their attack techniques and technologies change rapidly, and encryption ransomware and various kinds of cyber attacks are happening frequently, which shows that information systems cannot be completely protected from targeted cyber attacks from any third party. Cyber attacks may be done through phishing emails, software vulnerabilities, brute force cracking and other ways to implant malware into the company's internal network for causing damages or engaging in data theft. The Company plans and formulates relevant policies, organizations, and procedures with respect to cyber security risk to reduce its operation risks.

(1) Dedicated unit: The information security authority of the Company is the Information Technology Division, under which is a Cyber Security and System Engineering Department with one supervisor and several professional IT engineers responsible for planning, implementing and promoting information security management issues and promoting information security awareness.

(2) Supervisory unit: The internal audit of information security monitoring is conducted by the Auditing Office and the external audit is conducted by the CPAs. Through regular audits by internal and external auditors, the Company tracks the effectiveness of improvements to reduce information security risks.

(3) Management Unit: In view of the importance of information security, corresponding cyber security policies and relevant standards have been made. The responsible unit submits monthly written reports to the President on the status of information security governance and implementation in the previous month.

2. Cyber Security Policies

(1) Comprehensively enhance cyber security awareness and establish an information security environment to protect the Company's intellectual property and safeguard the interests of the Company and the sustainable operation of each unit's information system.

(2) Ensuring the confidentiality, integrity and availability of the Company's business secrets and operational information to improve operational efficiency and quality.

(3) The Company continues to invest a large significant amount of resources in the research and development of advanced technology, which is the key to maintain the competitiveness of the Company. In the face of the increasingly dangerous online environment, the protection of confidential information and information security are the common responsibilities of all employees of a company.

(4) The Company has established an information security promotion team to enhance the consensus and measures of information security through cross-departmental integration.

3. Cyber Security Management

To ensure the security of the Company's critical business secrets and other confidential information, the Company has formulated related information security management regulations (i.e., information security management requirements, password principles, e-mail usage guidelines, backup management guidelines, system recovery plan, and software management guidelines), continues to strengthen the detection and evaluation of the network and system framework, and upgrades and strengthens the security protection software and hardware systems regularly.

In addition, to ensure the completeness of information security, the Company has joined the information security joint defense report of TWCERT/CC and has set up an information security promotion section within the Company to help employees establish the correct information security concept and behaviors. Meanwhile, a two-tier authentication mechanism was fully introduced in 2023 to improve the Company's overall information security defense capability, thereby reducing information security risks and achieving the goal of sustainable business operations.

In order to prevent unforeseeable major disasters, the Company formulated the information security incident management method and remote backup plan in 2023. It is expected that the drill for information security incidents and remote backup will be conducted every year starting in 2024.

Specific management measures

Information security control	Risk description	Countermeasures
Information security policy and education and training	Has the information security policy complied with operating requirements and relevant laws and regulations, provided management guidelines and support for information security, been defined and approved by the management, communicated internally and externally, and been reviewed regularly or when major changes occur to ensure appropriateness, adequacy, and effectiveness?	Correct and examine the status of the current information security policy each year, submit it to the top management for approval, and report the implementation status of information security management to the Board each year. The Company raises employees' information security awareness through monthly information promotion, education and training from time to time, as well as quarterly social engineering drills.
System maintenance and access control	Has the access to the information and application system functions been restricted according to the access control policy, and is access to systems and applications controlled through secure login procedures?	Formulate and implement application system user account and permission management measures to ensure the authorization of users and prevent unauthorized access to the system and services.
Physical and environmental safety and communication security	The operation of the organization is interrupted due to the loss, damage, theft or cracking of assets.	The Company adopts a multi-layer firewall barrier for information security protection to restrict external access and mitigate the risk of the Company's information system being exposed to the external network. The Company's important information environment is isolated via the construction of an intranet and external networks. Through the mechanism to prevent internal data leakage and collect access records, together with the rules of experience and AI technology, the Company is able to manage suspicious behaviors. Through real-time analysis and reporting, it prevents data leakage in the first place and ensures the continuous operation of the Company.
Operational safety	Accurate and safe operations of information processing facilities are in place to ensure that information and information processing facilities are protected against malicious software and the use of technical vulnerabilities.	The establishment of firewalls, e-mail filtering systems, Trojan Horse and virus detection mechanisms, active endpoint protection systems, multi-factor authentication and other mechanisms act to block unauthorized access. In addition to regular internal vulnerability scanning and patching, the Company also tracks and

Information security control	Risk description	Countermeasures
		manages internal information equipment through compliance inspection software to ensure that its equipment is protected from attack.
Information security incident management	Has the Company established measures for information security incidents to ensure consistent and effective management of information security incidents, including the communication of security incidents and vulnerabilities?	Formulate and implement information security incident management measures to ensure relevant processing and reporting procedures for information security incidents.
Information security aspect for business continuity management (BCM)	Has information security been continuously embedded in the organization's BCM system to ensure the availability of information processing equipment?	In accordance with the management measures, local, off-site backup, and remote backups are regularly performed for important systems and data to ensure that the data is encrypted and to reduce the risk of data damage in order to protect the Company's important information environment and mitigate the risk of business interruption due to the invasion of the Company's external network.

4. Confidential Information Management

The Company highly values the protection of confidential information. Besides properly controlling business secrets and confidential information pursuant to relevant management procedures. It puts employee education and training in place to ensure the interests of stakeholders. With respect to the management of confidential information among the Company, customers, and suppliers, the Company not only prepares relevant management standards of cyber security but also develops:

(1) Personnel Management Specifications: These specifications include the confidentiality obligations that employees shall bear when they join and leave the Company, and set up strict access control for this purpose.

(2) Confidentiality agreements (contracts, and statements) with should be concluded with customers and suppliers, while ensuring that the confidentiality regulations will be strictly observed.

(3) The product development is subject to the product development process and is underpinned by the internal "Project Management System. Roles and personnel at each stage shall have different permissions to concurrently observe the rigor of product development process and the security of project information.

(4) With respect to extremely confidential projects that have been specially requested by customers, the Company has formulated specifications on asset control of confidential information of customers, and set up exclusive control area where personnel, cyber equipment, and files are completely isolated. All the cyber files in the exclusive control area are then placed in a newly established encrypted area to ensure that the information on confidential projects is free from of risk of leakage.

5. Investments in Resources for Cyber Security Management

In order to implement the principles of the cyber security policies, the following resources are invested:

(1) Hardware devices such as firewall, mail anti-virus, spam filtering, Internet behavior analysis and intrusion prevention, etc.

(2) Software systems such as endpoint protection system, backup management software, file auditing, multi-factor authentication, privileged account management, compliance security and data breach protection.

(3) Telecommunications services such as multiple lines backup, prevention of distributed denial-of-service (DDoS) attacks, etc.

(4) The Company has invested in manpower such as: daily system status check, weekly backup and implementation of backup media off-site storage, at least two information security awareness sessions every quarter, annual drill of system disaster recovery implementation, and annual internal and external auditing of information cycle, etc.

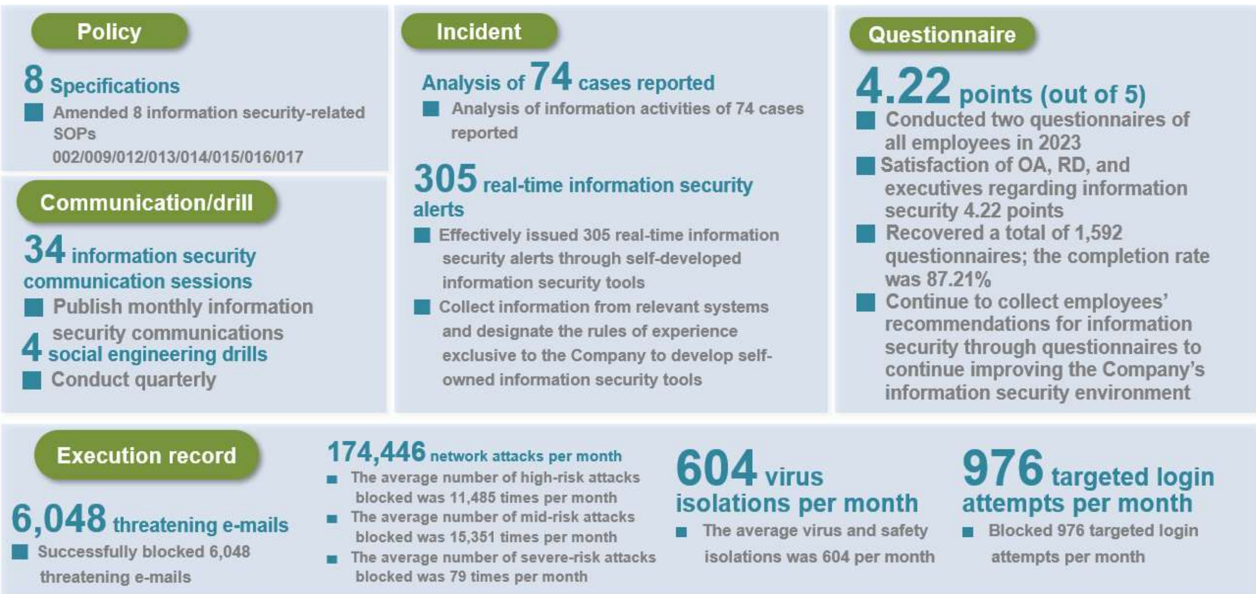
(5) Cyber security manpower: one cyber security supervisor and several cyber security personnel, responsible for cyber security structure design, cyber security maintenance and monitoring, cyber security incident response and investigation, cyber security policy review and amendment, and monthly cyber security status report to the President by the cyber security supervisor.

6. Cyber Security Management Performance

(1) Our company has established a dedicated information security unit to ensure the direction and suitability of our information security policies. This unit is responsible for developing information security policies and objectives, implementing information security management plans, and regularly reviewing our information security policies. Since 2022, we have reported our performance to the board of directors annually. The latest report date to the Board of directors is August 8, 2023.

(2) To enhance employee awareness of information security, we have planned to conduct unannounced social engineering exercises every quarter starting in 2023, in addition to regular information security education and training. Through reviewing and improving the results of these exercises, we aim to strengthen the information security awareness of each unit and employee.

(3) The Company implements information security management, and the cyber security measures of 2023 propelled the results of implementation, as shown in the figure below:



5.6.2 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.

As of the printing date of the annual report, there was no loss due to a major cyber security incident in the Company.

5.7 Important Contracts

Contract Type	Party	Contract Term	Content	Restrictions
Rental agreement	AUO Corporation	2024/1/1~2024/12/31	Office rental	None
Rental agreement	Shin Kong Life Insurance Co., Ltd.	2022/5/1~2027/4/30	Office rental	None
Rental agreement	Qisda Corporation	2024/1/1~2024/12/31	Office rental	None

Chapter 6 Financial Information

6.1. Five-Year Financial Summary

6.1.1. Consolidated Report from 2019 to 2023

Condensed Balance Sheets

Unit: NT$ thousands

Item \ Year		2019	2020	2021	2022	2023
		Financial Information for the Past Five Fiscal Years				
Current Assets		7,741,208	8,456,561	16,884,992	19,025,701	17,155,051
Property, Plant, and Equipment		180,612	215,110	444,093	337,912	483,682
Intangible Assets		317,975	315,687	335,828	343,278	376,500
Other Assets		322,868	314,722	1,537,364	1,866,769	1,492,185
Total Assets		8,562,663	9,302,080	19,202,277	21,573,660	19,507,418
Current Liabilities	Before distribution	4,223,904	4,565,173	8,633,606	7,201,073	7,329,781
	After distribution	4,759,452	5,268,010	12,047,091	10,311,137	8,482,780
Non-current Liabilities		9,144	8,049	1,535,289	1,435,150	959,489
Total Liabilities	Before distribution	4,233,048	4,573,222	10,168,895	8,636,223	8,289,270
	After distribution	4,768,596	5,276,059	13,582,380	11,746,287	9,442,269
Equity Attributable to Owners of the Parent		4,329,615	4,728,858	9,033,382	12,937,437	11,218,148
Capital Stock		670,034	669,434	1,079,932	758,552	758,552
Capital Surplus		724,079	716,898	853,315	4,712,933	4,712,933
Retained Earnings	Before distribution	3,077,494	3,399,078	6,987,263	7,436,498	5,780,404
	After distribution	2,541,946	2,696,241	3,573,778	4,326,434	4,627,405
Other Equity		(141,992)	(56,552)	112,872	29,454	(33,741)
Treasury Stock		0	0	0	0	0
Non-controlling Interests		0	0	0	0	0
Total Equity	Before distribution	4,329,615	4,728,858	9,033,382	12,937,437	11,218,148
	After distribution	3,794,067	4,026,021	5,619,897	9,827,373	10,065,149

Note: The above annual financial information has been audited by the CPAs.

Condensed Statements of Comprehensive Income

Unit: NT$ thousands

Item \ Year	2019	2020	2021	2022	2023
	Financial Information for the Past Five Fiscal Years				
Operating Revenue	13,931,466	14,425,152	24,833,838	22,822,164	18,346,622
Gross Profit	3,413,334	3,746,596	10,631,694	9,236,681	5,310,764
Operating Income	793,096	1,102,813	5,118,691	3,637,101	1,378,546
Non-operating Income and Expenses	(6,945)	(104,711)	(27,846)	867,947	168,195
Income before Tax	786,151	998,102	5,090,845	4,505,048	1,546,741
Income from Continuing Operations	672,284	856,617	4,290,981	3,862,336	1,442,791
Loss from Discontinued Operations	0	0	0	0	0
Net Income	672,284	856,617	4,290,981	3,862,336	1,442,791
Other Comprehensive Income (after Tax)	(1,753)	(1,445)	134,245	(93,749)	(52,016)
Total Comprehensive Income	670,531	855,172	4,425,226	3,768,587	1,390,775
Net Income Attributable to Shareholders of the Parent	672,284	856,617	4,290,981	3,862,336	1,442,791
Net Income Attributable to Non-controlling Interests	0	0	0	0	0
Comprehensive Income Attributable to Owners of the Parent	670,531	855,172	4,425,226	3,768,587	1,390,775
Comprehensive Income Attributable to Non-controlling Interests	0	0	0	0	0
Earnings Per Share (NT$)	10.34	13.12	65.09	51.23	19.02

Note: The above annual financial information has been audited by the CPAs.

6.1.2. Parent Company from 2017 to 2021

Condensed Balance Sheets

Unit: NT$ thousands

Item \ Year		Financial Information for the Past Five Fiscal Years				
		2019	2020	2021	2022	2023
Current Assets		7,620,949	8,305,728	16,692,384	18,935,352	16,557,453
Property, Plant, and Equipment		176,735	211,073	440,678	327,994	470,174
Intangible Assets		317,975	315,687	335,828	343,189	376,453
Other Assets		409,861	362,855	1,605,591	1,860,102	1,526,800
Total Assets		8,525,520	9,195,343	19,074,481	21,466,637	18,930,880
Current Liabilities	Before distribution	4,188,647	4,459,375	8,511,475	7,080,279	6,754,218
	After distribution	4,724,195	5,162,212	11,924,960	10,190,343	7,907,217
Non-current Liabilities		7,258	7,110	1,529,624	1,448,921	958,514
Total Liabilities	Before distribution	4,195,905	4,466,485	10,041,099	8,529,200	7,712,732
	After distribution	4,731,453	5,169,322	13,454,584	11,639,264	8,865,731
Capital Stock		670,034	669,434	1,079,932	758,552	758,552
Capital Surplus		724,079	716,898	853,315	4,712,933	4,712,933
Retained earnings	Before distribution	3,077,494	3,399,078	6,987,263	7,436,498	5,780,404
	After distribution	2,541,946	2,696,241	3,573,778	4,326,434	4,627,405
Other Equity		(141,992)	(56,552)	112,872	29,454	(33,741)
Treasury Stock		0	0	0	0	0
Total Equity	Before distribution	4,329,615	4,728,858	9,033,382	12,937,437	11,218,148
	After distribution	3,794,067	4,026,021	5,619,897	9,827,373	10,065,149

Note: The above annual financial information has been audited by the CPAs.

Condensed Statements of Comprehensive Income

Unit: NT$ thousands

Item \ Year	Financial Information for the Past Five Fiscal Years				
	2019	2020	2021	2022	2023
Operating Revenue	13,742,266	14,226,339	24,405,404	22,611,900	17,604,607
Gross Profit	3,375,902	3,713,201	10,493,588	9,195,778	5,199,661
Operating Income	841,795	1,137,191	5,094,076	3,738,339	1,415,644
Non-operating Income and Expenses	(56,075)	(139,089)	(3,231)	766,709	131,097
Income before Tax	785,720	998,102	5,090,845	4,505,048	1,546,741
Income from Continuing Operations	672,284	856,617	4,290,981	3,862,336	1,442,791
Loss from Discontinued Operations	0	0	0	0	0
Net Income	672,284	856,617	4,290,981	3,862,336	1,442,791
Other Comprehensive Income (after Tax)	(1,753)	(1,445)	134,245	(93,749)	(52,016)
Total Comprehensive Income	670,531	855,172	4,425,226	3,768,587	1,390,775
Earnings Per Share (NT$)	10.34	13.12	65.09	51.23	19.02

Note: The above annual financial information has been audited by the CPAs.

6.1.3. Auditors' Opinions from 2019 to 2023

Year	Accounting Firm	CPA	Audit Opinion
2019	KPMG Taiwan	CPA Mei Yu Tseng /CPA Chien-Hui Lu	Unmodified opinion
2020	KPMG Taiwan	CPA Mei Yu Tseng /CPA Chien-Hui Lu	Unmodified opinion
2021	KPMG Taiwan	CPA Chien-Hui Lu/CPA Mei Yu Tseng	Unmodified opinion
2022	KPMG Taiwan	CPA Chien-Hui Lu/CPA Mei Yu Tseng	Unmodified opinion
2023	KPMG Taiwan	CPA Chien-Hui Lu/CPA An-Chih Cheng	Unmodified opinion

6.2. Financial Analysis from 2019 to 2023

Financial Analysis - Consolidated

Analysis Item \ Year		Financial Analyses for the Past Five Fiscal Years				
		2019	2020	2021	2022	2023
Capital Structure Analysis	Debt Ratio (%)	49.43	49.16	52.95	40.03	42.49
	Long-term Fund to Property, Plant and Equipment Ratio (%)	2,402.25	2,202.08	2,379.83	4,253.35	2,517.69
Liquidity Analysis	Current Ratio (%)	183.27	185.24	195.57	264.20	234.04
	Quick Ratio (%)	147.10	149.02	169.84	211.96	205.57
	Times Interest Earned (Times)	283.07	620.93	6,544.50	5,689.19	189.58
Operating Performance Analysis	Average collection turnover (Times)	4.55	4.67	5.19	4.96	6.13
	Days Sales Outstanding	80.21	78.15	70.32	73.58	59.54
	Average Inventory Turnover (Times)	6.93	6.78	7.53	4.64	4.54
	Average Payment Turnover (Times)	4.23	3.98	4.49	5.46	6.25
	Average Inventory Turnover Days	52.66	53.83	48.47	78.66	80.39
	Property, Plant and Equipment Turnover (Times)	79.15	72.90	75.34	58.36	44.66
	Total Assets Turnover (Times)	1.73	1.61	1.74	1.11	0.89
Profitability Analysis	Return on Total Assets (%)	8.37	9.60	30.11	18.94	7.05
	Return on Equity (%)	16.02	18.91	62.35	35.15	11.94
	Pre-tax Income to Paid-in Capital Ratio (%)	117.33	149.09	760.54	593.90	203.90
	Net Margin (%)	4.82	5.93	17.27	16.92	7.86
	Earnings Per Share (NT$)	10.34	13.12	65.09	51.23	19.02
Cash Flow	Cash Flow Ratio (%)	28.12	13.23	68.52	55.03	22.89
	Cash Flow Adequacy Ratio (%)	61.86	58.11	128.69	92.36	89.71
	Cash Flow Reinvestment Ratio (%)	15.97	1.35	47.15	3.67	(11.07)
Leverage	Operating Leverage	1.20	1.18	1.05	1.10	1.27
	Financial Leverage	1.00	1.00	1.00	1.00	1.00

Analysis of significant changes in financial ratios for the past two fiscal years (changes of up to 20%):

1. Decrease in Long-term Fund to Property, Plant and Equipment Ratio: Mainly due to decrease in total equity resulting from the decrease in net income of current year.
2. Decrease in Times Interest Earned: Mainly due to decrease in net income before tax of current year.
3. Increase in Average collection turnover: Mainly due to the beginning balance of accounts receivable in 2022 was higher, which was due to the substantial growth in revenue in 2021.
4. Decrease in Property, Plant and Equipment Turnover: Mainly due to the decrease in operating revenue resulting from insufficient demand in 2023.
5. Decrease in Total Assets Turnover: Mainly due to the decrease in operating revenue resulting from insufficient demand in 2023.
6. Decrease in Return on Total Assets, Return on Equity, Pre-tax Income to Paid-in Capital Ratio, Net Margin, and Earnings Per Share: Mainly due to the decrease in net income of current year.
7. Decrease in Cash Flow Ratio and Cash Flow Reinvestment Ratio: Mainly due to the decrease in net cash inflow from operating activities of current year.

Note: The above annual financial information has been audited by the CPAs.

Financial Analysis - Parent Company Only

Analysis Item		Financial Analyses for the Past Five Fiscal Years (Year)				
		2019	2020	2021	2022	2023
Capital Structure Analysis	Debt Ratio (%)	49.21	48.57	52.64	39.73	40.74
	Long-term Fund to Property, Plant and Equipment Ratio (%)	2,453.88	2,243.75	2,396.98	4,386.16	2,589.82
Liquidity Analysis	Current Ratio (%)	181.94	186.25	196.11	267.43	245.14
	Quick Ratio (%)	145.55	149.66	170.26	214.49	216.81
	Times Interest Earned (Times)	353.81	695.09	8,387.89	18,388.95	333.34
Operating Performance Analysis	Average collection turnover (Times)	4.64	4.68	5.18	4.98	6.13
	Days Sales Outstanding	78.66	77.99	70.46	73.29	59.54
	Average Inventory Turnover (Times)	6.96	6.73	7.46	4.61	4.46
	Average Payment Turnover (Times)	4.22	3.98	4.49	5.48	6.56
	Average Inventory Turnover Days	52.44	54.23	48.92	79.17	81.83
	Property, Plant and Equipment Turnover (Times)	80.41	73.36	74.89	58.83	44.11
	Total Assets Turnover (Times)	1.73	1.61	1.72	1.11	0.87
Profitability Analysis	Return on Total Assets (%)	8.46	9.68	30.36	19.05	7.16
	Return on Equity (%)	16.02	18.91	62.35	35.15	11.94
	Pre-tax Income to Paid-in Capital Ratio (%)	117.26	149.09	760.54	593.90	203.90
	Net Margin (%)	4.89	6.02	17.58	17.08	8.19
	Earnings Per Share (NT$)	10.34	13.12	65.09	51.23	19.02
Cash Flow	Cash Flow Ratio (%)	30.32	13.25	69.42	56.59	25.25
	Cash Flow Adequacy Ratio (%)	69.26	64.50	137.85	96.02	92.77
	Cash Flow Reinvestment Ratio (%)	17.80	1.10	47.16	3.97	(10.87)
Leverage	Operating Leverage	1.18	1.17	1.05	1.09	1.25
	Financial Leverage	1.00	1.00	1.00	1.00	1.00

Analysis of significant changes in financial ratios for the past two fiscal years (changes of up to 20%):

1. Decrease in Long-term Fund to Property, Plant and Equipment Ratio: Mainly due to decrease in total equity resulting from the decrease in net income of current year.
2. Decrease in Times Interest Earned: Mainly due to decrease in net income before tax of current year.
3. Increase in Average collection turnover: Mainly due to the beginning balance of accounts receivable in 2022 was higher, which was due to the substantial growth in revenue in 2021.
4. Decrease in Property, Plant and Equipment Turnover: Mainly due to the decrease in operating revenue resulting from insufficient demand in 2023.
5. Decrease in Total Assets Turnover: Mainly due to the decrease in operating revenue resulting from insufficient demand in 2023.
6. Decrease in Return on Total Assets, Return on Equity, Pre-tax Income to Paid-in Capital Ratio, Net Margin, and Earnings Per Share: Mainly due to the decrease in net income of current year.
7. Decrease in Cash Flow Ratio and Cash Flow Reinvestment Ratio: Mainly due to the decrease in net cash inflow from operating activities of current year.

Note: The above annual financial information has been audited by the CPAs.

Glossary:

1. Capital Structure Analysis
   (1) Debt Ratio = Total Liabilities / Total Assets
   (2) Long-term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment

2. Liquidity Analysis
   (1) Current Ratio = Current Assets / Current Liabilities
   (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
   (3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses

3. Operating Performance Analysis
   (1) Average Collection Turnover = Net Sales / Average Trade Receivables (including Accounts Receivable and Notes Receivable originated from operation)
   (2) Days Sales Outstanding = 365 / Average Collection Turnover
   (3) Average Inventory Turnover = Cost of Sales / Average Inventory
   (4) Average Payment Turnover = Cost of Sales / Average Trade Payables (including Accounts Payable and Notes Payable originated from operation)
   (5) Average Inventory Turnover Days = 365 / Average Inventory Turnover
   (6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment
   (7) Total Assets Turnover = Net Sales / Average Total Assets

4. Profitability Analysis
   (1) Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets
   (2) Return on Equity = Net Income / Average Shareholders' Equity
   (3) Pre-tax Income to Paid-in Capital Ratio = Income before Tax / Paid-in Capital
   (4) Net Margin = Net Income / Net Sales
   (5) Earnings Per Share = (Net Income - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding

5. Cash Flow
   (1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities
   (2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend
   (3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital)

6. Leverage
   (1) Operating Leverage = (Net Sales - Variable Cost) / Income from Operations
   (2) Financial Leverage = Income from Operations / (Income from Operations - Interest Expenses)

6.3. 2023 Audit Committee's Review Report:

Raydium Semiconductor Corporation
Audit Committee's review report

The Board of Directors has prepared the Company's Business Report, Financial Statements, and Earnings Distribution Proposal for the year of 2023. Chien-Hui, Lu and An-Chih Cheng, Certified Public Accountants of KPMG, have audited the Financial Statements. The 2023 Business Report, Financial Statements, and Earnings Distribution Proposal have been reviewed and determined to be correct and accurate by the Audit Committee of Raydium Semiconductor Corporation. I, as the Convener of the Audit Committee, hereby submit this report according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely,

To Raydium Semiconductor Corporation. 2024 Annual Shareholders' Meeting

Convener of the Audit Committee:
Max Cheng
February 26, 2024

6.4. Financial Statements for the Most Recent Fiscal Year: Please refer to Appendix I .

6.5. Parent Company Only Financial Statements for the Most Recent Fiscal Year, Audited by CPAs: Please refer to Appendix II.

6.6. The Impact on the Company's Financial Status in Cases where the Company or its Affiliates have Financial Difficulties: None.

Chapter 7 Review of Financial Conditions, Financial Performance, and Risk Management

7.1. Analysis of Financial Status

Unit: NT$ thousands; %

Item \ Year	2023	2022	Difference	
			Change, by Amount	%
Current Assets	17,155,051	19,025,701	(1,870,650)	(10)
Property, Plant, and Equipment	483,682	337,912	145,770	43
Intangible Assets	376,500	343,278	33,222	10
Other Assets	1,492,185	1,866,769	(374,584)	(20)
Total Assets	19,507,418	21,573,660	(2,066,242)	(10)
Current Liabilities	7,329,781	7,201,073	128,708	2
Non-current Liabilities	959,489	1,435,150	(475,661)	(33)
Total Liabilities	8,289,270	8,636,223	(346,953)	(4)
Capital Stock	758,552	758,552	0	0
Capital Surplus	4,712,933	4,712,933	0	0
Retained earnings	5,780,404	7,436,498	(1,656,094)	(22)
Other equity	(33,741)	29,454	(63,195)	(215)
Total Equity	11,218,148	12,937,437	(1,719,289)	(13)

Description of major changes: (Defined as the change in the previous and current period is more than 20% and the amount of change is NT$10 million or more)

1. Increase in property, plant, and equipment: Mainly due to the Company signed a real estate purchase contract located in Tai Yuen Hi-Tech Industrial Park in 2023, and part of the contract amount has been paid.
2. Decrease in other assets: Mainly due to the decrease in non-current financial assets at fair value through other comprehensive income and guarantee paid for product capaticy.
3. Decrease in non-current liabilities: Mainly due to the transfer of contract liabilities to revenues and the return of guarantee deposit received in accordance with the production capacity guarantee contracts sighned with customers, and the decrease in warranty provision.
4. Decrease in retained earnings: Mainly due the distribution of cash dividends for 2022 and the decrease in net income for 2023.
5. Decrease in other equity: Mainly due to the increase in unrealized loss of financial assets at fair value through other comprehensive income.

7.2. Financial Performance

7.2.1. Analysis of Financial Performance

Unit: NT$ thousands; %

Item \ Year	2023	2022	Difference	
			Change, by Amount	%
Operating Revenue	18,346,622	22,822,164	(4,475,542)	(20)
Operating Costs	13,035,858	13,585,483	(549,625)	(4)
Gross Profit	5,310,764	9,236,681	(3,925,917)	(43)
Operating Expenses	3,932,218	5,599,580	(1,667,362)	(30)
Operating Income	1,378,546	3,637,101	(2,258,555)	(62)
Non-operating Income and Expenses	168,195	867,947	(699,752)	(81)
Income before Tax	1,546,741	4,505,048	(2,958,307)	(66)
Income Tax Expense	103,950	642,712	(538,762)	(84)
Net Income	1,442,791	3,862,336	(2,419,545)	(63)

Description of major changes: (Defined as the change in the previous and current period is more than 20% and the amount of change is NT$10 million or more)

1. Decrease in operating income: Mainly due to the insufficient demand during this year.
2. Decrease in gross profit and operating income: Mainly due to the slowdown in market demand and the decline in product sales prices, resulting in a decline in gross profit margin and subsequent decline in operating net profit.

3. Decrease in non-operating income and expenses: Mainly due to foreign currency exchange loss resulting from exchange rate fluctuations. 4. Decrease in income tax expense: Mainly due to the decrease in income before tax for the year.

7.2.2. Sales Volume Forecast and the Basis Therefor, and Describe the Effect upon the Company's Financial Operations as well as Measures to be Taken in Response

The Company's main products are driver IC. Our business is based on product sales forecasts, progress of new product development and client production demand forecasts, taking into account our fab's capacity planning and business development strategies. The Company is currently financing its operating expenses through the cash capital increase of the IPO and its own funds. There is no shortage of funds in the short term. We have solid relationships with upstream manufacturers for the products we need to sell, so the supply of products needed for sales should be in good condition.

7.3. Analysis of Cash Flow

Cash Flow Analysis for the Current Year

Unit: NT$ thousands

Cash at Beginning of Year	Net Cash Flows from Operating Activities in 2023	Net Cash Flows from Investing and Financing Activities in 2023	Cash Surplus Amount (Including Foreign Exchange Adjustments)	Remedy for Liquidity Shortfall	
				Investment Plan	Financial Plan
8,418,727	1,677,953	-4,715,501	5,380,259	-	

1. Analysis of Changes in Cash Flows for 2023:
   - Operating activities: Mainly due to the increase in operating profit in the current period.
   - Investment activities: Mainly due to the increase in time deposit certificates with an original maturity of more than three months.
   - Financing activities: Mainly due to the distribution of cash dividends.
2. Corrective Measures to Be Taken in Response to Illiquidity: There is no shortage of cash.
3. Liquidity Analysis for the Coming Year: The Company has sufficient liquidity in the coming year to meet its future operating expenses and capital expenditures and does not need to raise external funds.

7.4. Major Capital Expenditure Items: None.

7.5. Long-term Equity Investment Policy and Results :

The Group's investments are made for long-term strategic purposes. In the future, we will continue to evaluate our investment plans carefully based on the principle of long-term strategic investment. In response to the increasing share of revenue from clients in Mainland China, in March 2018, the Board of Directors approved the reinvestment in a subsidiary in Mainland China through a third region to understand local market trends, to be more responsive to the demands of local clients, to provide complete services to them, and to establish a localized supply chain. In September 2018, the Company established Raydium Semiconductor (Kunshan) Co., Ltd. (hereinafter referred to as “Raydium Semiconductor (Kunshan)”), a 100%-owned subsidiary in Kunshan, China.

The Company recognized an investment loss of NT$33,032 thousand in 2023, a decrease of approximately NT$63,227 thousand from the investment loss of NT$96,259 thousand recognized in the previous year, mainly due to the result of continuous guidance of Raydium Semiconductor (Kunshan) in expanding its business and improving its financial structure. The Company obtains the financial statements of Raydium Semiconductor (Kunshan) on a monthly basis in accordance with the Supervision and Management Measures for Subsidiaries and assesses its financial structure. The impact of its operational risk on the Company is limited.

In response to Raydium Semiconductor (Kunshan)'s operational improvement plan and projected investment plans for the coming year, the Company’s Board of Directors has agreed on February 23, 2023 to the cash capital increase for Raydium Semiconductor (Kunshan) in stages within the line of US$4.5 million, the Company injected USD 3 million in April 2023. Up to now, the paid-in capital of Raydium Semiconductor (Kunshan) is USD 8 million. Besides, the company approved a guaranteed financing line for Raydium Semiconductor (Kunshan) to apply for a bank financing line in order to enrich its working capital. The Company will continue to monitor the financial position and operating results of Raydium Semiconductor (Kunshan) and guide it to expand its business and improve its financial structure, in order to help it connect with clients in Mainland China and bring more immediate, efficient and personalized service to them. We hope that through our local services, the Company can grow together with our customers and supply chain to create a mutually beneficial win-win-win situation.

7.6. Risk Management

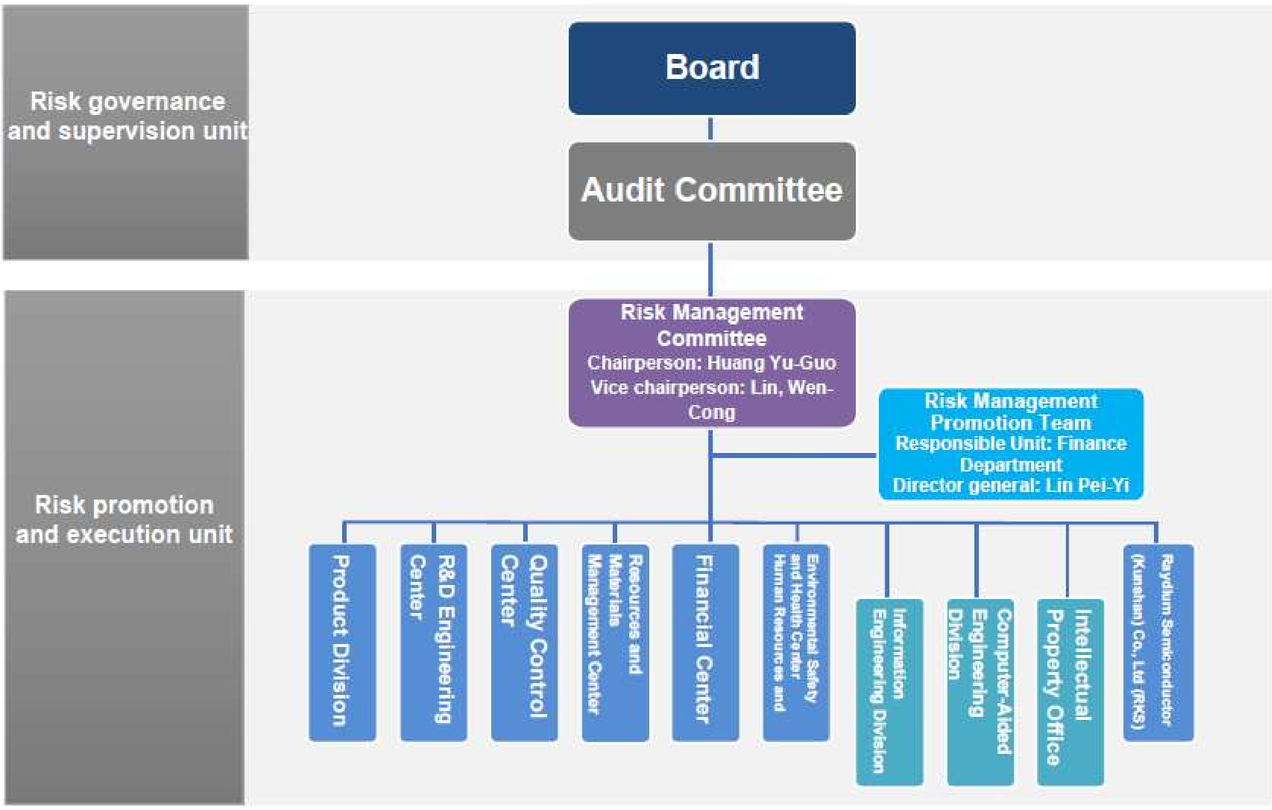
To achieve sound operations, enhance corporate governance, and implement the risk management and supervision function of the Board, the Company has established a Risk Management Committee to carry out risk identification and grasp relevant risks that may affect sustainable corporate development based on four major aspects of finance (F), operation (O), strategy (S), and hazard (H). The Company minimized the possible risks through risk control, avoidance, transfer, retention, and relevant management strategies and countermeasures and even transformed them into business opportunities.

7.6.1. Risk Management Policies and Procedures

To ensure the sound operation of the Company and its subsidiaries, enhance corporate governance, and implement the risk management and supervisory function of the Board, the Company complies with the "Risk Management Best Practice Principles for TWSE/TPEx Listed Companies" jointly established by TWSE and TPEx, and Board approved the amendments to the "Risk Management Policy and Procedures" in November 2023 to serve as the supreme guideline for the risk management of each unit.

7.6.2. Risk Management Organization Structure

- The Board of Directors is the highest governing body for risk management; the Audit Committee is the risk supervision unit; executives of each operating unit formed the Risk Management Committee. The Chairman/CEO and President are the chairperson and vice chairperson, and the CFO is the director general for guiding the operations.
- The Company promotes a top-down risk management culture. Through the specified risk management declaration and commitment of the governing body and senior management, it established and supported risk management promotion and execution units and provided risk management-related professional training for all employees to integrate management awareness into daily decision-making and operating activities, shaping a comprehensive corporate risk management culture.



7.6.3. Scope of Risk Management

The scope of the Company's risk management includes, but is not limited to:

1. Strategy: Refers to risks of material impact on the Company, including but not limited to, regulatory compliance, domestic and overseas economic or policy factors, technological and industrial changes, market demand, and competition.
2. Operation: Refers to risks resulting in loss of the Company, including but not limited to, supply chain management, research and development innovation, quality management, information security, talent recruitment, or excessive concentration of sales and procurement.
3. Finance: Refers to risks of material impact on the Company, including but not limited to, changes in interest rates and exchange rates, financing or investments.
4. Hazardous events: Refers to risks resulting in significant loss of the Company, including but not limited to, natural disasters, infectious diseases, climate change, energy supply disruption, fire or chemical spills, and other insufficiencies of precautionary measures.

7.6.4. Risk Management Procedures

The Company's risk management procedures include five major elements: risk identification, risk analysis, risk assessment, risk response, and monitoring and review mechanism. The implementation procedures and methods of each element are also specified.

7.6.5. Implementation Status of the Risk Management Committee in 2023

The Company actively promotes the implementation of the risk management mechanism and reports its implementation status to the Board of Directors on a regular basis every year. The latest report date to the Board of directors is February 26, 2024. The implementation status of the Company's Risk Management Committee in 2023 is as follows:

Time	Implementation Status
Feb. 2023	● Completed the business continuity interruption exercise for “earthquakes” ● Reported the implementation progress of the Risk Management Committee to the Board on February 23, 2023
Mar. 2023	● Completed the business continuity interruption exercise for “supplier interruption - packaging and testing (fire)”
May. 2023	● Completed the business continuity interruption exercise for “hacker invasion”
Aug. 2023	● Reported the implementation progress of the Risk Management Committee to the Board on August 8, 2023 ● To strengthen corporate governance and improve the Company's risk management and control, the Board approved the resolution for the Audit Committee to supervise the risk management of the Company on August 8, 2023
Nov. 2023	● Amended the Company's Risk Management Policy and Procedures in accordance with the "Risk Management Best Practice Principles for TWSE/TPEx Listed Companies"
Dec. 2023	● Completed the 2024 risk education and training ● Conducted the 2024 risk identification and analysis for each unit
Feb. 2024	● Reported the implementation progress of the Risk Management Committee to the Board on February 26, 2024

7.7. Analysis of Risk Management

7.7.1. Risks Associated with Interest Rate Fluctuation, Foreign Exchange Volatility, and Inflation:

In recent years, domestic interest rates have tended to increase in line with domestic and international economic developments, but are still relatively low. The Company is conservative in its use of capital and invests its capital mainly in short-term time deposits and money market fund subscriptions. In addition, the Company operates mainly with its own capital and does not rely much on bank loans; therefore, interest expenses have a limited impact on operations and profit and loss at this stage.

The Company is also actively applying for financing lines with the correspondent banking institutions as a source of working capital and is closely monitoring the global economic development to assess whether to use hedging instruments to hedge against the risk of interest rate increases in a timely manner.

1. **Interest Rate:**

The Company and its subsidiaries are conservative in their use of capital and invests their capital mainly in short-term time deposits and money market fund subscriptions. In addition, the Company operates mainly with its own capital and does not rely much on bank loans; therefore, interest expenses have a limited impact on operations and profit and loss at this stage.

Response Measures:

The Company establishes and maintains good credit relationships with banks and observes and identifies the trend of interest rate changes in the market to obtain favorable interest rate terms when there is a need for capital for the expansion of the Company's operations in the future. It also uses other financial instruments appropriately through sound financial planning to reduce the risk of interest rate changes.

2. **Foreign exchange rates:**

The Company's products are mainly exported, and most of the sales revenue and payments for raw materials purchases are denominated in USD. However, receivables denominated in USD are still larger than those of payables, so fluctuations in exchange rates still have potential impact on the Company's profit or loss. The Company adopts the natural hedge method of offsetting foreign currency receipts and payments, and keeps an eye on the exchange rate fluctuations and foreign currency capital needs, and adjusts its foreign currency positions and exchange timing in a timely manner.

Response Measures:

The Company takes the following response measures to address the impact of fluctuations in foreign exchange rates on earnings: In order to address the financial risks that may arise from fluctuations in foreign exchange rates, the Company takes the following specific measures in addition to continuing to hedge its foreign currency debts and liabilities through recurring foreign currency purchase and sale transactions, which have a natural hedging effect:

- The financial personnel keeps in touch with financial institutions and collects real-time exchange rate information in accordance with international political and economic developments in order to keep abreast of exchange rate trends.
- The financial personnel maintains an appropriate foreign exchange position based on the future trend of the exchange rate and judge the appropriate time to buy and sell foreign currencies in order to reduce the impact of exchange rate fluctuations on the Company's profitability.

- If necessary, the Company will hedge the risk of exchange rate fluctuations by entering into stable hedging transactions with financial institutions of good credit standing in advance, based on the principle of hedging rather than investment transactions, and by strengthening risk control in accordance with the "Procedures for Engaging in Derivatives Trading".

3. **Inflation:**

The Company and its subsidiaries maintain close and good interaction with suppliers and clients, and pay close attention to fluctuations in raw material prices and inflation in order to reflect changes in cost and prices in selling prices in a timely manner so as to reduce the impact of inflationary changes.

7.7.2. Policy regarding High-risk Investments, Highly Leveraged Investments, Loans to Other Parties, Endorsements/Guarantees, and Derivatives Transactions, Main Reasons for the Profit (Loss) Generated Thereby, and Response Measures to Be Taken in the Future:

The Company and its subsidiaries have always focused on the development of their own businesses while operating in a pragmatic manner. Their financial policies are prudent and conservative, and they do not engage in high-risk, high-leverage investments. In addition, when the Company engages in the loans of funds to others, endorsement and guarantee, and derivatives trading, it always complies with relevant laws and regulations as well as the procedures established by the Company.

Risk Item	Implementation Status	Policies and Response Measures:
High-risk and highly leveraged investments	The Company and its subsidiaries did not engage in high-risk or highly leveraged investments in the most recent fiscal year and during the current fiscal year up to the date of publication of the annual report.	The Company and its subsidiaries focus on the operation of their businesses and no funds are used for high-risk, high-leverage investments.
Loans of funds to others	The Company and its subsidiaries did not engage in affairs involving loans of funds to others in the most recent fiscal year and during the most recent fiscal year up to the date of publication of the prospectus.	If the Company and its subsidiaries lend funds to others in the future, they will comply with the "Operational Procedures for Loaning Funds to Others" established by the Company and make public announcements and reports as required by law.
Endorsements/ guarantees	In the most recent fiscal year and up to the date of publication of the annual report, the Company has provided a guarantee line for the purchase of materials and financing by its subsidiary, Raydium Semiconductor (Kunshan) Co., Ltd., and the actual amount spent is within the line.	If the Company and its subsidiaries make endorsements/guarantees for others, they will comply with "Operational Procedures for Endorsements/Guarantees for Others" established by the Company and make public announcements and reports as required by law.
Derivatives trading	The Company and its subsidiaries engage in forward exchange transactions primarily to hedge the risks arising from fluctuations in exchange rates of foreign-currency-denominated assets or liabilities.	If the Company and its subsidiaries engage in derivatives trading, they will comply with "Operational Procedures for Engaging in Derivatives Trading" established by the Company and make public announcements and reports as required by law. In the future, the Company will regularly evaluate and adjust its hedging strategies accordingly in response to changes in operating conditions and market trends.

7.7.3. Future R&D Plans and Expected R&D Spending:

1. R&D Work to Be Carried Out in the Future

The R&D projects for new technologies focus on enhancing the Company's existing technological capabilities and responding to future trends in product technology requirements in the market.

	Project in Development	Purpose of Development
1	High-speed interface driver IC	Develop large-sized panel driver IC
2	Drive IC with integrated timing controller	Develop system driver IC for notebooks
3	NB solution for active stylus touch	Develop control IC for capacitive touch panels used in notebooks
4	LCD panel integrated power management IC	Develop large-sized panel PMIC
5	LCD panel backlight driver IC	Develop high-efficiency LED driver IC for notebooks
6	LCD timing control IC (TCON)	Develop timing control IC for desktop display and notebook applications
7	AMOLED display driver IC	Develop driver IC for wearable devices and high-end smartphones
8	AMOLED timing control IC (TCON)	Development of timing control IC for tablet and notebook panels
9	AMOLED integrated on-cell TDDI	Develop integrated driver IC exclusive for wearable devices and smartphones
10	Automotive display TCON embedded driver IC	Develop automotive display driver IC with timming controller
11	Automotive TDDI with local dimming function	Develop automotive TDDI with local dimming
12	Automotive cascade LTDI IC	Develop automotive integrated touch and display driver IC for large-sized, high-resolution application
13	Automotive timing control IC	Develop automotive display timing controller IC for high-contrast, high-resolution application
14	Automotive Micro LED timing control IC	Develop automotive Micro LED timing control IC
15	Automotive Micro LED driver IC	Develop automotive Micro LED driver IC

2. Further Expenditures Expected for R&D Work

The Company expects to invest in R&D in accordance with the progress of new product and technology development, and to maintain a certain level of growth depending on operating conditions. The further expenditures expected for R&D work in the coming year will account for approximately 15% to 20% of revenue to ensure the Company's competitive advantage.

7.7.4. Risk Associated with Changes in the Political and Regulatory Environment:

The Company's operations are conducted in accordance with the relevant domestic and foreign laws and regulations, and it pays attention to the development trend of domestic and foreign policies and changes in laws and regulations at all times, and adjusts its internal systems to fully grasp and respond to changes in the market environment. To date, the Company's financial operations have not been materially affected by changes in domestic or foreign policies or laws.

7.7.5. Impact of New Technology (Including Cyber Security Risks) and Industry Changes:

In addition to keeping abreast of technological changes and developments in the industry in which we operate, and keeping track of the latest trends in the industry through close cooperation with our clients, the Company constantly enhances its own research and development capabilities, applying for patent protection for numerous innovative concepts and designs, and actively expanding our market applications in the future. Therefore, technological changes and industrial changes have not yet had a negative impact on the Company.

To continue reinforcing information security defense capabilities, the Company has completed the construction of "hacker Invasion" and "information computer room failure" BCP in 2022 and completed a BCP drill for "hacker invasion" in May 2023 to ensure that emergency procedures can be activated to ensure the rapid recovery of the ERP system and data to effectively reduce the response time to incidents and minimize the Company's losses. For cyber security management of the Company, please refer to the Company's website and page 93-97 of the annual report.

7.7.6. Changes in Corporate Image and Impact on Company's Crisis Management:

Since the establishment of the Company, the Company has focused on its business operations, attached importance to internal management, and complied with relevant laws and regulations; up to now, no incident has happened which seriously affected its corporate image.

7.7.7. Risks Associated with Mergers and Acquisitions：The Company currently has no plans for mergers and acquisitions.

7.7.8. Risks Associated with Facility Expansion:

The Company and its subsidiaries are professional IC design companies and the manufacturing, packaging and testing of products are all outsourced; therefore, the Company and its subsidiaries have no actual need of plant expansion.

7.7.9. Risks Associated with Purchase Concentration and Sales Concentration:

1. Risks Associated with Consolidation of Purchasing Operations:

The main raw materials used by the Company are wafers. Due to the complex design and manufacturing process of semiconductors, in order to improve the level of control of the wafer manufacturing capacity and yield, to avoid cost increase in production process such as photomask remanufacturing and trial production, and to shorten R&D time and time-to-market in order to gain competitive advantage in the market, the IC design industry tries to choose the same system process foundry for production. Therefore, the consolidation of purchasing materials is a common phenomenon in the IC design industry. Regarding the cooperation between the Company and the foundry, the Company has considered two or more suppliers to provide stable quality and equivalent capacity of ICs for our partnership with foundries.

2. Risks Associated with Consolidation of Sales Operations:

The Company's main product is the large-sized panel driver IC, and it is mainly sold to AUO Group. In recent years, the Company has been actively developing domestic and foreign clients, and in addition to domestic sales in Taiwan, the foreign client base has been expanded to Mainland China, Japan and South Korea, and the level of consolidation of sales has been reduced, effectively reducing the risk of concentration of clients. The proportion of sales to one single client, namely, AUO Group, is less than 30% in 2023.

The sales targets of the Company and its subsidiaries are mainly due to the characteristics of the industry and the current background considerations, and the Company will appropriately diversify the purchasing and sales counterparties in view of the future growth trend of the Company and the industry, in order to maintain a more stable operating result.

7.7.10. Risks Associated with Sales of Significant Numbers of Shares by the Company's Directors and Major Shareholders Who Own 10% or more of the Company's Total Outstanding Shares: Not applicable.

7.7.11. Risks Associated with Change in Management: Not applicable.

7.7.12. Risks Associated with Litigations: Not applicable.

7.7.13. Other Material Risk: None.

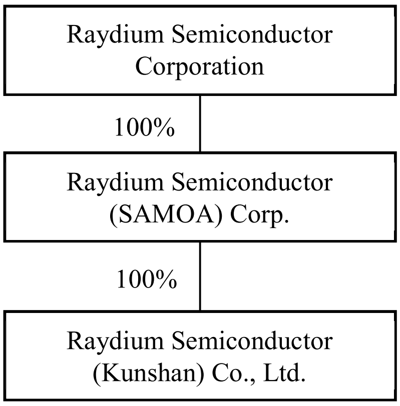
7.8. Other Material Events: None.

Chapter 8 Special Disclosure

8.1. Summary of Affiliated Companies (as of December 31, 2023):

8.1.1. Consolidated Summary of Affiliated Companies:

1. The Company's Affiliated Companies Chart:



2. The Company Affiliated Companies:

December 31, 2023

Company Name	Date of Incorporation	Address	Capital Stock	Major Business
Raydium Semiconductor (SAMOA) Corp.(RSA)	2018/7/19	Level 1, Central Bank of Samoa Building, Beach Road, Apia, SAMOA	USD $8,100 thousand	Holding company
Raydium Semiconductor (Kunshan) Co., Ltd.	2018/9/4	Room 1501, No. 1168, Renmin South Road, Kunshan Economic and Technological Development Zone, Jiangsu Province	USD $8,000 thousand	Development, design and sales of IC

3. Common Shareholders of the Company and Its Subsidiaries or Its Affiliates with Actual of Deemed Control: Not applicable.
4. Business Scope of the Company and Its Affiliated Companies: The business of the affiliates includes electronic component manufacturing, IT product services and product design, etc.
5. List of Directors, Supervisors and Presidents of the Company's Affiliated Companies:

December 31, 2023

Company Name	Title	Name or Representative	Shareholding	
			Number of Shares	% of Holding
RSA	Director	Patty Lin	The Company holds 8,100 thousand shares	100%
RKS	Chairman	WT Lin	Invested amount of RSA US$8,000 thousand	100%
	Director & President	Ethan Lin		
	Director	Rich Huang		
	Supervisor	Patty Lin		

6. Operation Highlights of the Company's Affiliated Companies:

Up to December 31, 2023; Unit: NT$1,000

Company Name	Currency	Capital	Assets	Liabilities	Net Worth	Net Sales	Operating Income (loss)	Net Income	EPS(NT$) (Note)
RSA	USD	8,100	1,324	-	1,324	-	-	(1,133)	-
RKS	RMB	55,383	150,097	141,383	8,714	176,913	(8,434)	(7,513)	-

Note: Calculated based on the number of outstanding shares of each company as of December 31, 2023.

8.1.2. Consolidated Financial Statements of Affiliates: Please refer to Appendix I and Appendix II of the annual report.

8.1.3. Affiliation Reports of Affiliates: Not applicable.

8.2. Private Placement Securities: None.

8.3. Holding or Disposition of the Company Stocks by Subsidiaries: None.

8.4. Other Necessary Information: None.

Chapter 9 Any Events that Had Significant Impacts on Shareholders' Rights or Security Prices as Stated in Item 2 Paragraph 2 of Article 36 of Securities and Exchange Act: None.

Appendix I

Stock Code:3592

Raydium Semiconductor Corporation and Subsidiaries

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022

Address: 2F, No. 23, Li-Hsin Rd., Hsinchu Science Park,
Hsinchu City, Taiwan

Telephone: (03)666-1818

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

Table of Contents

Representation Letter

The entities that are required to be included in the combined financial statements of Raydium Semiconductor Corporation as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Raydium Semiconductor Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Hereby declare

Company name: Raydium Semiconductor Corporation
Chairman: Huang, Yu-Kuo
Date: February 26, 2024.

Independent Auditors' Report

To the Board of Directors of Raydium Semiconductor Corporation:

Opinion

We have audited the consolidated financial statements of Raydium Semiconductor Corporation ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC"), and the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters that should be disclosed in this audit report are as follows:

1. Valuation of inventories

   Please refer to note 4(8) for the accounting policy of inventory valuation; note 5 for the estimation and assumption uncertainty of the valuation of inventory; and note 6(4) for information on estimation of the valuation of inventory to the consolidated financial statements.

Description of key audit matter:

The Group may write down the cost of inventories to net realizable value due to normal wear and tear, obsolescence or no market value. The inventory valuation may result in material changes because of decline in demand and prices. Due to the introduction of new products in the market, the original outdated products no longer meet the market demand, resulting in the cost of inventory to exceed its net realizable value. Therefore, the valuation of inventory is one of our key audit matters.

How the matter was addressed in our audit:

The principal procedures include testing the inventory aging reports and analyzing the aging of inventories for each period; inspecting the production and sales meetings to assess the destocking; assessing whether the valuation of inventories has been carried out in accordance with the established accounting policies; and performing retrospective testing on inventories to verify the appropriateness of the inventory provision.

2. Revenue recognition from contracts with customers

Please refer to note 4(14) “Revenue recognition” for the accounting policy on revenue recognition; and note 6(19) “Revenues from contracts with customers” for revenue recognition.

Description of key audit matter:

The Group mainly engages in the development, design and sale of display driver, touch control, and power management integrated circuit products. The recognition of operating revenue is determined according to the trade terms agreed with the customers. The Group recognizes revenue depending on the various sales terms in each individual contract with customers to ensure its performance obligation has been satisfied by transferring its control to its customer. It is necessary to determine the performance obligations and the time at which they are satisfied. Therefore, the appropriateness of timing of revenue recognition is one of our key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding and testing the Group's controls surrounding the revenue process and cash collection transaction process; analyzing the type of principal revenue and trading terms; selecting samples and inspecting contracts with customers or customers' orders to assess the adequacy of the timing of revenue recognition; and randomly selecting sales transactions incurred within a certain period before or after the balance sheet date by reviewing documents to ensure that revenue was recognized in the appropriate period.

Other Matter

The Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unqualified opinion.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chien-Hui Lu and An-Chih Cheng.

KPMG

Taipei, Taiwan (Republic of China)
February 26, 2024.

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Raydium Semiconductor Corporation and Subsidiaries

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(1))	$ 5,380,259	28	8,418,727	39
1110	Financial assets at fair value through profit or loss－current (note 6(2))	633,073	3	356,790	2
1120	Financial assets at fair value through other comprehensive income－current (note 6(2))	11,013	-	7,680	-
1170	Accounts receivable, net (note 6(3))	1,310,665	7	757,908	4
1180	Accounts receivable－related parties, net (notes 6(3) and 7)	1,676,659	9	2,143,609	10
130X	Inventories (note 6(4))	2,028,806	10	3,705,911	17
1476	Other financial assets－current (notes 6(1), (3), (8), 8 and 9)	5,941,649	30	3,482,187	16
1479	Other current assets (note 6(9))	172,927	1	152,889	1
		17,155,051	88	19,025,701	89
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income－non-current (note 6(2))	423,377	2	528,008	2
1600	Property, plant and equipment (note 6(5))	483,682	3	337,912	2
1755	Right-of-use assets (note 6(6))	17,653	-	22,228	-
1780	Intangible assets (notes 6(7) and 7)	376,500	2	343,278	1
1840	Deferred tax assets (note 6(15))	235,509	1	212,252	1
1980	Other financial assets－non-current (notes 6(8) and 9)	163,347	1	376,921	2
1990	Other non-current assets (note 6(9))	652,299	3	727,360	3
		2,352,367	12	2,547,959	11
	Total assets	**$ 19,507,418**	**100**	**21,573,660**	**100**

	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(10))	$ 589,278	3	32,115	-
2130	Contract liabilities－current (note 6(19))	430,502	2	316,351	1
2170	Accounts payable	2,738,868	14	1,429,818	7
2201	Salaries and bonuses payable	2,399,228	13	3,945,728	18
2220	Other payables－related parties (note 7)	7,545	-	135	-
2230	Current income tax liabilities	233,875	1	405,896	2
2250	Provision－current (note 6(12))	38,704	-	55,529	-
2300	Other current liabilities (notes 6(11), (14), 7 and 9)	891,781	5	1,015,501	5
		7,329,781	38	7,201,073	33
	Non-Current liabilities:				
2527	Contract liabilities－non-current (note 6(19))	97,460	1	364,405	2
2550	Provisions－non-current (note 6(12))	77,409	-	111,059	1
2570	Deferred tax liabilities (note 6(15))	6,246	-	22,006	-
2580	Lease liabilities－non-current (note 6(11))	10,280	-	15,602	-
2640	Net defined benefit liability－non-current (note 6(13))	144	-	118	-
2645	Guarantee deposits received (notes 6(14) and 9)	767,950	4	921,960	4
		959,489	5	1,435,150	7
	Total liabilities	8,289,270	43	8,636,223	40
	Equity (notes 6(16) and (17)):				
3110	Common stock	758,552	4	758,552	4
3200	Capital surplus	4,712,933	24	4,712,933	22
3300	Retained earnings	5,780,404	29	7,436,498	34
3400	Other equity	(33,741)	-	29,454	-
	Total equity	11,218,148	57	12,937,437	60
	Total liabilities and equity	**$ 19,507,418**	**100**	**21,573,660**	**100**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Raydium Semiconductor Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		For the years ended December 31,			
		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(19), 7 and 14)	$ 18,346,622	100	22,822,164	100
5000	Operating costs (notes 6(4), (7), (13), (21) and 12)	13,035,858	71	13,585,483	59
	Gross profit	5,310,764	29	9,236,681	41
	Operating expenses (notes 6(3), (7), (12), (13), (21), 7 and 12)**:**				
6100	Selling expenses	438,886	2	887,199	4
6200	General and administrative expenses	414,904	2	547,314	3
6300	Research and development expenses	3,049,448	17	4,157,176	18
6450	Expected credit impairment losses	28,980	-	7,891	-
	Total operating expenses	3,932,218	21	5,599,580	25
	Operating income	1,378,546	8	3,637,101	16
	Non-operating income and expenses (notes 6(20) and 7)**:**				
7010	Other income	28,720	-	33,330	-
7020	Other gains and losses	10,212	-	752,231	3
7050	Finance costs	(8,202)	-	(792)	-
7100	Interest income	137,465	1	83,178	1
		168,195	1	867,947	4
	Income before income tax	1,546,741	9	4,505,048	20
7950	Less: Income tax expenses (note 6(15))	103,950	1	642,712	3
	Net income	1,442,791	8	3,862,336	17
8300	**Other comprehensive income (loss):**				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Remeasurements of defined benefit plans (note 6(13))	(26)	-	384	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6(16))	(70,094)	-	(78,418)	-
8349	Less: Income tax related to items that will not be reclassified to profit or loss (note 6(15))	(19,086)	-	17,024	-
	Total item that will not be reclassified subsequently to profit or loss	(51,034)	-	(95,058)	-
8360	**Items that may be reclassified subsequently to profit or loss** (note 6(16))				
8361	Exchange differences on translation of foreign operations	(1,227)	-	1,636	-
8399	Less: Income tax related to items that may be reclassified to profit or loss (note 6(15))	(245)	-	327	-
	Total items that may be reclassified subsequently to profit or loss	(982)	-	1,309	-
8300	**Other comprehensive income (loss), net of tax**	(52,016)	-	(93,749)	-
8500	**Total comprehensive income (loss)**	**$ 1,390,775**	**8**	**3,768,587**	**17**
	Earnings per share (New Taiwan Dollars) (note 6(18))				
9750	Basic earnings per share	**$ 19.02**		**51.23**	
9850	Diluted earnings per share	**$ 18.78**		**49.38**	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Raydium Semiconductor Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Capital			Retained earnings				Other equity				
	Common stock	Capital collected in advance	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Subtotal	Exchange differences on translation of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Unearned employee compensation	Subtotal	Total equity
Balance as of January 1, 2022	$ 669,368	410,564	853,315	1,031,235	10,616	5,945,412	6,987,263	(801)	124,388	(10,715)	112,872	9,033,382
Net income	-	-	-	-	-	3,862,336	3,862,336	-	-	-	-	3,862,336
Other comprehensive income (loss)	-	-	-	-	-	384	384	1,309	(95,442)	-	(94,133)	(93,749)
Total comprehensive income (loss)	-	-	-	-	-	3,862,720	3,862,720	1,309	(95,442)	-	(94,133)	3,768,587
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	-	429,102	-	(429,102)	-	-	-	-	-	-
Special reserve	-	-	-	-	(10,616)	10,616	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(3,413,485)	(3,413,485)	-	-	-	-	(3,413,485)
Capital increase	89,250	(410,564)	3,858,776	-	-	-	-	-	-	-	-	3,537,462
Share-based payments transaction	(66)	-	624	-	-	-	-	-	-	10,715	10,715	11,273
Changes in other capital surplus	-	-	218	-	-	-	-	-	-	-	-	218
Balance as of December 31, 2022	758,552	-	4,712,933	1,460,337	-	5,976,161	7,436,498	508	28,946	-	29,454	12,937,437
Net income	-	-	-	-	-	1,442,791	1,442,791	-	-	-	-	1,442,791
Other comprehensive income (loss)	-	-	-	-	-	(26)	(26)	(982)	(51,008)	-	(51,990)	(52,016)
Total comprehensive income (loss)	-	-	-	-	-	1,442,765	1,442,765	(982)	(51,008)	-	(51,990)	1,390,775
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	-	386,272	-	(386,272)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(3,110,064)	(3,110,064)	-	-	-	-	(3,110,064)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	11,205	11,205	-	(11,205)	-	(11,205)	-
Balance as of December 31, 2023	**$ 758,552**	**-**	**4,712,933**	**1,846,609**	**-**	**3,933,795**	**5,780,404**	**(474)**	**(33,267)**	**-**	**(33,741)**	**11,218,148**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Raydium Semiconductor Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31, 2023	For the years ended December 31, 2022
Cash flows from operating activities:		
Income before income tax	$ 1,546,741	4,505,048
Adjustments for:		
Depreciation	209,369	210,789
Amortization	163,796	160,128
Expected credit impairment losses	28,980	7,891
Net gains on financial assets and liabilities at fair value through profit or loss	(833)	(1,303)
Interest expense	8,202	792
Interest income	(137,465)	(83,178)
Dividend income	(12,176)	(17,900)
Gains on disposal of property, plant and equipment	(680)	-
Compensation costs of share-based payments	-	11,273
Inventory valuation and obsolescence losses	50,869	442,850
Other non-cash-related loss	129,915	189,468
Income and expense adjustments	439,977	920,810
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	(275,450)	(26,714)
Accounts receivable and other receivables (including related parties)	(114,787)	3,326,022
Inventories	1,626,236	(2,006,356)
Other financial assets	(992,031)	(495,498)
Other operation assets	(20,038)	41,374
Contract liabilities	(152,794)	48,049
Accounts payable and other payables (including related parties)	1,316,460	(2,112,463)
Other operating liabilities	(1,541,089)	682,760
Total changes in operating assets and liabilities	(153,493)	(542,826)
Total adjustments	286,484	377,984
Cash flow generated from operations	1,833,225	4,883,032
Interests received	135,886	80,206
Dividends received	12,176	17,900
Interests paid	(7,677)	(705)
Income taxes paid	(295,657)	(1,017,068)
Net cash provided by operating activities	1,677,953	3,963,365
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(239,123)
Proceeds from disposal of financial assets at fair value through other comprehensive income	31,205	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	35,978
Acquisition of property, plant and equipment	(355,616)	(81,234)
Proceeds from disposal of property, plant and equipment	762	-
Increase in intangible assets	(187,117)	(165,033)
(Increase) decrease in other non-current assets	75,060	(128,883)
Increase in other financial assets	(1,421,566)	(1,889,023)
Net cash used in investing activities	(1,857,272)	(2,467,318)
Cash flows from financing activities:		
Increase in short term borrowings	564,095	32,115
Decrease in guarantee deposits received	(304,872)	(111,303)
Repayments of the principal portion of lease liabilities	(7,388)	(6,772)
Cash dividends paid	(3,110,064)	(3,413,485)
Proceeds from capital increase	-	3,537,462
Others	-	218
Net cash provided by (used in) financing activities	(2,858,229)	38,235
Effect of exchange rate changes on cash and cash equivalents	(920)	1,459
Net increase (decrease) in cash and cash equivalents	(3,038,468)	1,535,741
Cash and cash equivalents at beginning of the year	8,418,727	6,882,986
Cash and cash equivalents at end of the year	**$ 5,380,259**	**8,418,727**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Raydium Semiconductor Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, unless otherwise indicated)

1. Company History:

Raydium Semiconductor Corporation (the "Company") was organized and approved under the ROC Company Act on October 23, 2003. The Company was formally relocated to Hsinchu Science and Industry Park on January 29, 2007 after being approved by Hsinchu Science Park Bureau on December 12, 2006. Its current registered address is 2F, No.23, Li Hsin Rd., Hsinchu Science Park, Hsinchu City 300, Taiwan, R.O.C. The Company merged with Dazzo Technology Corporation (hereinafter referred to as Dazzo) on April 1, 2019 (the merger date). Thereafter, the Company became the sole surviving entity. The principal activities of the Company and its subsidiaries (hereinafter referred to as the Group) are the development, design and sale of display driver, sequential control and power management integrated circuit products.

The Company's shares were listed on Taiwan Stock Exchange on January 7, 2022.

2. Date and Procedures of Authorization of Financial Statements for Issue:

The consolidated financial statements were authorized for issue by the Board of Directors on February 26, 2024.

3. Application of Newly Issued or Revised Standards and Interpretations:

(1) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. (FSC) which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"

(2) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(3) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"
- Amendments to IAS 21 "Lack of Exchangeability"

4. Summary of material accounting policies:

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with the " Regulations Governing the Preparation of Financial Reports by Securities Issuers" (hereinafter referred to as the Regulations) and the IFRS endorsed by the FSC.

(2) Basis of preparation

A. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items in the balance sheets:

(a) Financial assets at fair value through profit or loss (FVTPL) are measured at fair value;

(b) Financial assets at fair value through other comprehensive income (FVOCI) are measured at fair value; and,

(c) The net defined benefit liabilities are measured as the fair value of the plan assets, less, the present value of the defined benefit obligation.

B. Functional and presentation currency

The functional currency of the Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars (NTD), which is the Company’ s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(3) Basis of consolidation

A. Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and the entities controlled by the Company (its subsidiaries).

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Total comprehensive income (loss) of subsidiaries is attributed to the shareholders of the Company.

B. List of subsidiaries in the consolidated financial statements

The list of subsidiaries is included in the consolidated financial statements :

			Percentage of ownership	
Name of investor	**Name of Subsidiary**	**Principal activity**	**December 31, 2023**	**December 31, 2022**
the Company	Raydium Semiconductor (SAMOA) Corp.(RSA)	Investment holding company	100.00 %	100.00 %
RSA	Raydium Semiconductor (Kunshan) Co., Ltd	Development, design and sale of the IC	100.00 %	100.00 %

C. List of subsidiaries which are not included in consolidated financial statements: None.

(4) Foreign currencies

A. Foreign currency transactions

Transaction in foreign currency are translated into the functional currencies at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, (hereinafter referred to as the reporting date), monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date when fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for the foreign currency items of financial instruments that applied the accounting policy of IFRS No. 9 “Financial Instruments”.

When the profit or loss of non monetary item is recognized in other comprehensive income, then any change in the exchange foreign currency of the above items is recognized in other comprehensive income. When the profit or loss of non monetary item is recognized in profit or loss, then any change in the exchange foreign currency of the above items is recognized in profit or loss.

B. Foreign operations

The assets and liabilities of foreign operations are translated to NTD using the exchange rates at the reporting date. The income and expenses are translated to NTD at the average rate for the period. Foreign currency differences are recognized in other comprehensive income.

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

The Group classified an asset as current when any one of the following requirements is met. Assets that are not classified as current are non-current assets:

A. It expects to realize the asset, or intends to sell or consume it, in its the normal operating cycle;

B. It holds the asset primarily for the purpose of trading;

C. It expects to realize the asset within twelve months after the reporting period; or

D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies a liability as current when any one of the following requirements is met. Liabilities that are not classified as current are non-current liabilities:

A. It expects to settle the liability in its normal operating cycle;

B. It holds the liability primarily for the purpose of trading;

C. The liability is due to be settled within twelve months after the reporting period; or

D. It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(6) Cash and cash equivalents

Cash comprises cash and cash in bank. Cash equivalents are short-term, and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are classified as cash equivalents.

(7) Financial instruments

A. Financial assets

The Group classifies financial assets into the following categories: amortized cost, FVOCI and FVTPL.

The Group shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

(a) Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are initially recognized at fair value, plus any directly attributable transaction costs. Subsequently, these assets are measured at amortized cost using the effective interest method, less any impairment losses. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

(b) Financial assets at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Some accounts receivable are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Group, therefore, those receivables are measured at FVOCI.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent fair value changes in the investments in other comprehensive income. This election is made on an instrument-by-instrument basis.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, impairment losses deriving from debt investments, and dividends income of equity investment (unless the dividend clearly represent a recovery part of the cost of investment) are recognized in profit or loss. Other net gains and losses of financial assets are recognized in other comprehensive income and accumulated in unrealized gains or losses of financial assets measured at FVOCI under equity. On derecognition, gains and losses accumulated in other comprehensive income of debt investments are reclassified to profit or loss. However, gains and losses accumulated in other comprehensive income of equity investments are reclassified to retain earnings instead of profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

(c) Financial assets at FVTPL

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. On initial recognition, the Group may irrevocably designates a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Such financial assets are initially recognized at fair value, and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, they are measured at fair value and changes therein are recognized in profit or loss.

(d) Impairment of financial assets

The Group recognizes loss allowances for expected credit loss (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable, and other financial assets), and debt investments measured at FVOCI.

The Group measures the loss allowance at an amount equal to lifetime ECL, except for the financial instrument that is determined to have low credit risk (the risk of default in financial instrument duration) at the reporting date and the credit risk thereof has not increased significantly since initial recognition, which is measured at an amount equal to the 12-month expected credit losses. Loss allowance for accounts receivable are always measured at an amount equal to lifetime ECL.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are probability-weighted estimate of credit losses over the expected life of financial assets. Credit losses are measured as the present value of all cash shortfalls, the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis, based on the Group's historical experience and informed credit assessment, as well as forward-looking information.

In the circumstance that a financial asset is past due or the borrower is unlikely to pay its credit obligations to the Group in full, the Group considers the credit risk on that financial asset has significantly increased, or further, to be in default.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Group recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off either partially or in full to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

(e) Derecognition of financial assets

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

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual agreements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences residual interest in the assets after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(b) Financial liabilities

Financial liabilities that are not classified as held-for-trading or designated as at FVTPL, which comprise loans borrowings and accounts payable, are measured at fair value, plus any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method.

(c) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid is recognized in profit or loss.

(d) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the statement of balance sheet when, and only the Group currently has the legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the assets and settle the liabilities simultaneously.

(8) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted average method, and includes expenditures and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(9) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that future economic benefits associated with the expenditure will flow to the Group.

C. Depreciation

Depreciation is calculated on the cost of an asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

(a) Research equipment: 2~4 years

(b) Transportation equipment: 6 years

(c) Office equipment: 3~5 years

(d) Leasehold improvement: 2 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(10) Leases

A. Identifying a lease

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

(a) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

(b) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

(c) the Group has the right to direct the use of an asset if either:

- The Group has the right to direct use of the identified asset when it has the decision-making rights that are most relevant to the changes on how and for what purpose the asset is used throughout the period.
- The relevant decisions about how and for what purpose the asset is used are predetermined and:
  - the Group has the right to operate the asset without the supplier having the right to change those operating instructions; or
  - the Group designs the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

B. As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

(a) fixed payments, including in-substance fixed payments;

(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(c) amounts expected to be payable under a residual value guarantee; and

(d) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when:

(a) there is a change in future lease payments arising from the change in an index or rate; or

(b) there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee; or

(c) there is a change in the assessment regarding the purchase option; or

(d) the estimate of whether to exercise the option to extend or terminate has changed, thereby changing the assessment of the lease period; or

(e) there is modifications of the subject, scope, or other terms of the lease

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, and the remaining remeasured amount is recognized in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the profit or loss relating to the partial or full termination of the lease.

The Group presents its right-of-use assets that do not meet the definition of investment properties and lease liabilities as a separate line item respectively in the balance sheets.

The Group has elected not to recognize the right-of-use assets and lease liabilities for its offices, employee dormitory, telecommunication equipment and parking lot, which qualify as short-term leases, as well as its other equipment, which qualify as short term leases and low-value assets leases. The relevant lease payments are recognized in expense on a straight line basis during the lease period.

(11) Intangible assets

A. Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete the development, and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets, including patents, that are acquired by the Group and have finite useful lives are measured at cost, less accumulated amortization and any accumulated impairment losses.

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

C. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

(a) Patents and technology: 2~5 years

(b) Computer software, cost: 0.5~5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(12) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated using impairment test. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or cash generating units (CGUs). Goodwill arising from a business combination is allocated to cash-generating units ("CGUs") or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash generating units (CGU) are the greater of its value in use and its fair value, less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(13) Provisions

A provision is recognized when the Group has a present obligation arising from a past event, it is probable that the Group will be required to make an outflow of resources embodying economic benefits to settle the obligation, and the amount of the obligation can be estimated reliably. When the time value of currency is significant, the provision for liabilities is discounted at current pre-tax rates that adequately reflect the specific risks of the liabilities. The amount of the liabilities increased by time, is recognized as the borrowing cost when the liabilities are discounted.

A provision for warranties is measured with weighting factors based on historical experience of warranty claims rate and other possible outcomes against their associated probabilities.

(14) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group’s main types of revenue are explained below.

A. Sale of goods

Revenue is recognized when the control over a product has been transferred to the customer. Being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer, as well as when the product has been accepted by the customer according to the terms of sales contract, or when the Group has objective evidence that all criteria for acceptance have been satisfied.

When the Group receives an advance payment from a customer, the advance amount of such future performance obligation shall be recognized as a contractual obligation, which shall be derecognized when the performance obligation is satisfied and then recognized as revenue.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

Due to the application of IFRS 15, the sale return and allowance based on historical experience and other known causes were reclassified to provision of liabilities.

B. Financing components

The Group expects that the length of time when the Group transfers the goods or services to the customer and when the customer pays for those goods or services will be less than one year. Therefore, the amount of consideration is not adjusted for the time value of money.

(15) Employee benefits

A. Defined contribution plans

Obligations for contributions to the defined contribution plans are expensed as related services is provided.

B. Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each of the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to the defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

C. Short-term employee benefits

Short-term employee benefits obligations are expensed as the related service is provided. A liability is recognized for the amounts expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(16) Share-based payment transaction

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amounts recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized shall be based on the number of awards that meet the related services and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

Grant date of a share-based payment award is the date at which the Group and employees reach a consensus in the subscription price and number of shares.

(17) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax basis at the reporting date.

Deferred taxes are not recognized for the following exceptions:

A. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

B. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

C. taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect the uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

A. the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

B. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

   (a) the same taxable entity; or

(b) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for unused, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date, and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(18) Earnings per share

The Group discloses the Company’ s basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company, divided by the weighted-average number of current ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as employee compensation not yet approved by the Board of Directors and can be issued by stock and unvested restricted employee stock awards.

(19) Operating segments information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group’s chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

5. Significant Accounting Judgments, and Major Sources of Estimation and Assumptions Uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimations and assumptions. It recognizes any changes in the accounting estimations during the period in which the estimates are revised and in any future periods affected.

Information about critical judgements, estimates and assumptions made in applying accounting policies that have the significant effect on the amounts recognized in the consolidated financial statements is as follows:

Valuation of inventories

Inventories are stated at the lower of cost or net realizable value, the Group uses judgements and estimates the net realizable value of inventories for obsolescence and unmarketable items at the reporting period. It also writes down the cost of inventories to net realizable value. This inventory valuation may result in material changes in product demand due to the introduction of new products in the market, obsolescence or non-conformity of the original products, which may result in lower demand and prices, resulting in the risk that the cost of inventories may exceed its net realizable value. Please refer note 6(4) for valuation of Inventory.

The Group's accounting policies and disclosures include the fair value measurement for financial and non-financial assets and liabilities. The financial management center of the Group is responsible for performing fair value verification and bringing the evaluation results comparable to market price based on independent, reliable, and representative executable price information. The Group also periodically assesses the evaluation model, performs retrospective tests, and updates inputs together with any other necessary fair value adjustment for the evaluation model in order to ensure the reasonableness of the results of the valuation.

The Group evaluates the assets and liabilities using the observable market inputs. The hierarchy of the fair value depends on the valuation techniques used and is categories as follows:

Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For any transfer within the fair value hierarchy, the Group recognizes the transfer on the reporting date. For the assumption used in fair value measurement, please refer to note 6(22).

6. Explanation of significant accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Demand deposits	$ 1,386,209	1,224,677
Time deposits	3,994,050	7,194,050
	$ 5,380,259	**8,418,727**

Please refer to note 6(22) for the credit risk, interest rate risk and sensitivity analysis of the financial assets of the Group.

As of December 31, 2023 and 2022, the time deposits with original maturities of more than three months amounted to $3,500,000 thousand and $2,000,000 thousand, respectively, which were classified as other financial assets-current; please refer to note 6(8).

(2) Financial assets at fair value

A. Financial assets at fair value through profit or loss－current

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss, mandatorily measured at fair value		
Beneficiary certificate	**$ 633,073**	**356,790**

B. Financial assets at fair value through other comprehensive income－current

	December 31, 2023	December 31, 2022
Listed stocks	**$ 11,013**	**7,680**

C. Financial assets at fair value through other comprehensive income－non-current

	December 31, 2023	December 31, 2022
Listed stocks	$ 308,860	263,692
Unlisted stocks	114,517	264,316
	$ 423,377	**528,008**

These investments in equity instruments are not held for trading, and therefore, are accounted for as FVOCI.

The Group sold part of its holdings measured at fair value through other comprehensive income in 2023, with the disposal price of $31,205 thousand, resulting in the realized gain of $11,205 thousand to be reclassified from other equity to retained earnings.

For the disclosure of market risk, please refer to note 6(22).

The financial assets mentioned above were not pledged as collateral.

(3) Accounts receivable, net (including related parties)

	December 31, 2023	December 31, 2022
Accounts receivable—measured at amortized cost	$ 2,928,514	2,737,683
Accounts receivable measured at fair value through other comprehensive income	119,505	195,549
Less: loss allowance	(60,695)	(31,715)
	$ 2,987,324	**2,901,517**

The Group has assessed a portion of its trade receivables that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; therefore, such trade receivables were measured at fair value through other comprehensive income.

The Group uses a simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivable. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information.

The accounts receivable from related parties having significant impact over the Group and other individuals amounted to $1,676,659 thousand and $2,143,609 thousand as of December 31, 2023 and 2022, respectively. The days past due is less than 100 days, so there is no expected credit loss for the duration of the related party's accounts receivable.

The loss allowance provision of customers with relatively low credit risk was determined as follows:

	December 31, 2023		
	Carrying amounts of accounts receivable	Weighted-average loss rate	Loss allowance for life time expected credit losses
Not past due	$ 711,253	0%	-
Past due less than 30 days	1,629	0%	-
Past due 31~60 days	3,562	0%	-
	$ 716,444		**-**

	December 31, 2022		
	Carrying amounts of accounts receivable	Weighted-average loss rate	Loss allowance for life time expected credit losses
Not past due	$ 348,489	0%	-
Past due less than 30 days	729	0%	-
Past due 31~60 days	2,034	0%	-
	$ 351,252		**-**

The loss allowance provision of customers with relatively high credit risk was determined as follows:

	December 31, 2023		
	Carrying amounts of accounts receivable	Weighted-average loss rate	Loss allowance for life time expected credit losses
Not past due	$ 588,845	7.41%	43,649
Past due less than 30 days	66,071	25.80%	17,046
	$ 654,916		**60,695**

	December 31, 2022			
	Carrying amounts of accounts receivable		Weighted-average loss rate	Loss allowance for life time expected credit losses
Not past due	$	435,207	7.07%	30,748
Past due less than 30 days		3,085	29.90%	922
Past due 31~60 days		80	56.20%	45
	$	**438,372**		**31,715**

The movement in the allowance for accounts receivables was as follows:

	For the years ended December 31,		
	2023		2022
Beginning balance	$	31,715	23,824
Recognition of Impairment loss		28,980	7,891
Ending balance	**$**	**60,695**	**31,715**

The Group entered into an agreement with banks to factor certain of its accounts receivable. According to the agreement, within the factoring line, the Group does not have to ensure the ability of debtors to pay when transferring the rights and obligations. As of December 31, 2023 and 2022, the Group reclassified the trade receivables that met the derecognition terms to other receivables (recorded in other financial asset-current) as follows:

(In Thousands of New Taiwan Dollars)

December 31, 2023

Buyer	Factoring quota	Derecognition amount	Advanced Amount	Service fees	Transfer terms	Guaranteed promissory notes
Taipei Fubon Bank	**USD 145,000**	**USD 69,142**	-	**0.23%**	Notes 1 to 3	None

December 31, 2022

Buyer	Factoring quota	Derecognition amount	Advanced Amount	Service fees	Transfer terms	Guaranteed promissory notes
Taipei Fubon Bank	**USD 139,000**	**USD 36,830**	**-**	**0.23%**	Notes 1 to 3	None

Note 1: The above-mentioned amounts have been reclassified to other receivables. The terms of the transaction relating to factoring are based on the factoring consent for buyer. Such transaction should be factoring without recourse.

Note 2: Within the factoring quota, if the original debtor is unable to pay or may be unable to pay due to financial difficulties, the risk of non-payment will be borne by the purchasing agency, not the Group. The original debtor's credit risk will be borne by the purchasing agency and the credit risk described above is the uncollectable debt risk due to default by the original debtor without reasonable cause.

Note 3: The Group informed the original debtor pursuant to account receivables to make payment directly to the Group's restricted account with the purchasing bank.

As of December 31, 2023 and 2022, total outstanding receivables after the above transactions, net of fees charged by purchasing bank, of $2,123,891 thousand and $1,131,859 thousand were recognized as other current financial assets; please refer to note 6(8).

As of December 31, 2023 and 2022, the Group's unused factoring quota amounted to $2,330,219 thousand and $3,139,889 thousand, respectively.

(4) Inventories

	December 31, 2023	December 31, 2022
Work in progress	$ 1,603,029	3,331,377
Finished goods	425,777	374,534
	$ 2,028,806	**3,705,911**

	For the years ended December 31, 2023	2022
Cost of goods sold	$ 12,984,989	13,142,633
Inventory valuation and obsolescence losses	50,869	442,850
	$ 13,035,858	**13,585,483**

As of December 31, 2023 and 2022, the Group's inventories were not pledged as collateral.

(5) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment for the years ended December 31, 2023 and 2022 were as follows:

	Research equipment	Transportation equipment	Office equipment	Leasehold improvements	Construction in progress	Equipment under inspection	Total
Costs:							
Balance as of January 1, 2023	$ 938,271	11,410	129,010	35,645	-	9,100	1,123,436
Additions	29,608	-	14,038	7,666	228,429	68,625	348,366
Disposals	(1,850)	(1,472)	(210)	(209)	-	-	(3,741)
Reclassification	25,205	-	32,925	11,233	-	(69,363)	-
Effect of changes in exchange rates	(249)	-	(32)	(133)	-	(5)	(419)
Balance as of December 31, 2023	**$ 990,985**	**9,938**	**175,731**	**54,202**	**228,429**	**8,357**	**1,467,642**
Balance as of January 1, 2022	$ 884,700	7,410	105,139	29,754	-	733	1,027,736
Additions	28,829	-	11,413	5,524	-	52,885	98,651
Disposals	(1,400)	-	(310)	-	-	-	(1,710)
Reclassification	26,092	4,000	12,747	281	-	(44,482)	(1,362)
Effect of changes in exchange rates	50	-	21	86	-	(36)	121
Balance as of December 31, 2022	**$ 938,271**	**11,410**	**129,010**	**35,645**	**-**	**9,100**	**1,123,436**

		Research equipment	Transportation equipment	Office equipment	Leasehold improvements	Construction in progress	Equipment under inspection	Total
Accumulated depreciation:								
Balance as of January 1, 2023	$	659,710	5,209	91,279	29,326	-	-	785,524
Depreciation		165,927	1,779	25,201	9,400	-	-	202,307
Disposals		(1,850)	(1,390)	(210)	(209)	-	-	(3,659)
Effect of changes in exchange rates		(57)	-	(30)	(125)	-	-	(212)
Balance as of December 31, 2023	$	**823,730**	**5,598**	**116,240**	**38,392**	**-**	**-**	**983,960**
Balance as of January 1, 2022	$	485,859	3,946	67,201	26,637	-	-	583,643
Depreciation		175,248	1,263	24,377	2,621	-	-	203,509
Disposals		(1,400)	-	(310)	-	-	-	(1,710)
Effect of changes in exchange rates		3	-	11	68	-	-	82
Balance as of December 31, 2022	$	**659,710**	**5,209**	**91,279**	**29,326**	**-**	**-**	**785,524**
Carrying amounts:								
Balance as of December 31, 2023	$	**167,255**	**4,340**	**59,491**	**15,810**	**228,429**	**8,357**	**483,682**
Balance as of December 31, 2022	$	**278,561**	**6,201**	**37,731**	**6,319**	**-**	**9,100**	**337,912**
Balance as of January 1, 2022	$	**398,841**	**3,464**	**37,938**	**3,117**	**-**	**733**	**444,093**

As of December 31, 2023 and 2022, none of the Group's property, plant and equipment were pledged as collateral.

(6) Right-of-use assets

The Group leases buildings. Information about leases for which the Group as a lessee were presented below:

		Buildings
Cost of right-of-use assets:		
Balance as of January 1, 2023	$	28,168
Additions		2,586
Effect of changes in exchange rates		(229)
Balance as of December 31, 2023	**$**	**30,525**
Balance as of January 1, 2022	$	22,187
Additions		19,187
Decrease		(13,367)
Effect of changes in exchange rates		161
Balance as of December 31, 2022	**$**	**28,168**
Accumulated depreciation:		
Balance as of January 1, 2023	$	5,940
Depreciation		7,062
Effect of changes in exchange rates		(130)
Balance as of December 31, 2023	**$**	**12,872**

		Buildings
Balance as of January 1, 2022	$	12,005
Depreciation		7,280
Decreases		(13,367)
Effect of changes in exchange rates		22
Balance as of December 31, 2022	**$**	**5,940**
Carrying amounts:		
Balance as of December 31, 2023	**$**	**17,653**
Balance as of December 31, 2022	**$**	**22,228**
Balance as of January 1, 2022	**$**	**10,182**

(7) Intangible assets

The cost and amortization of the intangible assets of the Group for the years ended December 31, 2023 and 2022 were as follows:

		Goodwill	Patents and technology	Software costs	Total
Cost:					
Balance as of January 1, 2023	$	237,800	106,973	310,017	654,790
Additions		-	-	197,019	197,019
Write-off		-	-	(74,939)	(74,939)
Effect of changes in exchange rates		-	-	(2)	(2)
Balance as of December 31, 2023	**$**	**237,800**	**106,973**	**432,095**	**776,868**
Balance as of January 1, 2022	$	237,800	106,973	208,480	553,253
Additions		-	-	167,579	167,579
Write-off		-	-	(66,041)	(66,041)
Effect of changes in exchange rates		-	-	(1)	(1)
Balance as of December 31, 2022	**$**	**237,800**	**106,973**	**310,017**	**654,790**
Amortization:					
Balance as of January 1, 2023	$	-	102,352	209,160	311,512
Amortization		-	4,621	159,175	163,796
Write-off		-	-	(74,939)	(74,939)
Reclassification		-	-	(1)	(1)
Balance as of December 31, 2023	**$**	**-**	**106,973**	**293,395**	**400,368**

	Goodwill	Patents and technology	Software costs	Total
Balance as of January 1, 2022	$ -	83,865	133,560	217,425
Amortization	-	18,487	141,641	160,128
Write-off	-	-	(66,041)	(66,041)
Balance as of December 31, 2022	**$ -**	**102,352**	**209,160**	**311,512**
Carrying amounts:				
Balance as of December 31, 2023	**$ 237,800**	**-**	**138,700**	**376,500**
Balance as of December 31, 2022	**$ 237,800**	**4,621**	**100,857**	**343,278**
Balance as of January 1, 2022	**$ 237,800**	**23,108**	**74,920**	**335,828**

A. Amortization

The amortization of intangible assets for the years ended December 31, 2023 and 2022 were included in the statements of comprehensive income:

	For the years ended December 31, 2023	2022
Operating costs	$ 265	318
Operating expenses	163,531	159,810
	$ 163,796	**160,128**

As of December 31, 2023 and 2022, the Group's intangible assets were not pledged as collateral.

B. Impairment test on goodwill and other intangible assets (patents and technologies)

The Group conducts impairment tests on goodwill and intangible assets. As of December 31, 2023 and 2022, it was determined that the recoverable amount of the cash-generating unit to be greater than its carrying amount based on their value in use; hence, no impairment loss was recognized.

The key assumptions used in the estimation of value in use were as follows:

	December 31, 2023	December 31, 2022
Discount Rate	12%	15%
Revenue growth rate	5%~14%	-6%~5%
Sustainable growth rate	3%	2%

(8) Other financial assets－current and non-current

	December 31, 2023	December 31, 2022
Accounts receivable factoring	$ 2,123,891	1,131,859
Restricted time deposits	254,516	254,459
Guaranty paid for product capacity and others	221,889	469,668
The time deposits with original maturities of more than three months	3,500,000	2,000,000
Others	4,700	3,122
	$ 6,104,996	**3,859,108**
Other financial assets－current	$ 5,941,649	3,482,187
Other financial assets－non-current	163,347	376,921
	$ 6,104,996	**3,859,108**

The Group entered into capital guarantee contracts with several suppliers and paid deposits as agreed. Considering the future market demand and corresponding to production capacity adjustment, the Group recognized the losses recorded in operating costs.

(9) Other current and non-current assets

	December 31, 2023	December 31, 2022
Prepayments to suppliers	$ 419,550	419,550
Sales tax receivable and overpaid VAT	114,883	97,121
Prepayments for mask and mold	256,630	342,772
Others	34,163	20,806
	$ 825,226	**880,249**
Other current assets	$ 172,927	152,889
Other non-current assets	652,299	727,360
	$ 825,226	**880,249**

(10) Short-term borrowings

The short-term borrowings and unused credit lines were summarized as follows:

	December 31, 2023	December 31, 2022
Unsecured bank loans	**$ 589,278**	**32,115**
Unused credit lines	**$ 1,312,784**	**1,447,222**
Range of interest rates	**3.40%~6.45%**	**3.70%~4.40%**

As of December 31, 2023 and 2022, the Group's bank borrowings were not pledged as collateral.

(11) Lease liabilities

The carrying amounts of the Group's lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current (recorded under other current liabilities)	$ 6,404	5,884
Non-current	$ 10,280	15,602

For the maturity analysis, please refer to note 6(22) Financial Instruments.

The amounts recognized in profit or loss were as follows:

	For the years ended December 31,	
	2023	2022
Interest on lease liabilities	$ 498	552
Expenses relating to short-term leases	$ 35,577	33,282

The amounts recognized in the statement of cash flows were as follows:

	For the years ended December 31,	
	2023	2022
Total cash outflow for leases	$ 43,463	40,606

Buildings leases

The Group leases buildings and improvements for its office, with lease terms that typically run for 2~5 years, and some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

The Group has elected not to recognize the right-of-use assets and lease liabilities for its offices, which qualify as short-term leases and low-value asset leases.

(12) Provisions

	Warranties
Balance as of January 1, 2023	$ 166,588
Provisions reversed during the year	(50,475)
Balance as of December 31, 2023	$ 116,113
Provisions – current	$ 38,704
Provisions – non-current	77,409
	$ 116,113

		Warranties
Balance as of January 1, 2022	$	-
Provisions made during the year		166,588
Balance as of December 31, 2022	**$**	**166,588**
Provisions – current	$	55,529
Provisions – non-current		111,059
	$	**166,588**

The provision for warranties is estimated based on historical warranty data associated with similar products and services. The Group expects to settle majority of its provision within three years from the date of the sale of the product.

(13) Employee benefits

A. Defined benefit plans

The present value of the defined benefit obligation and the fair value adjustments of the plan assets for the Company were as follows:

		December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	$	2,113	2,052
Fair value of plan assets		(1,969)	(1,934)
Net defined benefit liabilities	**$**	**144**	**118**

The Group makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pension for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average salary for the six months prior to retirement.

(a) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as the Bureau of Labor Funds). With regard to the utilization of the fund, minimum earnings shall be no less than the earnings attainable from two year time deposits, with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to $1,969 thousand as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield rate of the fund, please refer to the website of the Bureau of Labor Funds.

(b) Movements in present value of defined benefit obligations

The movements in present value of the defined benefit obligations of the Group for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	**2022**
Defined benefit obligations as of January 1	$ 2,052	2,286
Interest cost	34	14
Remeasurement of the net defined benefit liabilities		
－Actuarial loss (gain) arising from changes in financial assumptions	27	(248)
Defined benefit obligations as of December 31	**$ 2,113**	**2,052**

(c) Movements in fair value of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets of the Group for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	**2022**
Fair value of plan assets as of January 1	$ 1,934	1,784
Interest income	32	11
Contributions made	2	3
Remeasurement on the net defined benefit liabilities	1	136
Fair value of plan assets as of December 31	**$ 1,969**	**1,934**

(d) Expenses recognized in profit or loss

The Group's expenses recognized in profit or loss for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	**2022**
Operating expenses - Net interest on the net defined benefit	**$ 2**	**3**

(e) Remeasurement of the net defined benefit liabilities recognized in other comprehensive income

The Group’ s remeasurements of the net defined benefit liabilities recognized as accumulated in other comprehensive income for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31, 2023	2022
Accumulated amount as of January 1	$ 939	555
Recognized for the period	(26)	384
Accumulated amount as of December 31	**$ 913**	**939**

(f) Actuarial assumptions

The following are the Group’s significant principal actuarial assumptions of the present value of the defined benefit obligation at the reporting date:

	December 31, 2023	December 31, 2022
Discount rate	1.32 %	1.64 %
Future salary increases rate	5.00 %	5.00 %

The Company expects to make a contribution of $2 thousand to its defined benefit plans in the following year, beginning December 31, 2023.

The weighted-average duration of the defined benefits obligation is 13 years.

(g) Sensitivity analysis

If there is a change in the actuarial assumptions as of the December 31, 2023 and 2022, the impact on the defined benefit obligation would be as follows:

	Impact on the defined benefit obligations	
Actuarial assumptions	**Increased 0.5%**	**Decreased 0.5%**
December 31, 2023		
Discount rate	**$ (128)**	**137**
Future salary increase rate	**$ 131**	**(125)**
December 31, 2022		
Discount rate	**$ (132)**	**(144)**
Future salary increase rate	**$ 138**	**(129)**

Reasonably possible changes to one of the relevant actuarial assumptions on the reporting date, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. In practice, the relevant actuarial assumptions are correlated to each other.

The approach used in recognizing the net defined liability in the balance sheets is the same as that used in developing the sensitivity analysis and the relevant actuarial assumptions in the current and previous years.

B. Defined contribution plans

In accordance with the provisions of the Labor Pension Act, the Company should contribute 6% of its employees' monthly wages to their labor pension personal accounts with the Bureau of Labor Insurance, Ministry of Labor (hereinafter referred to as the Bureau of Labor Insurance). Under this defined contribution plan, the Group contributes a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation. The total pension costs of the Group's overseas subsidiaries under their respective defined contribution plan are recognized in accordance with their local regulations.

The Group's pension costs under the defined contribution plan were $67,064 thousand and $60,299 thousand for the years ended December 31, 2023 and 2022, respectively.

(14) Guarantee deposits received

		December 31, 2023	December 31, 2022
Capacity guaranty	**$**	**1,075,130**	**1,412,443**
Current (recorded in other current liabilities)	$	307,180	490,483
Non-current		767,950	921,960
	$	**1,075,130**	**1,412,443**

The Group entered into production capacity guarantee agreement with its customers and reserved specific production capacity to such customers by collecting deposits, which would be refunded upon the fulfillment of the contract.

(15) Income tax

A. Income tax expenses

The amounts of income tax expense(benefit) were as follows:

		For the years ended December 31, 2023	2022
Current income tax expense (benefit)			
Current period	$	239,559	831,483
Adjustment for prior period		(115,923)	(74,945)
		123,636	756,538

	For the years ended December 31,	
	2023	**2022**
Deferred income tax expense (benefit)		
Origination and reversal of temporary differences	(19,686)	(113,826)
Income tax expense	**$ 103,950**	**642,712**

B. The amounts of income tax expense (benefit) recognized in other comprehensive income were as follows:

	For the years ended December 31,	
	2023	**2022**
Items that will not be reclassified subsequently to profit or loss:		
Unrealized gains or losses from investments in equity instruments measured at FVOCI	**$ (19,086)**	**17,024**
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**$ (245)**	**327**

C. The reconciliation of income tax expense and income before income tax were as follows:

	For the years ended December 31,	
	2023	**2022**
Income before income tax	**$ 1,546,741**	**4,505,048**
Income tax at the Group's domestic tax rate	$ 309,348	901,010
Effect of tax rates differences in foreign jurisdiction	(14,864)	(4,809)
Adjustment for prior period and others	(115,923)	(74,945)
Income tax effect of investment tax credit	(106,145)	(200,655)
Additional surtax on undistributed retained earning	2,675	11,681
Change in unrecognized temporary differences and others	28,859	10,430
	$ 103,950	**642,712**

For investment credit applicable in accordance with the Statute for Industrial Innovation, a maximum of 15% of the expenses may be credited against the profit seeking enterprise income tax payable in the current year; and a maximum of 10% of the expenses may be credited against the profit seeking enterprise income tax payable in each of the three years following the current year; also, the creditable amount shall not exceed 30% of the profit seeking enterprise income tax payable in the current year. The Group's investment credit for the year 2023 is in the process of application and the investment credit for the year 2022 is yet to be approved.

D. Deferred income tax assets and liabilities

(a) The amounts which the Company has not recognized deductible temporary differences in deferred tax assets were as follows:

	December 31, 2023	December 31, 2022
Loss associated with investments in subsidiaries	$ 41,401	34,793

(b) Each entity in the Group is entitled to use tax losses to offset future taxable income in accordance with the respective local tax regulations of each jurisdiction. The deferred income tax assets were not recognized and the respective expiry years were as follows :

	December 31, 2023	December 31, 2022
Unrecognized deferred income tax assets	$ 48,605	40,239
Year of expiry	2024 to 2028	2023 to 2027

(c) Changes in the amount of recognized deferred tax assets and liabilities were as follows:

	January 1, 2023	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2023
Temporary differences:				
Unrealized Inventory valuation and obsolescence losses	$ 150,758	(4,437)	-	146,321
Unrealized foreign exchange gain or loss	19,846	15,123	-	34,969
Unrealized loss	38,831	(3,355)	-	35,476
Sales transaction fiscal and tax differences	2,817	7,280	-	10,097
Exchange difference on translation of foreign operations	(126)	-	245	119
Goodwill and valuation of financial assets	(4,856)	(1,390)	-	(6,246)
Others	(17,024)	6,465	19,086	8,527
Deferred tax income (expense)		$ 19,686	19,331	-
Net deferred tax assets	$ 190,246			229,263
Reflected in balance sheet as follows:				
Deferred tax assets	$ 212,252			235,509
Deferred tax liabilities	$ (22,006)			(6,246)

	January 1, 2022	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2022
Temporary differences:				
Unrealized Inventory valuation and obsolescence losses	$ 89,148	61,610	-	150,758
Unrealized foreign exchange gain or loss	3,443	16,403	-	19,846
Unrealized loss	-	38,831	-	38,831
Sales transaction fiscal and tax differences	4,350	(1,533)	-	2,817
Exchange difference on translation of foreign operations	201	-	(327)	(126)
Goodwill and valuation of financial assets	(3,371)	(1,485)	-	(4,856)
Others	-	-	(17,024)	(17,024)
Deferred tax income (expense)		**$ 113,826**	**(17,351)**	
Net deferred tax assets	**$ 93,771**			**190,246**
Reflected in balance sheet as follows:				
Deferred tax assets	**$ 97,142**			**212,252**
Deferred tax liabilities	**$ (3,371)**			**(22,006)**

E. The Company's tax returns have been examined and approved by the tax authorities through 2021.

(16) Equity

A. Common stock

As of December 31, 2023 and 2022, the authorized capital of the Company amounted to $1,000,000 thousand (including the amount of $50,000 thousand authorized for the issuance of the employee stock options), and the Company's issued capital amounted to $758,552 thousand, respectively, with a par value of $10 (dollars) per share.

Reconciliation of shares outstanding for 2023 and 2022 was as follows (in thousands of shares):

	For the years ended December 31,	
	2023	**2022**
Balance as of January 1	75,855	66,300
Vested of restricted stock awards	-	630
Cash capital increase	-	8,925
Balance as of December 31	**75,855**	**75,855**

For the year ended December 31, 2022, due to the resignation of its employees, the Company has withdrawn and canceled shares of restricted employee rights. The statutory registration procedures had been completed.

After the resolution of the Board of Director on October 26, 2021, the Company issued 8,925 thousand shares through cash capital increase for its initial public offering. The Company' s shares have a par value of NT$10 per share, and are issued at the premium of NT$308 per share, besides the weighted average price of NT$505.55 per share for auction. As of December 31, 2021, the amount of $410,564 thousand was collected and recognized as capital collected in advance. The purpose of cash capital increase is mainly to increase the working capital, in which the rights and obligations of the ordinary shares are the same as those of the ordinary shares of the Company issued then.

The above cash capital increase was approved by the Taiwan Stock Exchange on November 8, 2021, with letter No. 1101805900. The Company received the full amount of $3,948,026 thousand on January 5, 2022 (the record date), and completed the change of registration on January 20, 2022.

B. Capital surplus

		December 31, 2023	December 31, 2022
Capital surplus	$	4,647,881	4,647,881
Employee remuneration paid in the form of stocks		64,592	64,592
Others		460	460
	$	**4,712,933**	**4,712,933**

In accordance with the R.O.C Company Act, the capital surplus generated from the premium of stock issuance and donation may only be used to offset accumulated deficits. In addition, when the Company incurred no deficit, such capital surplus may be distributed as cash or stock dividends. Pursuant to the R.O.C. Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total sum of the capital surplus capitalized per annum shall not exceed 10 percent of the paid-in capital.

C. Retained earnings

If the Company makes a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, and setting aside 10% of the remaining profit as legal reserve, unless the amount in the legal reserve is already equal to or greater than the total paid in capital. Thereafter, the amount shall be set aside or reversed as special reserve in accordance with related laws, regulations, or provisions of the competent authorities. Then, any remaining profit, together with any undistributed retained earnings, shall be distributed according to the distribution plan proposed by the Board of Directors. The distribution of dividends and bonuses, in whole or in part, by issuing new shares, shall be resolved during the shareholders' general meeting. As for the cash payment, it shall be approved by the Board of Directors and be reported in the shareholders' general meeting.

The Company's dividend policy is to pay dividends from surplus considering factors such as the Company's current and future investment environment, cash requirements, domestic and overseas competitive conditions and capital budget requirements, while taking into account shareholders' interest, maintenance of balanced dividend and the Company's long-term financial plan. An annual dividend of not less than 10 percent of the distributable surplus is provided for the shareholders, wherein the cash portion of the dividend, which may be in the form of cash and stock, shall not be less than 10% of the total dividend distributed during the year.

(a) Legal reserve

In accordance with the ROC Company Act, 10 percent of the net profit shall be allocated as legal reserve until the accumulated legal reserve equals the paid-in capital. If the Company incurs no loss, the reserve may be distributed as cash or stock dividends for the portion in excess of 25% of the paid-in capital.

(b) Special reserve

In accordance with Rule No. 1090150022 issued by the FSC on March 31, 2021, a portion of current earnings and previous unappropriated earnings shall be set aside as a special reserve during earnings distribution. The amount to be set aside should equal the total amount of contra accounts that are accounted for as deductions to other equity interests. A portion of the previous unappropriated earnings shall be set aside as a special reserve, which should not be distributed, to account for cumulative changes to other equity interests pertaining to prior periods. The subsequent reversals of the contra accounts in shareholders' equity shall qualify for additional distributions.

(c) Earnings distribution

The appropriations of earnings for 2022 and 2021 by way of cash dividends have been approved in the Board of Directors' meeting held on February 23, 2023 and February 24, 2022. In addition, the appropriations of earning for 2022 and 2021 by others ways have been approved in the annual shareholders' meeting held on May 29, 2023 and May 30, 2022, respectively. Details of distribution were as follows:

	2022		2021	
	Amounts	**Dividends per share (NT$)**	**Amounts**	**Dividends per share (NT$)**
Legal reserve	$ 386,272		$ 429,102	
Special reserve	-		(10,616)	
Cash dividends	3,110,064	41	3,413,485	45
	$ 3,496,336		**$ 3,831,971**	

The aforementioned appropriations of earnings were consistent with the resolutions of the Board of Directors' meeting.

On February 26, 2024, the amount of cash dividends distributed to ordinary shareholders, at NT$15.2 per share, totaled $1,152,999 thousand; and the appropriation of the earnings for 2023 was approved by the Board of Meeting. The related information is available on the Market Observation Post System website.

D. Other equity

Change in the amount of other equity were as follows:

	Exchange differences on translation of foreign operations	Unrealized gain (losses) on financial assets at fair value through other comprehensive income	Deferred compensation cost arising from issuance of restricted stock awards	Total
Balance as of January 1, 2023	$ 508	28,946	-	29,454
Differences on translation of foreign operations	(1,227)	-	-	(1,227)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(70,094)	-	(70,094)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	(11,205)	-	(11,205)
Income tax effect	245	19,086	-	19,331
Balance as of December 31, 2023	**$ (474)**	**(33,267)**	**-**	**(33,741)**
Balance as of January 1, 2022	$ (801)	124,388	(10,715)	112,872
Differences on translation of foreign operations	1,636	-	-	1,636
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(78,418)	-	(78,418)
Share-based payment	-	-	10,715	10,715
Income tax effect	(327)	(17,024)	-	(17,351)
Balance as of December 31, 2022	**$ 508**	**28,946**	**-**	**29,454**

(17) Share-based payment

Information about the Company's equity settled share-based payment transactions for the year ended December 31, 2022 was as follows:

	Restricted employee shares awards issued in 2019
Grant date	2019.7.26
Granted units (thousands of shares)	2,000
Contractual life	1~3 years
Recipients	Employee
Vesting conditions	Note

Note: Employees are entitled to receive restricted stock in the first, second and third year (from the grant date) of their service. The restricted stock awards will be granted only if the overall performance target and the personal performance target are reached.

The shareholders' meeting resolved on June 12, 2019 to issue 2,000 thousand shares of restricted stock to full-time employees who conformed to certain requirements. The Company has filed an effective registration with the Securities and Futures Bureau of the FSC for the issuance. The closing price of 90.89 per share on the grant date was designated as the fair value.

For an employee who qualifies for the said restricted employee shares and who has remained in service at the Company for one, two and three years after the allotment period, without breaching any contractual agreement, and has achieved individual performance assessment targets set by the Company's and overall performance of the Company, the maximum proportion of shares that may be awarded is 34% for the first year, 33% for the second year, and 33% for the third year, during the allotment period. No restricted employee shares shall be sold, pledged, transferred, designated, gifted or dispose in other ways, unless the vesting conditions have been met after the allotment of shares, except in the event of inheritance. The attendance, proposal, speaking, voting and election rights of a shareholders' meeting shall be governed by the Custodial trust agreement.

The information of the Company's restricted employee shares was as follows:

Unit: Thousand shares

	For the years ended December 31, 2022
Outstanding at January 1	637
Vested during the year	(630)
Collection during the year	(7)
Outstanding at December 31	-

The expense recognized by the Group for share-based payments in 2022 was $11,273 thousand. As of December 31, 2022, the deferred compensation costs was $0 thousand.

(18) Earnings per share

	For the years ended December 31, 2023	2022
Basic earnings per share:		
Net income attributable to ordinary shareholders of Company	$ **1,442,791**	**3,862,336**
Weighted-average number of ordinary shares outstanding during the year (in thousands of shares)	**75,855**	**75,388**
Basic earnings per share (NT dollars)	$ **19.02**	**51.23**
Diluted earnings per share:		
Net income attributable to ordinary shareholders of Company	$ **1,442,791**	**3,862,336**
Weighted-average number of ordinary shares outstanding during the year (in thousands of shares)	75,855	75,388
Effect of employee stock remuneration	971	2,821
Weighted average number of ordinary shares outstanding (in thousands of shares)(diluted)	**76,826**	**78,209**
Diluted earnings per share (NT dollars)	$ **18.78**	**49.38**

(19) Revenue from contracts with customers

A. Detail of revenue

	For the years ended December 31, 2023	2022
Revenues from major regional markets:		
China (including Hong Kong)	$ 12,823,794	14,834,644
Taiwan	5,013,379	7,835,867
Others	509,449	151,653
	$ **18,346,622**	**22,822,164**
Revenue from major products:		
Display Driver IC	$ 17,698,235	22,081,123
Others	648,387	741,041
	$ **18,346,622**	**22,822,164**

B. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities	$ 527,962	680,756	632,707

For details on notes and accounts receivable and loss allowance, please refer to note 6(3).

The amount of revenue recognized for the years ended December 31, 2023 and 2022 that were included in the contract liability balance at the beginning of the period were $292,589 thousand and $201,112 thousand, respectively.

The contract liabilities primarily relate to the advance consideration received from contracts with goods sold, for which revenue is recognized when products are delivered to customers.

(20) Non-operating income and expenses

A. Other income

	For the years ended December 31, 2023	2022
Dividend income	$ 12,176	17,900
Others	16,544	15,430
	$ 28,720	33,330

B. Other gains and losses

	For the years ended December 31, 2023	2022
Foreign exchange gains, net	$ 2,990	749,216
Gains on financial instruments measured at fair value through profit or loss	6,542	3,017
Others	680	(2)
	$ 10,212	752,231

C. Finance costs

	For the years ended December 31, 2023	2022
Interest expense－bank borrowings	$ (7,704)	(240)
Lease liabilities	(498)	(552)
	$ (8,202)	(792)

D. Interest income

	For the years ended December 31,	
	2023	**2022**
Interest income from bank deposits	$ **137,465**	**83,178**

(21) Remuneration to employees and directors

In accordance with the articles of incorporation, when the Company incurred profit for the year, the profit should first be used to offset against any deficit (including unappropriated retained earnings); then, no less than 1% of the profit (income before tax, excluding remuneration to employees and directors) shall be distributed as employee remuneration, and no more than 1% as directors' and supervisors' remuneration.

The aforementioned shall be resolved by the board of directors and reported to the shareholders' meeting:

Employees, including those belonging to affiliate companies that meet certain conditions, are entitled to the abovementioned remuneration, which to be distributed in stock or cash, employee stock option certificates, restricted employee shares, treasury stock purchased and transferred to employees, as well as employee stocks when issuing new shares. The said conditions and distribution method are decided by Board of Directors or the personnel authorized by Board of Directors.

For the years ended December 31, 2023 and 2022, the amounts of remuneration to employees were estimated at $270,959 thousand and $789,985 thousand, respectively; and those to the directors were estimated at $12,747 thousand and $42,702 thousand, respectively. The estimation basis shall be calculated as the amounts of net income before tax, excluding the remuneration to employees and directors, multiplied by the percentage remuneration to employees and directors, as specified in the Company's articles of incorporation. These remuneration were expensed under operating costs or expenses for the years ended December 31, 2023 and 2022. If there are changes in the proposed amounts after the annual consolidated financial statements have been authorized for issuance, the differences are accounted for as changes in accounting estimates and adjusted prospectively in profit or loss in the following year. However, if the Board of Directors resolved that the employee remuneration is to be paid in the form of stocks, the closing price of the ordinary share on the day before the Board of Directors' meeting will be used to calculate the number of stock shares.

There were no differences between the aforesaid amounts of employee and directors’ remuneration approved by the Board of Directors and the amounts in the 2022 consolidated financial statements. Related information is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(22) Financial instruments

A. Credit risk

(a) Credit risk exposure

The carrying amount of financial assets represent the maximum amounts exposed to credit risk.

(b) Credit risk concentration

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. As of the financial reporting date, the maximum credit risk exposure of the Group due to non-performance of the counterparty mainly derived from the carrying amount of the financial assets recognized in the balance sheet of the Group.

The Group's potential credit risk is derived primarily from cash in bank, cash equivalents and trade receivables. The cash is deposited in different financial institutions. The Group manages the credit risk exposure with each of these financial institutions and believes that cash and cash equivalents do not have a significant credit risk concentration.

In addition to granting credit facilities to customers in accordance with the credit procedures, the Group will require insurance for accounts receivable from certain customer groups in order to reducing the credit risk of accounts receivable, and use historical trading experience to continuously assess the financial condition, credit condition and current economic environment of the customers.

As of December 31, 2023 and 2022, the Group's five largest customers accounted for approximately 56% and 73% of the balance of accounts receivable (including related parties), respectively. After an assessment has been made on the lifetime expected credit losses of the accounts receivable, the management expects no significant losses in the future.

(c) Credit risk of receivables

For credit risk exposure on accounts receivable, please refer to note 6(3).

Other financial assets at amortized cost include other receivables, guarantee deposit and restricted bank deposits.

All of financial assets excluding the abovementioned accounts receivable are considered to be low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. (Please refer to note 4(7) of the financial statements for the year ended December 31, 2022 for further details of how the Group determines whether credit risk is to be low risk).

B. Liquidity risk

The contractual maturities of financial liabilities were as follows:

	Carrying amounts	Contractual cash flows	Within a year	Over 1 years
December 31, 2023				
Non-derivative financial liabilities				
Short-term borrowings	$ 589,278	(592,476)	(592,476)	-
Accounts payable	2,738,868	(2,738,868)	(2,738,868)	-
Salaries and bonuses payable	2,399,228	(2,399,228)	(2,399,228)	-
Other payables－related parties	7,545	(7,545)	(7,545)	-
Lease liabilities (current and non-current)	16,684	(17,236)	(6,719)	(10,517)
Guarantee deposits received (current and non-current)	1,075,130	(1,075,130)	(307,180)	(767,950)
	$ 6,826,733	**(6,830,483)**	**(6,052,016)**	**(778,467)**
December 31, 2022				
Non-derivative financial liabilities				
Short-term borrowings	$ 32,115	(32,912)	(32,912)	-
Accounts payable	1,429,818	(1,429,818)	(1,429,818)	-
Salaries and bonuses payable	3,945,728	(3,945,728)	(3,945,728)	-
Other payables－related parties	135	(135)	(135)	-
Lease liabilities (current and non-current)	21,486	(22,452)	(6,355)	(16,097)
Guarantee deposits received (current and non-current)	1,412,443	(1,412,443)	(490,483)	(921,960)
	$ 6,841,725	**(6,843,488)**	**(5,905,431)**	**(938,057)**

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

C. Foreign currency risk

(a) Exposure of foreign currency risk

The Group's financial assets and liabilities exposed to foreign currency risk were as follows:

		December 31, 2023			December 31, 2022		
		Foreign currency	**Exchange rate**	**TWD**	**Foreign currency**	**Exchange rate**	**TWD**
Financial assets							
Monetary items							
USD	$	181,959	30.718	5,589,417	165,062	30.732	5,072,685
JPY		24,856	0.2173	5,401	25,256	0.2311	5,837
CNY		846	4.3152	3,651	1,629	4.4076	7,180
Financial liabilities							
Monetary items							
USD	$	134,344	30.718	4,126,779	96,687	30.732	2,971,385
CNY		85	4.3152	367	84	4.4076	370

(b) Sensitivity analysis

The Group's exposure to foreign currency risk arises mainly from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivable, other financial assets, short-term borrowings, accounts payable and deposits received, that are denominated in foreign currency. A strengthening (weakening) of 1% of the NTD against the USD, CNY, and JPY as of December 31, 2023 and 2022, assuming that all other variables remain constant, would have increased or decreased the profit after tax by $11,770 thousand and $16,908 thousand, respectively.

(c) Foreign exchange gains (losses) on monetary items

As the Group deals with diverse foreign currencies, gains and losses on foreign exchange were summarized as a single amount. The aggregate of realized and unrealized foreign exchange gains for the years ended December 31, 2023 and 2022 were $2,990 thousand and $749,216 thousand, respectively.

D. interest rate analysis

An increase or decrease of 0.25% in interest rates, mainly from cash and cash equivalents, restricted bank deposits and short term borrowings, with floating interest rates at the reporting date, assuming all other variables remain constant, would have increased or decreased net income by $3,070 thousand and $4,221 thousand for the years ended December 31, 2023 and 2022, respectively.

E. Other market price risk

The impact of the changes in equity price on other comprehensive income was as follows, assuming the analysis use the same basis for both years, with other factors remaining constant:

	For the years ended December 31,	
	2023	2022
Prices of securities at the reporting date	**Other comprehensive income before tax**	**Other comprehensive income before tax**
Increasing 10%	$ **43,439**	**53,569**
Decreasing 10%	$ **(43,439)**	**(53,569)**

F. Fair value of financial instruments

(a) Fair value and carrying amount

The fair value of financial assets and liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The Group's carrying amounts and the fair value of financial assets and liabilities (including the information for fair value hierarchy; but excluding financial instruments, whose fair values approximate the carrying amount, and lease liabilities, since the disclosure of fair value are not required) were as follows:

		December 31, 2023			
		Fair value			
	Carrying amounts	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL－current	$ 633,073	633,073	-	-	633,073
Financial assets at FVOCI					
Listed stocks	319,873	319,873	-	-	319,873
Unlisted stocks	114,517	-	-	114,517	114,517
Accounts receivable	119,505	-	119,505	-	119,505
Financial assets measured at amortized cost					
Cash and cash equivalents	5,380,259	-	-	-	-
Accounts receivable (including related parties)	2,867,819	-	-	-	-
Other financial assets (current and non-current)	6,104,996	-	-	-	-
	$ 15,540,042	**952,946**	**119,505**	**114,517**	**1,186,968**

		December 31, 2023			
		Fair value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 589,278	-	-	-	-
Accounts payable	2,738,868	-	-	-	-
Salaries and bonuses payable	2,399,228	-	-	-	-
Other payables－related parties	7,545	-	-	-	-
Lease liabilities (current and non-current)	16,684	-	-	-	-
Guarantee deposits received (current and non-current)	1,075,130	-	-	-	-
	$ 6,826,733	-	-	-	-

		December 31, 2022			
		Fair value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL－current	$ 356,790	356,790	-	-	356,790
Financial assets at FVOCI					
Listed stocks	271,372	271,372	-	-	271,372
Unlisted stocks	264,316	-	-	264,316	264,316
Accounts receivable	195,549	-	195,549	-	195,549
Financial assets measured at amortized cost					
Cash and cash equivalents	8,418,727	-	-	-	-
Accounts receivable (including related parties)	2,705,968	-	-	-	-
Other financial assets (current and non-current)	3,859,108	-	-	-	-
	$ 16,071,830	628,162	195,549	264,316	1,088,027
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 32,115	-	-	-	-
Accounts payable	1,429,818	-	-	-	-
Salaries and bonuses payable	3,945,728	-	-	-	-
Other payables－related parties	135	-	-	-	-
Lease liabilities (current and non-current)	21,486	-	-	-	-
Guarantee deposits received (current and non-current)	1,412,443	-	-	-	-
	$ 6,841,725	-	-	-	-

(b) Fair value valuation technique of financial instruments measured at fair value

Non-derivative financial instruments

The listed shares and beneficiary certificates held by the Group are measured at fair value according to standard provision and conditions, and are traded in active markets, the fair value is measured using the quoted price in an active market. In addition to the above mentioned financial assets with active market transactions, the fair value of unlisted shares held by the Group is estimated using the market comparable company method, which is measured by price-book ratio of the peers.

(c) There was no transfer between the different levels of fair value hierarchy for the years ended December 31, 2023 and 2022.

(d) Quantified information for significant unobservable inputs used in fair value measurement(Level 3).

The Group's financial instruments measured at fair value which are categorized within Level 3 include financial assets at FVOCI – equity investments.

The Group classified the equity investments without an active market as recurring level 3 fair values in the fair value hierarchy due to the use of significant unobservable inputs. The significant unobservable inputs of equity investments without an active market are individually independent, and there is no correlation between them.

Quantified information regarding significant unobservable inputs were as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at FVOCI – equity investments without an active market	Market approach (comparable with price-book ratio of the peers)	● P/B ratio multiplier (2.63~3.94 and 2.73~4.61 as of December 31, 2023 and 2022, respectively) ● Discount for lack of market liquidity (30%~60% and 30% as of December 31, 2023 and 2022, respectively)	● The higher the P/B ratio, the higher the fair value ● The higher the market liquidity discount rate, the lower the fair value

(e) Reconciliation for fair value measurements categorized within level 3:

	Financial assets at FVOCI – equity investments without an active market	
	For the years ended December 31,	
	2023	**2022**
Balance as of January 1	$ 264,316	56,014
Addition in investments	-	137,205
Disposal of investments	(31,205)	-
Total gain/loss		
Recognized in other comprehensive income	(118,594)	71,097
Balance as of December 31	**$ 114,517**	**264,316**

The total gains and losses above were recognized in" unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income".

(23) Financial risk management

A. Overview

The Group have exposure to the following risks from its financial instruments:

(a) Credit risk

(b) Liquidity risk

(c) Market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

B. Structure of risk management

The significant financial activities of the Group have been reviewed by the Board of Directors and the Audit Committee in accordance with the relevant standards and internal control system. During the financial plan implementation, the Group must comply with the relevant financial operating procedures relating to the overall financial risk management and segregation of duties. The Group, through internal controls such as training, management standards, and operational procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

C. Credit risk

The credit risk of the Group is mainly due to receivables and cash and cash equivalents arising from operating activities; please refer to note 6(22).

D. Liquidity risk

There is no liquidity risk of being unable to raise capital to settle contract obligations since the Group has sufficient capital and working capital to fulfill its contract obligations; please refer to note 6(22).

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, that will affect the Group's income or the value of its financial instruments; please refer to note 6(22). The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

(a) Currency risk: The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily the NTD, USD, JPY and CNY.

(b) Market price risk of interest rate change: All of the Group's assets and liabilities bear floating interest rates, and thus, cash flow is exposed to the risk of interest rate change.

(24) Capital management

In consideration of the industry dynamics and future developments, as well as external environment factors, the Group maintains an optimal capital structure to enhance long-term shareholder value by managing its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, research and development activities, dividend payments, and other business requirements for continuing operations and to reward its shareholders and take into consideration the interests of other stakeholders.

The Group's debt-to-equity ratio at the reporting date was as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 8,289,270	8,636,223
Less: Cash and cash equivalents	(5,380,259)	(8,418,727)
Net debt	**$ 2,909,011**	**217,496**
Total equity	**$ 11,218,148**	**12,937,437**
Debt-to-equity ratio	**26%**	**2%**

The increase in debt-to-equity ratio as of December 31, 2023 was mainly due to the decrease in cash flows incurred from operating activities in the current period, resulting in an increase in net debt.

(25) Financing activities of non-cash transactions

Reconciliation of liabilities arising from financing activities was as follows:

		January 1, 2023	Cash flows	Changes in foreign Exchange and other	December 31, 2023
Short-term borrowings	$	32,115	564,095	(6,932)	589,278
Lease liabilities		21,486	(7,388)	2,586	16,684
Guarantee deposits received		1,412,443	(304,872)	(32,441)	1,075,130
Total liabilities from financing activities	$	**1,466,044**	**251,835**	**(36,787)**	**1,681,092**

		January 1, 2022	Cash flows	Changes in foreign Exchange and other	December 31, 2022
Short-term borrowings	$	-	32,115	-	32,115
Lease liabilities		9,071	(6,772)	19,187	21,486
Guarantee deposits received		1,384,400	(111,303)	139,346	1,412,443
Total liabilities from financing activities	$	**1,393,471**	**(85,960)**	**158,533**	**1,466,044**

7. Related-party transactions

(1) Names and relationship with related parties

The followings is a summary of related parties that have had transactions with the Group during the periods presented in the consolidated financial statements.

Name of related parties	Relationship with the Group
AUO Corporation (AUO)	AUO accounted for its investments in the Company using the equity method
AUO (Suzhou) Co., Ltd. (AUOSZ)	Subsidiary of AUO
AUO (Xiamen) Co., Ltd. (AUOXM)	Subsidiary of AUO
AUO (Kunshan) Co., Ltd. (AUOKS)	Subsidiary of AUO
AUO Education Service Corp. (AUES)	Subsidiary of AUO
AUO Display Plus Corporation (ADP)	Subsidiary of AUO
AUO Envirotech Inc.	Subsidiary of AUO
Maxeda Technology Inc. (Maxeda)	The Company represented as a director of Maxeda (Note)

Note: On October 13, 2023, the Company sold the entire equity of Maxeda Technology Inc., who became a non-related party thereafter.

(2) The Group's significant related party transactions and balances were as follows:

A. Sales

The amounts of significant sales transactions between the Group and related parties were as follows:

Relationship	For the years ended December 31, 2023	For the years ended December 31, 2022
AUOSZ	$ 1,964,882	2,448,239
AUOXM	1,815,706	2,240,160
AUO	937,560	1,050,371
Other related parties	180,609	426,030
	$ 4,898,757	**6,164,800**

For the years ended December 31, 2023 and 2022, the collection terms for sales to related parties were 60 to 120 days from the end of the month during which the invoice is issued. The collection terms for sales to non-related parties were 30 to 120 days from the end of the month during which the invoice is issued or the products have been delivered after the advance receipt. The pricing for sales to related parties were not materially different from those with third parties.

B. Receivables from related parties

The receivables from related parties were as follows:

Account	Relationship	December 31, 2023	December 31, 2022
Receivables from related parties	AUOSZ	$ 712,608	848,279
Receivables from related parties	AUOXM	584,172	855,837
Receivables from related parties	AUO	301,599	300,611
Receivables from related parties	Other related parties	78,280	138,882
		$ 1,676,659	**2,143,609**

C. Other payables to related parties

The payables to related parties were as follows:

Account	Relationship	December 31, 2023	December 31, 2022
Other accounts payable from related parties	AUO	$ 7,470	5
Other accounts payable from related parties	Other related parties	75	130
		$ 7,545	**135**
Refund liability	Other related parties	**2,025**	**-**

D. Other

(a) The other income of the Group from its related parties were as follows:

	For the years ended December 31, 2023	2022
AUO	**$ 11,567**	**17,290**

(b) The rental expenses and other expenses paid by the related parties under lessee contracts were as follows:

	For the years ended December 31, 2023	2022
AUO	$ 28,133	27,054
Other related parties	373	216
	$ 28,506	**27,270**

(c) The costs of acquiring computer software from related parties were as follows:

	For the years ended December 31, 2023	2022
Other related parties	**$ 5,390**	**5,390**

(d) The costs of acquiring leasehold improvements from related parties were as follows:

	For the years ended December 31, 2023	2022
Other related parties	**$ 1,000**	**-**

(e) Refund of capital reduction

	December 31, 2023	December 31, 2022
AUO	**$ -**	**35,978**

(3) Key management personnel compensation

Key management personnel compensation were as follows:

	For the years ended December 31, 2023	2022
Short-term employee benefits	$ 156,523	259,654
Post-employment benefits	756	756
Share-based payments	-	4,545
	$ 157,279	**264,955**

8. Pledged assets:

The carrying values of pledged assets were as follows:

Asset Name	Pledged to secure	December 31, 2023	December 31, 2022
Restricted cash in bank (recognized in other financial assets－current)	Import guarantee for customs	$ 34,386	34,329
Restricted cash in bank (recognized in other financial assets－current)	Import Guarantee	220,130	220,130
		$ **254,516**	**254,459**

9. Significant Contingencies and Unrecognized Commitments:

(1) The Company signed a contract to purchase a real estate located in Tai Yuen Hi-Tech Industrial Park on November 2, 2023, with a total contract price of $1,845,000 thousand (tax included), of which, the amount of $239,850 thousand (tax included) had been paid as of December 31, 2023.

(2) The Company has signed capacity guarantee contracts with several suppliers, paid the deposit and prepaid the goods in accordance with the agreement, and agreed on the relevant years and minimum quantity that the Company needs to purchase.

(3) The Company has entered into capacity guarantee contracts with several customers, and collects deposits and advance receipts as agreed to reserve specific production capacity to such customers.

10. Significant disaster losses: None.

11. Subsequent events: None.

12. Others:

The following is the summary statement of the current period employee benefits, depreciation, and amortization expenses, by function:

By function / By item	For the years ended December 31, 2023 Operating Costs	2023 Operating Expenses	2023 Total	2022 Operating Costs	2022 Operating Expenses	2022 Total
Employee benefits						
Salary	145,204	2,099,486	2,244,690	237,322	3,675,680	3,913,002
Labor and health insurance	10,697	117,190	127,887	11,790	140,812	152,602
Pension	5,025	62,041	67,066	4,640	55,662	60,302
Other employee benefits	6,195	86,059	92,254	6,466	82,998	89,464
Depreciation	365	209,004	209,369	211	210,578	210,789
Amortization	265	163,531	163,796	318	159,810	160,128

13. Other disclosures:

(1) Information on significant transactions:

The followings is a summary of the information on significant transactions required by the Regulations Governing the Preparation of Financial Reports by Securities Issuers for the Group:

A. Loans to other parties: None.

B. Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Endorsement / Guarantee Provider	Guarantee Party		Limitation on Endorsement/ Guarantees Amount Provided to Each Guarantee Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantees to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship										
0	The Company	Raydium Semiconductor (Kunshan) Co., Ltd.	Subsidiaries	2,243,630	614,360	614,360	375,640	-	5.48 %	5,609,074	Y	N	Y

Note 1: The total amount of the Group's endorsement/guarantee for a single enterprise shall not exceed 20% of the net value of the latest financial statements audited or reviewed by accountants.

Note 2: The total amount of the Group's endorsement/guarantee for others shall not exceed 50% of the net value of the latest financial statements audited or reviewed by accountants.

C. Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of shares and Thousands of New Taiwan Dollars)

Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	Ending Balance				Highest Holding during the year	Note
				Shares/Units	Carrying Value	Percentage of Ownership	Fair Value		
The Company	Yuanta Wan Tai Money Market Fund	-	Financial assets at FVTPL－current	13,164	204,740	-	204,740	-	
The Company	Yuanta De Bao Money Market Fund	-	〃	34,691	428,333	-	428,333	-	
The Company	Shares of Darfon Electronics Corp.	-	Financial assets at FVOCI－current	203	11,013	0.07 %	11,013	0.07 %	
The Company	Shares of AUO Corporation	AUO accounted for its investments in the Company using the equity method	Financial assets at FVOCI－non current	14,459	262,424	0.19 %	262,424	0.19 %	
The Company	Shares of SiCEV Electronic Co., Ltd.	The Company represented as a director of SiCEV	〃	8,943	50,223	18.73 %	50,223	18.73 %	
The Company	Shares of PlayNitride Inc.	-	〃	470	46,436	0.44 %	46,436	0.44 %	
The Company	Shares of Neuchips Inc.	-	〃	2,000	64,294	2.18 %	64,294	2.18 %	

D. Individual securities acquired or disposed at costs or prices with accumulated amount exceeding the lower of NT$300 million or 20% of the stock capital:

(In Thousands of shares and Thousands of New Taiwan Dollars)

Securities Held by	Marketable Securities Type and Name	Financial Statement Account	Counter-Party	Relationship in the company	Beginning Balance		Addition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Book Value	Gain (loss) on disposal	Shares	Amount
The Company	Yuanta Wan Tai Money Market Fund	Financial assets at FVTPL－current	-	-	13,144	201,156	47,844	740,000	47,824	740,000	736,918	3,082	13,164	204,238 (Note)
The Company	Yuanta De Bao Money Market Fund	〃	-	-	12,664	154,050	77,372	950,000	55,345	680,000	677,381	2,619	34,691	426,669 (Note)

Note 1: The opening and closing balances are measured acquisition costs. For the carrying amount valuated against the market price, please refer to C item.

Raydium Semiconductor Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

E. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the stock capital:

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	Prior Transaction of Related Counter-party				Price Reference	Purpose and Usage of Acquisition	Other Commitments
							Owner	Relationship with the Issuer	Date of transfer	Amount			
The company	Construction in progress	2023.11.2	1,845,000	239,850	Winsome Development Company Limited	NA	-	-	-	-	Real estate assessment report and approval from board of directors	office building for own-use	NA

F. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the stock capital: None.

G. Related-party transactions for purchases and sales with amount exceeding the lower of NT$100 million or 20% of the stock capital:

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)	
			Purchase/ Sales	Amount	Percentage of Total Purchases/ Sales	Payment Terms	Unit Price	Payment Terms	Ending Balance	Percentage of Total Notes/ Accounts Receivable (Payable)
The Company	AUOSZ	Subsidiary of AUO	Sales	1,909,645	10 %	EOM 120 days	Please refer to note 7	Please refer to note 7	690,595	24%
The Company	AUOXM	Subsidiary of AUO	Sales	1,754,596	10 %	EOM 120 days	Please refer to note 7	Please refer to note 7	549,176	19%
The Company	AUOKS	Subsidiary of AUO	Sales	179,262	1 %	EOM 120 days	Please refer to note 7	Please refer to note 7	78,201	3%
The Company	AUO	AUO accounted for its investment in the Company using the equity method	Sales	937,560	5 %	EOM 120 days	Please refer to note 7	Please refer to note 7	301,599	11%

H. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the stock capital:

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note)	Allowance for Bad Debts
					Amount	Action Taken		
The Company	AUOSZ	Subsidiary of AUO	690,595	2.52	6,633	On the spot collection	166,372	-
The Company	AUOXM	Subsidiary of AUO	549,176	2.51	3	On the spot collection	138,638	-
The Company	AUO	AUO accounted for its investment in the Company using the equity method	301,599	3.11	17	On the spot collection	81,332	-

Note: Amounts collected in subsequent period as of February 7, 2024.

I. Trading the derivative instruments: None.

J. The business relationship between the parent and the subsidiaries and significant transactions between them: None.

(2) Information on investees (excluding information on investees in Mainland China):

(In Thousands of shares and Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Highest Shares of Ownership during the Year	Net income (losses) of investee	Share of Profits/ Losses of Investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value				
The Company	RSA	SAMOA	Investment Holding	248,280	157,080	8,100	100.00 %	40,683	100.00 %	(33,039)	(33,039)	Subsidiary of the Company

(3) Information on investment in Mainland China:

A. The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Investee Company	Main businesses and products	Total amount paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee (Note 3)	Percentage of ownership	Highest percentage of ownership during the year	Investment income (Note 3 and 5)	Carrying amounts (Note 2)	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Raydium Semiconductor (Kunshan) Co., Ltd.	Development, design and sale of the IC	245,200 (USD8,000 thousand)	(Note 1)	154,000	91,200	-	245,200	(33,032)	100.00%	100.00%	(33,032)	37,604	-

B. Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 4)
245,200 (USD8,000 thousand)	245,200 (USD8,000 thousand)	6,730,889

Note 1: Investment in companies in Mainland China through the existing companies in SAMOA.

Note 2: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the spot rate on the balance sheet date.

Note 3: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the average exchange rate.

Note 4: Pursuant to the Regulations Governing Permission for Investment and Technical Cooperation in the Mainland Area, the Group's accumulated investments in Mainland China did not exceed the upper limit on investment amount or ratio stipulated by the Investment Commission, Ministry of Economic Affairs (“MOEA”).

Note 5: The financial statements were audited by the parent's external accountants.

C. Significant transactions with the investees in Mainland China:

The significant inter-company transactions with the subsidiary in Mainland China for the year ended December 31, 2023, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

(4) Major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
Konly Venture Corp.	11,454,429	15.10 %
Capital Tip Customized Taiwan Select High Dividend ETF	6,920,000	9.12 %

Note: The information on major shareholders summarized the shareholders who held over 5% of the Company's ordinary shares.

14. Segment information:

(1) Industry financial information

The Group mainly engages in the development, design and sales of integrate circuits. It only has a single operating segment to be reported. The Group's operating segment above is consistent with the related accounts shown in its consolidated balance sheets and consolidated statements of income. Please refer to the consolidated balance sheet and the consolidated income statement for details of departmental profit and loss, departmental information, and departmental liability information.

(2) Overall company information

A. Product information

Please refer to note 6(19) for the Revenue information by product from external customers.

B. Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

(a) Please refer to note 6(19) for the Revenue information on the basis of geography.

(b) Non-current assets:

Geographical information (note)	**December 31, 2023**	**December 31, 2022**
Taiwan	$ 2,097,234	2,319,033
Mainland China	19,624	16,674
	$ 2,116,858	**2,335,707**

Note: Non-current assets excluding deferred income tax assets.

C. Major customer information

	For the years ended December 31,			
	2023		**2022**	
	Amount	**% Accounted for net sales for the current period**	**Amount**	**% Accounted for net sales for the current period**
AUO Group	$ 4,898,757	27	6,164,800	27
Customer Z	3,666,734	20	5,627,004	25
Customer Y	2,213,075	12	2,704,635	12
	$ 10,778,566	**59**	**14,496,439**	**64**

Appendix II

Stock Code:3592

Raydium Semiconductor Corporation

Parent-Company-Only Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022

Address: 2F, No. 23, Li-Hsin Rd., Hsinchu Science Park,
Hsinchu City 300094, Taiwan
Telephone: (03)666-1818

The independent auditors' report and the accompanying parent-company-only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent-company-only financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of Raydium Semiconductor Corporation:

Opinion

We have audited the parent-company-only financial statements of Raydium Semiconductor Corporation("the Company"), which comprise the parent-company-only balance sheets as of December 31, 2023 and 2022, the parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended, then and notes to the parent-company-only financial statements, including a summary of material accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent-company-only financial statements of the current period. These matters were addressed in the context of our audit of parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the these matters. Based on our judgment, the key audit matters that should be disclosed in this audit report are as follows:

1. Valuation of inventories

   Please refer to note 4(7) for the accounting policy of inventory valuation, note 5 for the estimation and assumption uncertainty of the valuation of inventory, and note 6(4) for information on estimation of the valuation of inventory to the parent-company-only financial statements.

Description of key audit matter:

The Company may write down the cost of inventories to net realizable value due to normal wear and tear, obsolescence or no market value. The inventory valuation may result in material changes because of decline in demand and prices. Due to the introduction of new products in the market, the original outdated products no longer meet the market demand, resulting in the cost of inventory to exceed its net realizable value. Therefore, the valuation of inventory is one of our key audit matters.

How the matter was addressed in our audit:

The principal procedures include testing the inventory aging reports and analyzing the aging of inventories for each period; inspecting the production and sales meetings to assess the destocking; assessing whether the valuation of inventories has been carried out in accordance with the established accounting policies; and performing retrospective testing on inventories to verify the appropriateness of the inventory provision.

2. Revenue recognition from contracts with customers

Please refer to note 4(14) “Revenue recognition” for the accounting policy and note 6(20) “Revenues from contracts with customers” for revenue recognition.

Description of key audit matter:

The Company mainly engages in the development, design and sale of display driver, touch control, and power management integrated circuit products. The recognition of operating revenue is determined according to the trade terms agreed with the customers. The Company recognizes revenue depending on the various sales terms in each individual contract with customers to ensure its performance obligation has been satisfied by transferring its control to its customer. It is necessary to determine the performance obligations and the time at which they are satisfied. Therefore, the appropriateness of timing of revenue recognition is one of our key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding and testing the Company’ s controls surrounding the revenue process and cash collection transaction process; analyzing the type of principal revenue and trading terms; selecting samples and inspecting contracts with customers or customers' orders to assess the adequacy of the timing of revenue recognition; and randomly selecting sales transactions incurred within a certain period before or after the balance sheet date by reviewing documents to ensure that revenue was recognized in the appropriate period.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent-company-only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the disclosures, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in entities accounted for using equity method to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent-company-only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chien-Hui Lu and An-Chih Cheng.

KPMG

Taipei, Taiwan (Republic of China)
February 26, 2024

Notes to Readers

The accompanying parent-company-only financial statements are intended only to present the parent-company-only statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent-company-only financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying parent-company-only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and parent-company-only financial statements, the Chinese version shall prevail.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

Raydium Semiconductor Corporation

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(1))	$ 5,166,983	27	8,369,521	39
1110	Financial assets at fair value through profit or loss－current (note 6(2))	633,073	3	356,790	2
1120	Financial assets at fair value through other comprehensive income - current (note 6(2))	11,013	-	7,680	-
1170	Accounts receivable, net (note 6(3))	1,123,076	6	757,280	4
1180	Accounts receivable－related parties, net (notes 6(3) and 7)	1,653,203	9	2,116,155	10
130X	Inventories (note 6(4))	1,858,687	10	3,693,250	17
1476	Other financial assets－current (notes 6(1)、(3)、(9)、8 and 9)	5,941,649	31	3,482,186	16
1479	Other current assets (note 6(10))	169,769	1	152,490	1
		16,557,453	87	18,935,352	89
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income－non-current (note 6(2))	423,377	2	528,008	2
1550	Investments accounted for using equity method (note 6(5))	40,683	-	-	-
1600	Property, plant and equipment (notes 6(6) and 9)	470,174	3	327,994	1
1755	Right-of-use assets (note 6(7))	12,792	-	16,629	-
1780	Intangible assets (notes 6(8) and (7))	376,453	2	343,189	2
1840	Deferred tax assets (note 6(16))	235,509	1	212,252	1
1980	Other financial assets－non-current (notes 6(9) and 9)	162,140	1	375,853	2
1990	Other non-current assets (note 6(10))	652,299	4	727,360	3
		2,373,427	13	2,531,285	11
	Total assets	**$ 18,930,880**	**100**	**21,466,637**	**100**

	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(11))	$ 445,411	2	-	-
2130	Contract liabilities－current (note 6(20))	430,502	2	316,351	1
2170	Accounts payable	2,363,447	13	1,416,716	7
2201	Salaries and bonuses payable	2,352,793	13	3,877,800	18
2220	Other payables－related parties (note 7)	7,518	-	106	-
2230	Current income tax liabilities	233,875	1	405,896	2
2250	Provision-current (note 6(13))	38,704	-	55,529	-
2300	Other current liabilities (notes 6(12)、(15) 、7 and 9)	881,968	5	1,007,881	5
		6,754,218	36	7,080,279	33
	Non-Current liabilities:				
2527	Contract liabilities－non-current (note 6(20))	97,460	1	364,405	2
2550	Provision－non-current (note 6(13))	77,409	-	111,059	1
2570	Deferred tax liabilities (note 6(16))	6,246	-	22,006	-
2580	Lease liabilities－non-current (note 6(12))	9,305	-	13,122	-
2640	Net defined benefit liability－non-current (note 6(14))	144	-	118	-
2650	Credit balance of investments accounted for using equity method (note 6(5))	-	-	16,251	-
2645	Guarantee deposits received (notes 6(15) and 9)	767,950	4	921,960	4
		958,514	5	1,448,921	7
	Total liabilities	7,712,732	41	8,529,200	40
	Equity (notes 6(17) and (18))**:**				
3110	Common stock	758,552	4	758,552	3
3200	Capital surplus	4,712,933	25	4,712,933	22
3300	Retained earnings	5,780,404	30	7,436,498	35
3400	Other equity	(33,741)	-	29,454	-
	Total equity	11,218,148	59	12,937,437	60
	Total liabilities and equity	**$ 18,930,880**	**100**	**21,466,637**	**100**

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

Raydium Semiconductor Corporation

Statements of Comprehensive Income

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		For the years ended December 31,			
		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenues** (notes 6(20) and 7)	$ 17,604,607	100	22,611,900	100
5000	Operating costs (notes 6(4)、(8)、(14)、(22) and 12)	12,404,946	70	13,416,122	59
	Gross profit	5,199,661	30	9,195,778	41
	Operating expenses (notes 6(3)、(8)、(14)、(22)、7 and 12)**:**				
6100	Selling expenses	413,020	3	861,287	4
6200	General and administrative expenses	397,528	2	527,896	2
6300	Research and development expenses	2,944,489	17	4,060,365	18
6450	Expected credit impairment losses	28,980	-	7,891	-
	Total operating expenses	3,784,017	22	5,457,439	24
	Operating income	1,415,644	8	3,738,339	17
	Non-operating income and expenses (notes 6(21) and 7)**:**				
7010	Other income	27,136	-	31,294	-
7020	Other gains and losses	4,300	-	748,825	3
7050	Finance costs	(4,654)	-	(245)	-
7070	Share of profit (loss) of subsidiaries accounted for using equity method (note 6(5))	(33,039)	-	(96,281)	-
7100	Interest income	137,354	1	83,116	-
		131,097	1	766,709	3
	Income before income tax	1,546,741	9	4,505,048	20
7950	Less: Income tax expenses (note 6(16))	103,950	1	642,712	3
	Net income	1,442,791	8	3,862,336	17
8300	**Other comprehensive income (loss):**				
8310					
	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurements of defined benefit plans (note 6(14))	(26)	-	384	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6(17))	(70,094)	-	(78,418)	-
8349	Less: Income tax related to items that will not be reclassified to profit or loss	(19,086)	-	17,024	-
	Total item that will not be reclassified subsequently to profit or loss	(51,034)	-	(95,058)	-
8360	**Items that may be reclassified subsequently to profit or loss** (note 6(17))				
8361	Exchange differences on translation of foreign operatings	(1,227)	-	1,636	-
8399	Less: Income tax related to items that may be reclassified to profit or loss (note 6(16))	(245)	-	327	-
	Total items that may be reclassified subsequently to profit or loss	(982)	-	1,309	-
8300	**Other comprehensive income (loss), net of tax**	(52,016)	-	(93,749)	-
8500	**Total comprehensive income (loss)**	**$ 1,390,775**	**8**	**3,768,587**	**17**
	Earnings per share (New Taiwan Dollars) (note 6(19))				
9750	Basic earnings per share	**$**	**19.02**		**51.23**
9850	Diluted earnings per share	**$**	**18.78**		**49.38**

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

Raydium Semiconductor Corporation
Statements of Changes in Equity
For the Years Ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Capital			Retained earnings				Other equity				
	Common stock	Capital collected in advance	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Subtotal	Exchange differences on translation of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Unearned employee compensation	Subtotal	Total equity
Balance as of January 1, 2022	$ 669,368	410,564	853,315	1,031,235	10,616	5,945,412	6,987,263	(801)	124,388	(10,715)	112,872	9,033,382
Net income for the year	-	-	-	-	-	3,862,336	3,862,336	-	-	-	-	3,862,336
Other comprehensive income (loss) for the year	-	-	-	-	-	384	384	1,309	(95,442)	-	(94,133)	(93,749)
Total comprehensive income (loss) for the year	-	-	-	-	-	3,862,720	3,862,720	1,309	(95,442)	-	(94,133)	3,768,587
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	-	429,102	-	(429,102)	-	-	-	-	-	-
Special reserve	-	-	-	-	(10,616)	10,616	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(3,413,485)	(3,413,485)	-	-	-	-	(3,413,485)
Capital increase	89,250	(410,564)	3,858,776	-	-	-	-	-	-	-	-	3,537,462
Share-based payments transaction	(66)	-	624	-	-	-	-	-	-	10,715	10,715	11,273
Changes in other capital surplus	-	-	218	-	-	-	-	-	-	-	-	218
Balance as of December 31, 2022	758,552	-	4,712,933	1,460,337	-	5,976,161	7,436,498	508	28,946	-	29,454	12,937,437
Net income for the year	-	-	-	-	-	1,442,791	1,442,791	-	-	-	-	1,442,791
Other comprehensive income (loss) for the year	-	-	-	-	-	(26)	(26)	(982)	(51,008)	-	(51,990)	(52,016)
Total comprehensive income (loss) for the year	-	-	-	-	-	1,442,765	1,442,765	(982)	(51,008)	-	(51,990)	1,390,775
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	-	386,272	-	(386,272)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(3,110,064)	(3,110,064)	-	-	-	-	(3,110,064)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	11,205	11,205	-	(11,205)	-	(11,205)	-
Balance as of December 31, 2023	**$ 758,552**	**-**	**4,712,933**	**1,846,609**	**-**	**3,933,795**	**5,780,404**	**(474)**	**(33,267)**	**-**	**(33,741)**	**11,218,148**

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

Raydium Semiconductor Corporation
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31, 2023	2022
Cash flows from operating activities:		
Income before income tax	$ 1,546,741	4,505,048
Adjustments for:		
Depreciation	203,531	205,843
Amortization	163,755	160,094
Expected credit impairment loss	28,980	7,891
Net gains on financial assets and liabilities at fair value through profit or loss	(833)	(1,303)
Interest expense	4,654	245
Interest income	(137,354)	(83,116)
Dividend income	(12,176)	(17,900)
Compensation costs of share-based payments	-	11,273
Share of (profit) loss of subsidiaries accounted for using equity method	33,039	96,281
Gain on disposal of property, plant and equipment	(680)	-
Inventory valuation and obsolescence losses	48,046	442,830
Other non-cash-related loss	130,075	189,468
Income and expense adjustments	461,037	1,011,606
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	(275,450)	(26,714)
Accounts receivable and other receivables (including related parties)	68,176	3,256,734
Inventories	1,786,517	(2,014,879)
Other financial assets	(992,031)	(495,498)
Other operation assets	(17,279)	41,390
Contract liabilities	(152,794)	48,049
Accounts payable and other payables (including related parties)	954,143	(2,061,412)
Other operating liabilities	(1,521,376)	662,026
Total changes in operating assets and liabilities	(150,094)	(590,304)
Total adjustments	310,943	421,302
Cash flow generated from operations	1,857,684	4,926,350
Interests received	135,775	80,144
Dividends received	12,176	17,900
Interests paid	(4,177)	(245)
Income taxes paid	(295,657)	(1,017,068)
Net cash provided by operating activities	1,705,801	4,007,081
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(239,123)
Proceeds from disposal of financial assets at fair value through other comprehensive income	31,205	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	35,978
Acquisition of investments accounted for using equity method	(91,200)	-
Acquisition of property, plant and equipment	(349,206)	(70,454)
Proceeds from disposal of property, plant and equipment	762	-
Increase in intangible assets	(187,117)	(164,909)
(Increase) decrease in other non-current assets	75,060	(128,883)
Increase in other financial assets	(1,421,427)	(1,889,031)
Net cash used in investing activities	(1,941,923)	(2,456,422)
Cash flows from financing activities:		
Increase in short term borrowings	452,183	-
Decrease in guarantee deposits received	(304,872)	(111,303)
Repayments of the principal portion of lease liabilities	(3,663)	(3,365)
Cash dividends paid	(3,110,064)	(3,413,485)
Capital increase	-	3,537,462
Others	-	218
Net cash provided by (used in) financing activities	(2,966,416)	9,527
Net increase (decrease) in cash and cash equivalents	(3,202,538)	1,560,186
Cash and cash equivalents at beginning of the year	8,369,521	6,809,335
Cash and cash equivalents at end of the year	$ **5,166,983**	**8,369,521**

See accompanying notes to parent-company-only financial statements.

Raydium Semiconductor Corporation

Notes to the Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, unless otherwise noted.)

1. History and Organization

Raydium Semiconductor Corporation (the "Company") was organized and approved under the ROC Company Act on October 23, 2003.The Company was formally relocated to Hsinchu Science and Industry Park on January 29, 2007 after being approved by Hsinchu Science Park Bureau on December 12, 2006. Its current registered address is 2F, No.23, Li Hsin Rd., Hsinchu Science Park, Hsinchu City 300, Taiwan, R.O.C. The Company merged with Dazzo Technology Corporation (hereinafter referred to as Dazzo) on April 1, 2019 (the merger date). Thereafter, the Company became the sole surviving entity. The principal activities of the Company are the development, design and sale of display driver, sequential control and power management integrated circuit products.

The Company's shares were listed on Taiwan Stock Exchange on January 7, 2022.

2. Date and Procedures of Authorization of Financial Statements for Issue:

The parent-company-only financial statements were authorized for issue by the Board of Directors on February 26, 2024.

3. Application of Newly Issued or Revised Standards and Interpretations:

(1) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. (FSC) which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent-company-only financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Company has initially adopted the new amendment, which do not have a significant impact on its parent-company-only financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform－Pillar Two Model Rules"

(2) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its parent-company-only financial statements:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(3) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its parent-company-only financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"
- Amendments to IAS 21 "Lack of Exchangeability"

4. Summary of material accounting policies:

The significant accounting policies applied in the preparation of these parent-company-only financial statements are summarized as follows. Except for those described individually, the significant accounting policies have been applied consistently to all periods presented in these parent-company-only financial statements.

(1) Statement of compliance

The parent-company-only financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (hereinafter referred to as "the Regulations").

(2) Basis of preparation

A. Basis of measurement

The parent-company-only financial statements have been prepared on the historical cost basis, except for the following material items in the balance sheets:

(a) Financial assets at fair value through profit or loss (FVTPL) are measured at fair value;

(b) Financial assets at fair value through other comprehensive income (FVOCI) are measured at fair value; and,

(c) The net defined benefit liabilities are measured as the fair value of the plan assets, less, the present value of the defined benefit obligation.

B. Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The parent-company-only financial statements are presented in New Taiwan Dollars (NTD), which is the Company’ s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(3) Foreign currencies

A. Foreign currency transactions

Transaction in foreign currency are translated into the functional currencies at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, (hereinafter referred to as the reporting date), monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date when fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for the foreign currency items of financial instruments that applied the accounting policy of IFRS No. 9 "Financial Instruments"

When the profit or loss of non monetary item is recognized in other comprehensive income, then any change in the exchange foreign currency of the above items is recognized in other comprehensive income. When the profit or loss of non monetary item is recognized in profit or loss, then any change in the exchange foreign currency of the above items is recognized in profit or loss.

B. Foreign operations

The assets and liabilities of foreign operations are translated to NTD using the exchange rates at the reporting date. The income and expenses are translated to NTD at the average rate for the period. Foreign currency differences are recognized in other comprehensive income.

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

The Company classified an asset as current when any one of the following requirements is met. Assets that are not classified as current are non-current assets.

A. It expects to realize the asset, or intends to sell or consume it, in its the normal operating cycle;

B. It holds the asset primarily for the purpose of trading;

C. It expects to realize the asset within twelve months after the reporting period; or

D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies a liability as current when any one of the following requirements is met. Liabilities that are not classified as current are non-current liabilities.

A. It expects to settle the liability in its normal operating cycle;

B. It holds the liability primarily for the purpose of trading;

C. The liability is due to be settled within twelve months after the reporting period; or

D. It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(5) Cash and cash equivalents

Cash comprises cash and cash in bank. Cash equivalents are short term, and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and held for the purpose of meeting short term cash commitments rather than for investment or other purposes are classified as cash equivalents.

(6) Financial instruments

A. Financial assets

The Company classifies financial assets into the following categories: amortized cost, FVOCI and FVTPL.

The Company shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

(a) Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are initially recognized at fair value, plus any directly attributable transaction costs. Subsequently, these assets are measured at amortized cost using the effective interest method, less any impairment losses. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

(b) Financial assets at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Some accounts receivable are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Company, therefore, those receivables are measured at FVOCI.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent fair value changes in the investments in other comprehensive income. This election is made on an instrument-by-instrument basis.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, impairment losses deriving from debt investments, and dividends income of equity investment (unless the dividend clearly represent a recovery part of the cost of investment) are recognized in profit or loss. Other net gains and losses of financial assets are recognized in other comprehensive income and accumulated in unrealized gains or losses of financial assets measured at FVOCI under equity. On derecognition, gains and losses accumulated in other comprehensive income of debt investments are reclassified to profit or loss. However, gains and losses accumulated in other comprehensive income of equity investments are reclassified to retain earnings instead of profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

(c) Financial assets at FVTPL

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. On initial recognition, the Company may irrevocably designates a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Such financial assets are initially recognized at fair value, and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, they are measured at fair value and changes therein are recognized in profit or loss.

(d) Impairment of financial assets

The Company recognizes loss allowances for expected credit loss (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable, and other financial assets), and debt investments measured at FVOCI.

The Company measures the loss allowance at an amount equal to lifetime ECL, except for the financial instrument that is determined to have low credit risk (the risk of default in financial instrument duration) at the reporting date and the credit risk thereof has not increased significantly since initial recognition, which is measured at an amount equal to the 12-month expected credit losses. Loss allowance for accounts receivable are always measured at an amount equal to lifetime ECL.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are probability-weighted estimate of credit losses over the expected life of financial assets. Credit losses are measured as the present value of all cash shortfalls, the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis, based on the Company's historical experience and informed credit assessment, as well as forward-looking information.

In the circumstance that a financial asset is past due or the borrower is unlikely to pay its credit obligations to the Company in full, the Company considers the credit risk on that financial asset has significantly increased, or further, to be in default.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Company recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off either partially or in full to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(e) Derecognition of financial assets

The Company derecognizes a financial assets when the contractual rights to the cash flows from the financial asset expire, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets to another entity.

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual agreements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences residual interest in the assets after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(b) Financial liabilities

Financial liabilities that are not classified as held-for-trading or designated as at FVTPL, which comprise loans borrowings and accounts payable, are measured at fair value, plus any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method.

(c) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid is recognized in profit or loss.

(d) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the statement of balance sheet when, and only the Company currently has the legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the assets and settle the liabilities simultaneously.

(7) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted average method, and includes expenditures and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(8) Investment in subsidiaries

The Company's subsidiaries are accounted for using the equity method when preparing their parent-company-only financial statements. Under the equity method, profit, other comprehensive income and equity in the parent-company-only financial statements are equivalent to those of the profit, other comprehensive income and equity which are contributed to the owners of the parent in the consolidated financial statements.

The changes in the parent's interest in its subsidiaries that do not result in a loss of control are accounted as equity transactions.

(9) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that future economic benefits associated with the expenditure will flow to the Company.

C. Depreciation

Depreciation is calculated on the cost of an asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

(a) Research equipment: 2~4 years

(b) Transportation equipment: 6 years

(c) Office equipment: 3~5 years

(d) Leasehold improvement: 2 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(10) Leases

A. Identifying a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract is a lease, the Company assesses whether:

(a) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

(b) the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

(c) the Company has the right to direct the use of an asset if either:

- The Company has the right to direct use of the identified asset when it has the decision-making rights that are most relevant to the changes on how and for what purpose the asset is used throughout the period.

- The relevant decisions about how and for what purpose the asset is used are predetermined and:

  — the Company has the right to operate the asset without the supplier having the right to change those operating instructions; or

  — the Company designs the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

B. As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

(a) fixed payments, including in-substance fixed payments;

(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(c) amounts expected to be payable under a residual value guarantee; and

(d) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when:

(a) there is a change in future lease payments arising from the change in an index or rate; or

(b) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

(c) there is a change in the assessment regarding the purchase option; or

(d) the estimate of whether to exercise the option to extend or terminate has changed, thereby changing the assessment of the lease period; or

(e) there is modifications of the subject, scope, or other terms of the lease

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, and the remaining remeasured amount is recognized in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the profit or loss relating to the partial or full termination of the lease.

The Company presents its right-of-use assets that do not meet the definition of investment properties and lease liabilities as a separate line item respectively in the balance sheets.

The Company has elected not to recognize the right-of-use assets and lease liabilities for its offices, employee dormitory, telecommunication equipment and parking lot, which qualify as short-term leases, as well as its other equipment, which qualify as short-term leases and low-value assets leases. The relevant lease payments are recognized in expense on a straight line basis during the lease period.

(11) Intangible assets

A. Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete the development, and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets, including patents, that are acquired by the Company and have finite useful lives are measured at cost, less accumulated amortization and any accumulated impairment losses.

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

C. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

(a) Patents and technology: 2~5 years

(b) Computer software cost: 0.5~5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(12) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated using impairment test. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or cash generating units (CGUs). Goodwill arising from a business combination is allocated to cash-generating units ("CGUs") or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash generating units (CGU) are the greater of its value in use and its fair value, less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(13) Provisions

A provision is recognized when the Company has a present obligation arising from a past event, it is probable that the Company will be required to make an outflow of resources embodying economic benefits to settle the obligation, and the amount of the obligation can be estimated reliably. When the time value of currency is significant, the provision for liabilities is discounted at current pre-tax rates that adequately reflect the specific risks of the liabilities. The amount of the liabilities increased by time, is recognized as the borrowing cost when the liabilities are discounted.

A provision for warranties is measured with weighting factors based on historical experience of warranty claims rate and other possible outcomes against their associated probabilities.

(14) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

A. Sale of goods

Revenue is recognized when the control over a product has been transferred to the customer. Being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer, as well as when the product has been accepted by the customer according to the terms of sales contract, or when the Company has objective evidence that all criteria for acceptance have been satisfied.

When the Company receives an advance payment from a customer, the advance amount of such future performance obligation shall be recognized as a contractual obligation, which shall be derecognized when the performance obligation is satisfied and then recognized as revenue.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

Due to the application of IFRS 15, the sale return and allowance based on historical experience and other known causes were reclassified to provision of liabilities.

B. Financing components

The Company expects that the length of time when the Company transfers the goods or services to the customer and when the customer pays for those goods or services will be less than one year. Therefore, the amount of consideration is not adjusted for the time value of money.

(15) Employee benefits

A. Defined contribution plans

Obligations for contributions to the defined contribution plans are expensed as related services is provided.

B. Defined benefit plans

The Company' s net obligation in respect of defined benefit plans is calculated separately for each of the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense on the net defined benefit liability(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability(asset). Net interest expense and other expenses related to the defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

C. Short-term employee benefits

Short-term employee benefits obligations are expensed as the related service is provided. A liability is recognized for the amounts expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(16) Share-based payment transaction

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amounts recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized shall be based on the number of awards that meet the related services and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

Grant date of a share-based payment award is the date at which the Company and employees reach a consensus in the subscription price and number of shares.

(17) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax basis at the reporting date.

Deferred taxes are not recognized for the following exceptions:

A. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

B. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

C. taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect the uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

A. the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

B. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

   (a) the same taxable entity; or

   (b) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for unused, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date, and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(18) Earnings per share

The Company discloses the Company’s basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company, divided by the weighted-average number of current ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potential dilutive ordinary shares, such as employee compensation not yet approved by the Board of Directors and can be issued by stock and unvested restricted employee stock awards.

(19) Operating segments information

The Company has disclosed operating segment information in consolidated financial statements. Hence, this information is not required to be disclosed in these parent-company-only financial statements.

5. Significant Accounting Judgments, and Major Sources of Estimation and Assumptions Uncertainty:

The preparation of the parent-company-only financial statements in conformity with the Regulations requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimations and assumptions. It recognizes any changes in the accounting estimations during the period in which the estimates are revised and in any future periods affected.

Information about critical judgements, estimates and assumptions in applying accounting policies that have the significant effect on the amounts recognized in the parent-company-only financial statements is as follows:

<u>Valuation of inventories</u>

Inventories are stated at the lower of cost or net realizable value, the Company uses judgements and estimates the net realizable value of inventories for obsolescence and unmarketable items at the reporting period. It also writes down the cost of inventories to net realizable value. This inventory valuation may result in material changes in product demand due to the introduction of new products in the market, obsolescence or non-conformity of the original products, which may result in lower demand and prices, resulting in the risk that the cost of inventories may exceed its net realizable value. Please refer Note 6(4) for valuation of Inventory.

The Company's accounting policies and disclosures include the fair value measurement for financial and non-financial assets and liabilities. The financial management center of the Company is responsible for performing fair value verification and bringing the evaluation results comparable to market price based on independent, reliable, and representative executable price information. The Company also periodically assesses the evaluation model, performs retrospective tests, and updates inputs together with any other necessary fair value adjustment for the evaluation model in order to ensure the reasonableness of the results of the valuation.

The Company evaluates the assets and liabilities using the observable market inputs. The hierarchy of the fair value depends on the valuation techniques used and is categories as follows:

Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For any transfer within the fair value hierarchy, the Company recognizes the transfer on the reporting date. For the assumption used in fair value measurement, please refer to note 6(23).

6. Explanation of significant accounts

(1) Cash and cash equivalents

		December 31, 2023	December 31, 2022
Demand deposits	$	1,172,933	1,175,471
Time deposits		3,994,050	7,194,050
	$	**5,166,983**	**8,369,521**

Please refer to note 6(23) for the credit risk、interest rate risk and sensitivity analysis of the financial assets of the Company.

As of December 31, 2023 and 2022, the time deposits with original maturities of more than three months amounted to $3,500,000 thousand and $2,000,000 thousand, respectively, which were classified as other financial assets-current; please refer to note 6(9).

(2) Financial assets at fair value

A. Financial assets at fair value through profit or loss－current

		December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss, mandatorily measured at fair value			
Beneficiary certificate	**$**	**633,073**	**356,790**

B. Financial assets at fair value through other comprehensive income－current

		December 31, 2023	December 31, 2022
Listed stocks	**$**	**11,013**	**7,680**

C. Financial assets at fair value through other comprehensive income－non-current

		December 31, 2023	December 31, 2022
Listed stocks	$	308,860	263,692
Unlisted stocks		114,517	264,316
	$	**423,377**	**528,008**

These investments in equity instruments are not held for trading, and therefore, are accounted for as FVOCI.

The Company sold part of its holdings measured at fair value through other comprehensive income in 2023, with the disposal price of $31,205 thousand, resulting in the realized gain of $11,205 thousand to be reclassified from other equity to retained earnings.

For the disclosure of market risk, please refer to Note 6(23).

The financial assets mentioned above were not pledged as collateral.

(3) Accounts receivable, net (including related parties)

	December 31, 2023	December 31, 2022
Accounts receivable—measured at amortized cost	$ 2,717,469	2,709,601
Accounts receivable measured at fair value through other comprehensive income	119,505	195,549
Less: loss allowance	(60,695)	(31,715)
	$ 2,776,279	2,873,435

The Company has assessed a portion of its trade receivables that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; therefore, such trade receivables were measured at fair value through other comprehensive income.

The Company uses a simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivable. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information.

The accounts receivable from related parties having significant impact over the Company and other individuals amounted to $1,653,203 thousand and $2,116,155 thousand as of December 31, 2023 and 2022, respectively. The days past due is less than 100 days, so there is no expected credit loss for the duration of the related party's accounts receivable.

The loss allowance provision of customers with relatively low credit risk was determined as follows:

	December 31, 2023		
	Gross carrying amount of accounts receivable	Weighted-average loss rate	Loss allowance for life time expected credit losses
Not pass due	$ 523,664	0%	-
Past due less than 30 days	1,629	0%	-
Past due 31 ~ 60 days	3,562	0%	-
	$ 528,855		-

	December 31, 2022			
		Gross carrying amount of accounts receivable	Weighted-average loss rate	Loss allowance for life time expected credit losses
Not pass due	$	347,861	0%	-
Pass due less than 30 days		728	0%	-
Pass due 31 ~ 60 days		2,034	0%	-
	$	**350,623**		**-**

The loss allowance provision of customers with relatively high credit risk was determined as follows:

	December 31, 2023			
		Gross carrying amount of accounts receivable	Weighted-average loss rate	Loss allowance for life time expected credit losses
Not pass due	$	588,845	7.41%	43,649
Pass due less than 30 days		66,071	25.80%	17,046
	$	**654,916**		**60,695**

	December 31, 2022			
		Gross carrying amount of accounts receivable	Weighted-average loss rate	Loss allowance for life time expected credit losses
Not pass due	$	435,207	7.07%	30,748
Pass due less than 30 days		3,085	29.90%	922
Pass due 31 ~ 60 days		80	56.20%	45
	$	**438,372**		**31,715**

The movement in the allowance for accounts receivables was as follows:

	For the years ended December 31,		
		2023	2022
Beginning balance	$	31,715	23,824
Recognition of Impairment loss		28,980	7,891
Ending balance	**$**	**60,695**	**31,715**

The Company entered into an agreement with banks to factor certain of its accounts receivable. According to the agreement, within the factoring line, the Company does not have to ensure the ability of debtors to pay when transferring the rights and obligations. As of December 31, 2023 and 2022, the Company reclassified the trade receivables that met the derecognition terms to other receivables (recorded in other financial asset-current) as follows:

(In Thousands of New Taiwan Dollars)

December 31, 2023						
Buyer	**Factoring quota**	**Derecognition amount**	**Advance payment amount**	**Service fees**	**Transfer terms**	**Guaranteed promissory notes**
Taipei Fubon Bank	**USD 145,000**	**USD 69,142**	-	**0.23%**	Notes 1 to 3	None

December 31, 2022						
Buyer	**Factoring quota**	**Derecognition amount**	**Advance payment amount**	**Service fees**	**Transfer terms**	**Guaranteed promissory notes**
Taipei Fubon Bank	**USD 139,000**	**USD 36,830**	**-**	**0.23%**	Notes 1 to 3	None

Note 1: The above-mentioned amounts have been reclassified to other receivables. The terms of the transaction relating to factoring are based on the factoring consent for buyer. Such transaction should be factoring without recourse.

Note 2: Within the factoring quota, if the original debtor is unable to pay or may be unable to pay due to financial difficulties, the risk of non-payment will be borne by the purchasing agency, not the Company. The original debtor's credit risk will be borne by the purchasing agency and the credit risk described above is the uncollectable debt risk due to default by the original debtor without reasonable cause.

Note 3: The Company informed the original debtor pursuant to account receivables to make payment directly to the Company's restricted account with the purchasing bank.

As of December 31, 2023 and 2022, total outstanding receivables after the above transactions, net of fees charged by purchasing bank, of $2,123,891 thousand and $1,131,859 thousand were recognized as other current financial assets; please refer to note 6(9).

As of December 31, 2023 and 2022, the Company's unused factoring quota amounted to $2,330,219 thousand and $3,139,889 thousand, respectively.

(4) Inventories

	December 31, 2023	**December 31, 2022**
Work in progress	$ 1,439,802	3,320,873
Finished goods	418,885	372,377
	$ 1,858,687	**3,693,250**

	For the years ended December 31, 2023	2022
Cost of goods sold	$ 12,356,900	12,973,292
Inventory valuation and obsolescence losses	48,046	442,830
	$ 12,404,946	**13,416,122**

As of December 31, 2023 and 2022, the Company's inventories were not pledged as collateral.

(5) Investments accounted for using equity method

The Company's investment in equity method at the reporting date was as follow:

	December 31, 2023	December 31, 2022
Subsidiaries	**$ 40,683**	**(16,251)**

	For the years ended December 31, 2023	2022
The Company's share of the loss of subsidiaries	**$ (33,039)**	**(96,281)**

As of December 31, 2023 and 2022, the Company's investments in equity accounted were not pledged as collateral.

(6) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment for the years ended December 31, 2023 and 2022 were as follows:

	Research equipment	Transportation equipment	Office equipment	Leasehold improvements	Construction in progress	Equipment under inspection	Total
Costs:							
Balance as of January 1, 2023	$ 923,625	11,410	127,206	29,287	-	9,101	1,100,629
Additions	23,472	-	14,038	7,666	228,429	68,351	341,956
Disposals	(1,850)	(1,472)	(210)	(209)	-	-	(3,741)
Reclassification	25,205	-	32,925	11,233	-	(69,363)	-
Balance as of December 31, 2023	**$ 970,452**	**9,938**	**173,959**	**47,977**	**228,429**	**8,089**	**1,438,844**
Balance as of January 1, 2022	$ 877,848	7,410	103,355	23,482	-	734	1,012,829
Additions	21,085	-	11,413	5,524	-	51,488	89,510
Disposals	(1,400)	-	(310)	-	-	-	(1,710)
Reclassification	26,092	4,000	12,748	281	-	(43,121)	-
Balance as of December 31, 2022	**$ 923,625**	**11,410**	**127,206**	**29,287**	**-**	**9,101**	**1,100,629**
Accumulated depreciation:							
Balance as of January 1, 2023	$ 654,106	5,209	89,719	23,601	-	-	772,635
Depreciation	163,695	1,779	25,107	9,113	-	-	199,694
Disposals	(1,850)	(1,390)	(210)	(209)	-	-	(3,659)
Balance as of December 31, 2023	**$ 815,951**	**5,598**	**114,616**	**32,505**	**-**	**-**	**968,670**

	Research equipment	Transportation equipment	Office equipment	Leasehold improvements	Construction in progress	Equipment under inspection	Total
Balance as of January 1, 2022	$ 480,685	3,946	66,026	21,494	-	-	572,151
Depreciation	174,821	1,263	24,003	2,107	-	-	202,194
Disposals	(1,400)	-	(310)	-	-	-	(1,710)
Balance as of December 31, 2022	**$ 654,106**	**5,209**	**89,719**	**23,601**	**-**	**-**	**772,635**
Carrying amounts:							
Balance as of December 31, 2023	**$ 154,501**	**4,340**	**59,343**	**15,472**	**228,429**	**8,089**	**470,174**
Balance as of December 31, 2022	**$ 269,519**	**6,201**	**37,487**	**5,686**	**-**	**9,101**	**327,994**
Balance as of January 1, 2022	**$ 397,163**	**3,464**	**37,329**	**1,988**	**-**	**734**	**440,678**

As of December 31, 2023 and 2022, none of the Company's property, plant and equipment were pledged as collateral.

(7) Right-of-use assets

The Company leases buildings. Information about leases for which the Company as a lessee were presented below:

	Buildings
Cost of right-of-use assets:	
Balance as of December 31, 2023 (Balance as of January 1, 2023)	**$ 19,187**
Balance as of January 1, 2022	$ 10,907
Increase	19,187
Decrease	(10,907)
Balance as of December 31, 2022	**$ 19,187**
Accumulated depreciation of right-of-use assets:	
Balance as of January 1, 2023	$ 2,558
Depreciation	3,837
Balance as of December 31, 2023	**$ 6,395**
Balance as of January 1, 2022	$ 9,816
Depreciation	3,649
Decrease	(10,907)
Balance as of December 31, 2022	**$ 2,558**
Carrying amounts:	
Balance as of December 31, 2023	**$ 12,792**
Balance as of December 31, 2022	**$ 16,629**
Balance as of January 1, 2022	**$ 1,091**

(8) Intangible assets

The cost and amortization of the intangible assets of the Company for the years ended December 31, 2023 and 2022 were as follows:

		Goodwill	Patents and technology	Software costs	Total
Cost:					
Balance as of January 1, 2023	$	237,800	106,973	309,894	654,667
Additions		-	-	197,019	197,019
Write-off		-	-	(74,939)	(74,939)
Balance as of December 31, 2023	**$**	**237,800**	**106,973**	**431,974**	**776,747**
Balance as of January 1, 2022	$	237,800	106,973	208,480	553,253
Additions		-	-	167,455	167,455
Write-off		-	-	(66,041)	(66,041)
Balance as of December 31, 2022	**$**	**237,800**	**106,973**	**309,894**	**654,667**
Amortization:					
Balance as of January 1, 2023	$	-	102,352	209,126	311,478
Amortization		-	4,621	159,134	163,755
Write-off		-	-	(74,939)	(74,939)
Balance as of December 31, 2023	**$**	**-**	**106,973**	**293,321**	**400,294**
Balance as of January 1, 2022	$	-	83,865	133,560	217,425
Amortization		-	18,487	141,607	160,094
Write-off		-	-	(66,041)	(66,041)
Balance as of December 31, 2022	**$**	**-**	**102,352**	**209,126**	**311,478**
Carrying amounts:					
Balance as of December 31, 2023	**$**	**237,800**	**-**	**138,653**	**376,453**
Balance as of December 31, 2022	**$**	**237,800**	**4,621**	**100,768**	**343,189**
Balance as of January 1, 2022	**$**	**237,800**	**23,108**	**74,920**	**335,828**

A. Amortization

The amortization of intangible assets for the years ended December 31, 2023 and 2022 were included in the statements of comprehensive income:

		For the years ended December 31,	
		2023	2022
Operating costs	$	225	284
Operating expenses		163,530	159,810
	$	**163,755**	**160,094**

As of December 31, 2023 and 2022, the Company’ s intangible assets were not pledged as collateral.

B. Impairment test on goodwill and other intangible assets (patents and technologies)

The Company conducts impairment tests on goodwill and intangible assets. As of December 31, 2023 and 2022, it was determined that the recoverable amount of the cash-generating unit to be greater than its carrying amount based on their value in use; hence, no impairment loss were recognized.

The key assumptions used in the estimation of value in use were as follows:

	December 31, 2023	December 31, 2022
Discount Rate	12%	15%
Revenue growth rate	5%~14%	-6%~5%
Sustainable growth rate	3%	2%

The discount rate was based on the industry-weighted average cost of capital and adjusted for a risk premium to reflect both the increased risk of generally investing in equities and the systemic risk of the specific cash-generating unit.

Revenue growth rate was projected by taking into account the average growth levels experienced over the past few years and by projecting sales growth over the next five years.

The cash flow projection was based on the five-year financial budget as assessed by management, and for cash flows projections over five years, it was extrapolated in reference to the economic growth rate where the unit operates.

When the recoverable amount of a cash generating unit is greater than the carrying amount, the management identifies the discount rate and the sustainable growth rate as key assumptions. The reasonable likelihood of a change in the above two key assumptions would expose the carrying amount to the risk of exceeding its recoverable amount. However, the management analyzed that the above key assumptions would not have resulted in a loss of impairment if they are at a negative status of 0.5%.

(9) Other financial assets－current and non-current

	December 31, 2023	December 31, 2022
Accounts receivable factoring	$ 2,123,891	1,131,859
Restricted time deposits	254,516	254,459
Guaranty paid for product capacity and others	220,682	468,600
The time deposits with original maturities of more than three months	3,500,000	2,000,000
Others	4,700	3,121
	$ 6,103,789	**3,858,039**
Other financial assets－current	$ 5,941,649	3,482,186
Other financial assets－non-current	162,140	375,853
	$ 6,103,789	**3,858,039**

The Company entered into capital guarantee contracts with several suppliers and paid deposits as agreed. Considering the future market demand and corresponding to production capacity adjustment, the Group recognized the losses recorded in operating costs.

(10) Other current and non-current assets

	December 31, 2023	December 31, 2022
Prepayments to suppliers	$ 419,550	419,550
Sales tax receivable and overpaid VAT	114,883	97,121
Prepayments for mask and mold	256,630	342,772
Others	31,005	20,407
	$ 822,068	**879,850**
Other current assets	$ 169,769	152,490
Other non-current assets	652,299	727,360
	$ 822,068	**879,850**

(11) Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured bank loans	**$ 445,411**	**-**
Unused credit lines	**$ 1,154,589**	**1,400,000**
Range of interest rates	**5.98%~6.45%**	**-**

(12) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current (recorded under other current liabilities)	**$ 3,817**	**3,663**
Non-current	**$ 9,305**	**13,122**

For the liquidity risk analysis, please refer to note 6(23) Financial Instruments.

The amounts recognized in profit or loss were as follows:

	For the years ended December 31,	
	2023	2022
Interest on lease liabilities	**$ 302**	**245**
Expenses relating to short-term leases	**$ 34,123**	**32,419**

The amounts recognized in the statement of cash flows were as follows:

	For the years ended December 31,	
	2023	2022
Total cash outflow for leases	$ **38,088**	**36,029**

Buildings leases

The Company leases buildings and improvements for its office, with lease terms that typically run for 5 years, and some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

The Company has elected not to recognize the right-of-use assets and lease liabilities for its offices, which qualify as short-term leases and low-value asset leases.

(13) Provisions

	Warranties
Balance as of January 1, 2023	$ 166,588
Provisions reversed during the year	(50,475)
Balance as of December 31, 2023	$ **116,113**
Provisions－current	$ 38,704
Provisions－non-current	77,409
	$ **116,113**
Balance as of January 1, 2022	$ -
Provisions made during the year	166,588
Balance as of December 31, 2022	$ **166,588**
Provisions－current	$ 55,529
Provisions－non-current	111,059
	$ **166,588**

The provision for warranties is estimated based on historical warranty data associated with similar products and services. The Company expects to settle majority of its provision within three years from the date of the sale of the product.

(14) Employee benefits

A. Defined benefit plans

The present value of the defined benefit obligation and the fair value adjustments of the plan assets for the Company were as follows:

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	$ 2,113	2,052
Fair value of plan assets	(1,969)	(1,934)
Net defined benefit liabilities	$ **144**	**118**

The Company makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pension for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average salary for the six months prior to retirement.

(a) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as the Bureau of Labor Funds). With regard to the utilization of the fund, minimum earnings shall be no less than the earnings attainable from two year time deposits, with interest rates offered by local banks.

The Company' s Bank of Taiwan labor pension reserve account balance amounted to $1,969 thousand as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield rate of the fund, please refer to the website of the Bureau of Labor Funds.

(b) Movements in present value of defined benefit obligations

The movements in present value of the defined benefit obligations of the Company for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	**2022**
Defined benefit obligations as of January 1	$ 2,052	2,286
Interest cost	34	14
Remeasurement of the net defined benefit liabilities		
－Actuarial loss (gain) arising from changes in financial assumptions	27	(248)
Defined benefit obligations as of December 31	**$ 2,113**	**2,052**

(c) Movements in fair value of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets of the Company for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	**2022**
Fair value of plan assets as of January 1	$ 1,934	1,784
Interest income	32	11
Contributions made	2	3
Remeasurement on the net defined benefit liabilities	1	136
Fair value of plan assets as of December 31	**$ 1,969**	**1,934**

(d) Expenses recognized in profit or loss

The Company's expenses recognized in profit or loss for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	**2022**
Operating expenses - Net interest on the net defined benefit	**$ 2**	**3**

(e) Remeasurement of the net defined benefit liabilities recognized in other comprehensive income

The Company's remeasurements of the net defined benefit liabilities recognized as accumulated in other comprehensive income for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	**2022**
Accumulated amount as of January 1	$ 939	555
Recognized for the period	(26)	384
Accumulated amount as of December 31	**$ 913**	**939**

(f) Actuarial assumptions

The following are the Company's significant principal actuarial assumptions of the present value of the defined benefit obligation at the reporting date:

	December 31, 2023	**December 31, 2022**
Discount rate	1.32 %	1.64 %
Future salary increases rate	5.00 %	5.00 %

The Company expects to make a contribution of $2 thousand to its defined benefit plans in the following year, beginning December 31, 2023.

The weighted-average duration of the defined benefits obligation is 13 years.

(g) Sensitivity analysis

If there is a change in the actuarial assumptions as of the December 31, 2023 and 2022, the impact on the defined benefit obligation would be as follows:

	Impact on the defined benefit obligations	
Actuarial assumptions	**Increased 0.5%**	**Decreased 0.5%**
December 31, 2023		
Discount rate	**$ (128)**	**137**
Future salary increase rate	**$ 131**	**(125)**

Actuarial assumptions	Impact on the defined benefit obligations	
	Increased 0.5%	**Decreased 0.5%**
December 31, 2022		
Discount rate	$ (132)	(144)
Future salary increase rate	$ 138	(129)

Reasonably possible changes to one of the relevant actuarial assumptions on the reporting date, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. In practice, the relevant actuarial assumptions are correlated to each other.

The approach used in recognizing the net defined liability in the balance sheets is the same as that used in developing the sensitivity analysis and the relevant actuarial assumptions in the current and previous years.

B. Defined contribution plans

In accordance with the provisions of the Labor Pension Act, the Company should contribute 6% of its employees' monthly wages to their labor pension personal accounts with the Bureau of Labor Insurance, Ministry of Labor (hereinafter referred to as the Bureau of Labor Insurance). Under this defined contribution plan, the Company contributes a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Company's pension costs under the defined contribution plan were $61,333 thousand and $55,467 for the years ended December 31, 2023 and 2022, respectively.

(15) Guarantee deposits received

	December 31, 2023	December 31, 2022
Capacity guaranty	$ 1,075,130	1,412,443
Current (recorded in other current liabilities)	$ 307,180	490,483
Non-current	767,950	921,960
	$ 1,075,130	1,412,443

The Company entered into production capacity guarantee agreement with its customers and reserved specific production capacity to such customers by collecting deposits, which would be returned upon the fulfillment of the contract.

(16) Income tax

A. Income tax expenses

The amounts of income tax expense (benefit) were as follows:

		For the years ended December 31, 2023	2022
Current income tax expense (benefit)			
Current period	$	239,559	831,483
Adjustment for prior period		(115,923)	(74,945)
		123,636	756,538
Deferred income tax expense (benefit)			
Origination and reversal of temporary differences		(19,686)	(113,826)
Income tax expense	**$**	**103,950**	**642,712**

B. The amounts of income tax expense (benefit) recognized in other comprehensive income were as follows:

		For the years ended December 31, 2023	2022
Items that will not be reclassified subsequently to profit or loss:			
Unrealized gains or losses from investments in equity instruments measured at FVOCI	**$**	**(19,086)**	**17,024**
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	**$**	**(245)**	**327**

C. The reconciliation of income tax expense and income before income tax were as follows:

		For the years ended December 31, 2023	2022
Income before income tax	**$**	**1,546,741**	**4,505,048**
Income tax at the Company's domestic tax rate	$	309,348	901,010
Adjustment for prior period and others		(115,923)	(74,945)
Income tax effect of investment tax credit		(106,145)	(200,655)
Additional surtax on undistributed retained earning		2,675	11,681
Change in unrecognized temporary differences and others		13,995	5,621
	$	**103,950**	**642,712**

For investment credit applicable in accordance with the Statute for Industrial Innovation, a maximum of 15% of the expenses may be credited against the profit seeking enterprise income tax payable in the current year; and a maximum of 10% of the expenses may be credited against the profit seeking enterprise income tax payable in each of the three years following the current year; also, the creditable amount shall not exceed 30% of the profit seeking enterprise income tax payable in the current year. The Group's investment credit for the year 2023 is in the process of application and the investment credit for the year 2022 is yet to be approved.

D. Deferred income tax assets and liabilities

(a) The amounts which the Company has not recognized deductible temporary differences in deferred tax assets were as follows:

	December 31, 2023	December 31, 2022
Loss associated with investments in subsidiaries	$ 41,401	34,793

(b) Changes in the amount of recognized deferred tax assets and liabilities were as follows:

	January 1, 2023	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2023
Temporary differences:				
Unrealized Inventory valuation and obsolescence losses	$ 150,758	(4,437)	-	146,321
Unrealized foreign exchange gain or loss	19,846	15,123	-	34,969
Unrealized loss	38,831	(3,355)	-	35,476
Sales transaction fiscal and tax differences	2,817	7,280	-	10,097
Exchange difference on translation of foreign operations	(126)	-	245	119
Goodwill and valuation of financial assets	(4,856)	(1,390)	-	(6,246)
Others	(17,024)	6,465	19,086	8,527
Deferred tax income (expense)		$ 19,686	19,331	
Net deferred tax assets	$ 190,246			229,263
Reflected in balance sheet as follows:				
Deferred tax assets	$ 212,252			235,509
Deferred tax liabilities	$ (22,006)			(6,246)

	January 1, 2022	Recognized in profit and loss	Recognize in other comprehensive income	December 31, 2022
Temporary differences:				
Unrealized Inventory valuation and obsolescence losses	$ 89,148	61,610	-	150,758
Unrealized foreign exchange gain or loss	3,443	16,403	-	19,846
Unrealized loss	-	38,831	-	38,831
Sales transaction fiscal and tax differences	4,350	(1,533)	-	2,817
Exchange difference on translation of foreign operations	201	-	(327)	(126)
Goodwill and valuation of financial assets	(3,371)	(1,485)	-	(4,856)
Others	-	-	(17,024)	(17,024)
Deferred tax income (expense)		**$ 113,826**	**(17,351)**	
Net deferred tax assets	**$ 93,771**			**190,246**
Reflected in balance sheet as follows:				
Deferred tax assets	**$ 97,142**			**212,252**
Deferred tax liabilities	**$ (3,371)**			**(22,006)**

E. The Company's tax returns have been examined and approved by the tax authorities through 2021.

(17) Equity

A. Common stock

As of December 31, 2023 and 2022, the authorized capital of the Company amounted to $1,000,000 thousand (including the amount of $50,000 thousand authorized for the issuance of the employee stock options), and the Company's issued capital amounted to $758,552 thousand, respectively, with a par value of $10 (dollars) per share.

Reconciliation of shares outstanding for 2023 and 2022 was as follows (in thousands of shares):

	For the years ended December 31, 2023	2022
Balance as of January 1	75,855	66,300
Vested of restricted stock awards	-	630
Cash capital increase	-	8,925
Balance as of December 31	**75,855**	**75,855**

For the year ended December 31, 2022, due to the resignation of its employees, the Company has withdrawn and canceled shares of restricted employee rights. The statutory registration procedures had been completed.

After the resolution of the Board of Director on October 26, 2021, the Company issued 8,925 thousand shares through cash capital increase for its initial public offering. The Company' s shares have a par value of NT$10 per share, and are issued at the premium of NT$308 per share, besides the weighted average price of NT$505.55 per share for auction. As of December 31, 2021, the amount of NT$410,564 thousand was collected and recognized as capital collected in advance. The purpose of cash capital increase is mainly to increase the working capital, in which the rights and obligations of the ordinary shares are the same as those of the ordinary shares of the Company issued then.

The above cash capital increase was approved by the Taiwan Stock Exchange on November 8, 2021, with letter No. 1101805900. The Company received the full amount of $3,948,026 thousand on January 5, 2022 (the record date), and completed the change of registration on January 20, 2022.

B. Capital surplus

	December 31, 2023	**December 31, 2022**
Capital surplus	$ 4,647,881	4,647,881
Employee remuneration paid in the form of stocks	64,592	64,592
Others	460	460
	$ 4,712,933	**4,712,933**

In accordance with the R.O.C Company Act, the capital surplus generated from the premium of stock issuance and donation may only be used to offset accumulated deficits. In addition, when the Company incurred no deficit, such capital surplus may be distributed as cash or stock dividends. Pursuant to the R.O.C. Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total sum of the capital surplus capitalized per annum shall not exceed 10 percent of the paid-in capital.

C. Retained earnings

If the Company makes a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, and setting aside 10% of the remaining profit as legal reserve, unless the amount in the legal reserve is already equal to or greater than the total paid in capital. Thereafter, the amount shall be set aside or reversed as special reserve in accordance with related laws, regulations, or provisions of the competent authorities. Then, any remaining profit, together with any undistributed retained earnings, shall be distributed according to the distribution plan proposed by the Board of Directors. The distribution of dividends and bonuses, in whole or in part, by issuing new shares, shall be resolved during the shareholders' general meeting. As for the cash payment, it shall be reported in the shareholders' general meeting.

The Company's dividend policy is to pay dividends from surplus considering factors such as the Company' s current and future investment environment, cash requirements, domestic and overseas competitive conditions and capital budget requirements, while taking into account shareholders' interest, maintenance of balanced dividend and the Company' s long-term financial plan. An annual dividend of not less than 10 percent of the distributable surplus is provided for the shareholders, wherein the cash portion of the dividend, which may be in the form of cash and stock, shall not be less than 10% of the total dividend distributed during the year.

(a) Legal reserve

In accordance with the ROC Company Act, 10 percent of the net profit shall be allocated as legal reserve until the accumulated legal reserve equals the paid-in capital. If the Company incurs no loss, the reserve may be distributed as cash or stock dividends for the portion in excess of 25% of the paid-in capital.

(b) Special reserve

In accordance with Rule No. 1090150022 issued by the FSC on March 31, 2021, a portion of current earnings and previous unappropriated earnings shall be set aside as a special reserve during earnings distribution. The amount to be set aside should equal the total amount of contra accounts that are accounted for as deductions to other equity interests. A portion of the previous unappropriated earnings shall be set aside as a special reserve, which should not be distributed, to account for cumulative changes to other equity interests pertaining to prior periods. The subsequent reversals of the contra accounts in shareholders' equity shall qualify for additional distributions.

(c) Earnings distribution

The appropriations of earnings for 2022 and 2021 by way of cash dividends had been approved in the Board of Directors' meeting held on February 23, 2023 and February 24, 2022. In addition, the appropriations of earning for 2022 and 2021 by others ways have been approved in the annual shareholders' meeting held on May 29, 2023 and May 30, 2022, respectively. Details of distribution were as follows:

	2022		2021	
	Amounts	**Dividends per share (NT$)**	**Amounts**	**Dividends per share (NT$)**
Legal reserve	$ 386,272		429,102	
Special reserve	-		(10,616)	
Cash dividends	3,110,064	41	3,413,485	45
	$ 3,496,336		**3,831,971**	

The aforementioned appropriations of earnings were consistent with the resolutions of the Board of Directors' meeting.

On February 26, 2024, the amount of cash dividends distributed to ordinary shareholders, at NT$15.2 per share, totaled $1,152,999 thousand; and the appropriation of the earnings for 2023 was approved by the Board of Meeting. The related information is available on the Market Observation Post System website.

D. Other equity

Change in the amount of other equity were as follows:

		Exchange differences on translation of foreign operations	Unrealized gain (losses) on financial assets at fair value through other comprehensive income	Deferred compensation cost arising from issuance of restricted stock awards	Total
Balance as of January 1, 2023	$	508	28,946	-	29,454
Differences on translation of foreign operations		(1,227)	-	-	(1,227)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		-	(70,094)	-	(70,094)
Disposal of investments in equity instruments measured at fair value through other comprehensive income		-	(11,205)	-	(11,205)
Income tax effect		245	19,086	-	19,331
Balance as of December 31, 2023	**$**	**(474)**	**(33,267)**	**-**	**(33,741)**
Balance as of January 1, 2022	$	(801)	124,388	(10,715)	112,872
Differences on translation of foreign operations		1,636	-	-	1,636
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		-	(78,418)	-	(78,418)
Share-based payment		-	-	10,715	10,715
Income tax effect		(327)	(17,024)	-	(17,351)
Balance as of December 31, 2022	**$**	**508**	**28,946**	**-**	**29,454**

(18) Share-based payment

Information about the Company's equity settled share-based payment transactions for the year ended December 31, 2022 was as follows:

	Restricted employee shares awards issued in 2019
Grant date	2019.7.26
Granted units (thousands of shares)	2,000
Contractual life	1~3 years
Recipients	Employee
Vesting conditions	Note

Note: Employees are entitled to receive restricted stock in the first, second and third year (from the grant date) of their service. The restricted stock awards will be granted only if the overall performance target and the personal performance target are reached.

The shareholders' meeting resolved on June 12, 2019 to issue 2,000 thousand shares of restricted stock to full-time employees who conformed to certain requirements. The Company has filed an effective registration with the Securities and Futures Bureau of the FSC for the issuance. The closing price of NT$90.89 per share on the grant date was designated as the fair value.

For an employee who qualifies for the said restricted employee shares and who has remained in service at the Company for one, two and three years after the allotment period, without breaching any contractual agreement, and has achieved individual performance assessment targets set by the Company's and overall performance of the Company, the maximum proportion of shares that may be awarded is 34% for the first year, 33% for the second year and 33% for the third year, during the allotment period. No restricted employee shares shall be sold, pledged, transferred, designated, gifted or dispose in other ways, unless the vesting conditions have been met after the allotment of shares, except in the event of inheritance. The attendance, proposal, speaking, voting and election rights of a shareholders' meeting shall be governed by the Custodial trust agreement.

The information of the Company's restricted employee shares was as follows:

Unit: Thousand shares

	For the years ended December 31, 2022
Outstanding at January 1	637
Vested during the year	(630)
Collection during the year	(7)
Outstanding at December 31	-

The expense recognized by the Company for share-based payments in 2022 was $11,273 thousand. As of December 31, 2022, the deferred compensation costs was $0 thousand.

(19) Earnings per share

	For the years ended December 31, 2023	2022
Basic earnings per share:		
Net income attributable to ordinary shareholders of the Company	$ **1,442,791**	**3,862,336**
Weighted-average number of ordinary shares outstanding during the year (in thousands of shares)	**75,855**	**75,388**
Basic earnings per share (NT dollars)	$ **19.02**	**51.23**
Diluted earnings per share:		
Net income attributable to ordinary shareholders of Company	$ **1,442,791**	**3,862,336**
Weighted-average number of ordinary shares outstanding during the year (in thousands of shares)	75,855	75,388
Effect of employee stock remuneration	971	2,821
Weighted-average number of ordinary shares outstanding (in thousands of shares)(diluted)	**76,826**	**78,209**
Diluted earnings per share (NT dollars)	$ **18.78**	**49.38**

(20) Revenue from contracts with customers

A. Detail of revenue

	For the years ended December 31, 2023	2022
Revenues from major regional markets:		
China (including Hong Kong)	$ 12,312,166	14,743,152
Taiwan	4,782,992	7,717,095
Others	509,449	151,653
	$ **17,604,607**	**22,611,900**
Revenue from major products:		
Display Driver IC	$ 16,922,157	21,849,552
Others	682,450	762,348
	$ **17,604,607**	**22,611,900**

B. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities	$ **527,962**	**680,756**	**632,707**

For details on accounts receivable and loss allowance, please refer to note 6(3).

The revenues recognized for the years ended December 31, 2023 and 2022, which were included in the contract liability balance at the beginning of the period, amounted to $292,589 thousand and $201,112 thousand, respectively.

The contract liabilities primarily relate to the advance consideration received from contracts with goods sold, for which revenue is recognized when products are delivered to customers.

(21) Non-operating income and expenses

A. Other income

	For the years ended December 31, 2023	2022
Dividend income	$ 12,176	17,900
Others	14,960	13,394
	$ 27,136	**31,294**

B. Other gains and losses

	For the years ended December 31, 2023	2022
Foreign exchange gains (losses), net	$ (2,922)	745,810
Gains on financial instruments measured at fair value through profit or loss	6,542	3,017
Others	680	(2)
	$ 4,300	**748,825**

C. Finance costs

	For the years ended December 31, 2023	2022
Interest expense－bank borrowings	$ (4,352)	-
Lease liabilities	(302)	(245)
	$ (4,654)	**(245)**

D. Interest income

	For the years ended December 31, 2023	2022
Interest income from bank deposits	**$ 137,354**	**83,116**

(22) Remuneration to employees, and directors

In accordance with the articles of incorporation, when the Company incurred profit for the year, the profit should first be used to offset against any deficit (including unappropriated retained earnings); then, no less than 1% of the profit (income before tax, excluding remuneration to employees and directors) shall be distributed as employee remuneration, and no more than 1% as directors' and supervisors' remuneration.

The aforementioned shall be resolved by the board of directors and reported to the shareholders' meeting:

Employees, including those belonging to affiliate companies that meet certain conditions, are entitled to the abovementioned remuneration, which to be distributed in stock or cash, employee stock option certificates, restricted employee shares, treasury stock purchased and transferred to employees, as well as employee stocks when issuing new shares. The said conditions and distribution method are decided by Board of Directors or the personnel authorized by Board of Directors.

For the years ended December 31, 2023 and 2022, the amounts of remuneration to employees were estimated at $270,959 thousand and $789,985 thousand, respectively; and those to the directors were estimated at $12,747 thousand and $42,702 thousand, respectively. The estimation basis shall be calculated as the amounts of net income before tax, excluding the remuneration to employees and directors, multiplied by the percentage remuneration to employees and directors, as specified in the Company's articles of incorporation. These remuneration were expensed under operating costs or expenses for the years ended December 31, 2023 and 2022. If there are changes in the proposed amounts after the annual parent-company-only financial statements have been authorized for issuance, the differences are accounted for as changes in accounting estimates and adjusted prospectively in profit or loss in the following year. However, if the Board of Directors resolved that the employee remuneration is to be paid in the form of stocks, the closing price of the ordinary share on the day before the Board of Directors' meeting will be used to calculate the number of stock shares.

There were no differences between the aforesaid amounts of employee and directors' remuneration approved by the Board of Directors and the amounts in the 2022 consolidated financial statements. Related information is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(23) Financial instruments

A. Credit risk

(a) Credit risk exposure

The carrying amount of financial assets represent the maximum amounts exposed to credit risk.

(b) Credit risk concentration

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. As of the financial reporting date, the maximum credit risk exposure of the Company due to non-performance of the counterparty mainly derived from the carrying amount of the financial assets recognized in the balance sheet of the Company.

The Company's potential credit risk is derived primarily from cash and cash equivalents and trade receivables. The cash is deposited in different financial institutions. The Company manages the credit risk exposure with each of these financial institutions and believes that cash and cash equivalents do not have a significant credit risk concentration.

Prior to granting credit facilities to customers in accordance with the credit procedures, the Company will require insurance for accounts receivable from certain customer groups in order to reduce the credit risk of accounts receivable, and use historical trading experience to continuously assess the financial condition, credit condition and current economic environment of the customers.

As of December 31, 2023 and 2022, the Company's five largest customers accounted for approximately 58% and 72% of the balance of accounts receivable (including related persons), respectively. After an assessment has been made on the lifetime expected credit losses of the accounts receivable, the management expects no significant losses in the future.

(c) Credit risk of receivables

For credit risk exposure on accounts receivable, please refer to note 6(3).

Other financial assets at amortized cost include other receivables, guarantee deposit and restricted bank deposits.

All financial assets, excluding the abovementioned accounts receivable, are considered to be low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. (Please refer to Note 4(6) for further details).

B. Liquidity risk

The contractual maturities of financial liabilities were as follows.

		Carrying amounts	Contractual cash flows	Within a year	Over 1 years
December 31, 2023					
Non-derivative financial liabilities					
Short-term borrowings	$	445,411	(445,888)	(445,888)	-
Accounts payable		2,363,447	(2,363,447)	(2,363,447)	-
Salaries and bonuses payable		2,352,793	(2,352,793)	(2,352,793)	-
Other payables-related parties		7,518	(7,518)	(7,518)	-
Lease liabilities (current and non-current)		13,122	(13,576)	(4,045)	(9,531)
Guarantee deposits received (current and non-current)		1,075,130	(1,075,130)	(307,180)	(767,950)
	$	**6,257,421**	**(6,258,352)**	**(5,480,871)**	**(777,481)**
December 31, 2022					
Non-derivative financial liabilities					
Accounts payable	$	1,416,716	(1,416,716)	(1,416,716)	-
Salaries and bonuses payable		3,877,800	(3,877,800)	(3,877,800)	-
Other payables-related parties		106	(106)	(106)	-
Lease liabilities (current and non-current)		16,785	(17,542)	(3,966)	(13,576)
Guarantee deposits received (current and non-current)		1,412,443	(1,412,443)	(490,483)	(921,960)
	$	**6,723,850**	**(6,724,607)**	**(5,789,071)**	**(935,536)**

The Company does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

C. Foreign currency risk

(a) Exposure of foreign currency risk

The Company's financial assets and liabilities exposed to foreign currency risk were as follows:

		December 31, 2023			**December 31, 2022**		
		Foreign currency	**Exchange rate**	**TWD**	**Foreign currency**	**Exchange rate**	**TWD**
Financial assets							
Monetary items							
USD	$	182,898	30.718	5,618,261	163,766	30.732	5,032,857
JPY		24,856	0.2173	5,401	25,256	0.2311	5,837
CNY		846	4.3152	3,651	1,629	4.4076	7,180
Non- Monetary items							
USD		1,324	30.718	40,683	-	-	-

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial liabilities						
Monetary items						
USD	$ 133,899	30.718	4,113,109	95,970	30.732	2,949,350
CNY	85	4.3152	367	84	4.4076	370
Non- Monetary items						
USD	-	-	-	529	30.732	16,251

(b) Sensitivity analysis

The Company's exposure to foreign currency risk arises mainly from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivable, other financial assets, short-term borrowings, accounts payable and deposits received that are denominated in foreign currency. A strengthening (weakening) of 1% of the NTD against the USD, CNY, and JPY as of December 31, 2023 and 2022, assuming that all other variables remain constant, would have increased or decreased the profit after tax by $12,111 thousand and $16,769 thousand, respectively.

(c) Foreign exchange gains (losses) on monetary items

As the Company deals with diverse foreign currencies, gains and losses on foreign exchange were summarized as a single amount. The aggregate of realized and unrealized foreign exchange gains (losses) for the years ended December 31, 2023 and 2022 were $(2,922) thousand and $745,810 thousand, respectively.

D. Interest rate analysis

An increase or decrease of 0.25% in interest rates, mainly from cash and cash equivalents, restricted bank deposits and short-term borrowings, with floating interest rates at the reporting date, assuming all other variables remain constant, would have increased or decreased net income by $2,896 thousand and $4,178 thousand for the years ended December 31, 2023 and 2022, respectively.

E. Other market price risk

The impact of the changes in equity price on other comprehensive income was as follows, assuming the analysis use the same basis for both years, with other factors remaining constant:

	For the years ended December 31,	
	2023	2022
Prices of securities at the reporting date	**Other comprehensive income before tax**	**Other comprehensive income before tax**
Increasing 10%	**$ 43,439**	**53,569**
Decreasing 10%	**$ (43,439)**	**(53,569)**

F. Fair value of financial instruments

(a) Fair value and carrying amount

The fair value of financial assets and liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The Company's carrying amounts and the fair value of financial assets and liabilities (including the information for fair value hierarchy; but excluding financial instruments, whose fair values approximate the carrying amount, and lease liabilities, since the disclosure of fair value are not equired) which need not be disclosed were as follows:

		December 31, 2023			
		Fair value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL－current	$ 633,073	633,073			633,073
Financial assets at FVOCI					
Listed stocks	319,873	319,873	-	-	319,873
Unlisted stocks	114,517	-	-	114,517	114,517
Accounts receivable	119,505	-	119,505	-	119,505
Financial assets measured at amortized cost					
Cash and cash equivalents	5,166,983	-	-	-	-
Accounts receivable (including related parties)	2,656,774	-	-	-	-
Other financial assets (current and non-current)	6,103,789	-	-	-	-
	$ 15,114,514	**952,946**	**119,505**	**114,517**	**1,186,968**
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 445,411	-	-	-	-
Accounts payable	2,363,447	-	-	-	-
Salaries and bonuses payable	2,352,793	-	-	-	-
Other payables－related parties	7,518	-	-	-	-
Lease liabilities (current and non-current)	13,122	-	-	-	-
Guarantee deposits received (current and non-current)	1,075,130	-	-	-	-
	$ 6,257,421	**-**	**-**	**-**	**-**

	Carrying amounts	December 31, 2022 Fair value Level 1	Level 2	Level 3	Total
Financial assets at FVTPL－current	$ 356,790	356,790	-	-	356,790
Financial assets at FVOCI					
Listed stocks	271,372	271,372	-	-	271,372
Unlisted stocks	264,316	-	-	264,316	264,316
Accounts receivable	195,549	-	195,549	-	195,549
Financial assets measured at amortized cost					
Cash and cash equivalents	8,369,521	-	-	-	-
Accounts receivable (including related parties)	2,677,886	-	-	-	-
Other financial assets (current and non-current)	3,858,039	-	-	-	-
	$ 15,993,473	628,162	195,549	264,316	1,088,027
Financial liabilities measured at amortized cost					
Accounts payable	1,416,716	-	-	-	-
Salaries and bonuses payable	3,877,800	-	-	-	-
Other payables－related parties	106	-	-	-	-
Lease liabilities (current and non-current)	16,785	-	-	-	-
Guarantee deposits received (current and non-current)	1,412,443	-	-	-	-
	$ 6,723,850	-	-	-	-

(b) Fair value valuation technique of financial instruments measured at fair value

Non-derivative financial instruments

The listed shares and beneficiary certificates held by the Company are measured at fair value according to standard provision and conditions, and are traded in active markets, with the fair value being measured using the quoted price in an active market. Except for the above mentioned financial assets with active market transactions, the fair value of unlisted shares held by the Company is estimated using the market-comparable company method, which is measured by using price-book ratio of the peers.

(c) There was no transfer between the different levels of fair value hierarchy for the years ended December 31, 2023 and 2022.

(d) Quantified information for significant unobservable inputs used in fair value measurement (Level 3)

The Company's financial instruments measured at fair value which are categorized within Level 3 include financial assets at FVOCI – equity investments.

The Company classified the equity investments without an active market as recurring level 3 fair values in the fair value hierarchy due to the use of significant unobservable inputs. The significant unobservable inputs of equity investments without an active market are individually independent, and there is no correlation between them.

Quantified information regarding significant unobservable inputs were as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at FVOCI – equity investments without an active market	Market approach (comparable with price-book ratio of the peers)	• P/B ratio multiplier (2.63~3.94 and 2.73~4.61 as of December 31, 2023 and 2022, respectively) • Discount for lack of market liquidity (30%~60% and 30% as of December 31, 2023 and 2022, respectively)	• The higher the P/B ratio, the higher the fair value • The higher the market liquidity discount rate, the lower the fair value

(e) Reconciliation for fair value measurements categorized within level 3:

	Financial assets at FVOCI – equity investments without an active market	
	For the years ended December 31,	
	2023	2022
Balance as of January 1	$ 264,316	56,014
Addition in investments	-	137,205
Deposal of investments	(31,205)	-
Total gain/loss		
Recognized in other comprehensive income	(118,594)	71,097
Balance as of December 31	**$ 114,517**	**264,316**

The total gains and losses above were recognized in " unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income".

(24) Financial risk management

A. Overview

The Company have exposure to the following risks from its financial instruments:

(a) Credit risk

(b) Liquidity risk

(c) Market risk

The following likewise discusses the Company' s objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

B. Structure of risk management

The significant financial activities of the Company have been reviewed by the Board of Directors and the Audit Committee in accordance with the relevant standards and internal control system. During the financial plan implementation, the Company must comply with the relevant financial operating procedures relating to the overall financial risk management and segregation of duties. The Company, through internal controls such as training, management standards, and operational procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

C. Credit risk

The credit risk of the Company is mainly due to receivables and cash and cash equivalents arising from operating activities; please refer to note 6(23).

D. Liquidity risk

There is no liquidity risk of being unable to raise capital to settle contract obligations since the Company has sufficient capital and working capital to fulfill its contract obligations; please refer to note 6(23).

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, that will affect the Company' s income or the value of its financial instruments; please refer to note 6(23). The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

(a) Currency risk: The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily the NTD, USD, JPY and CNY.

(b) Market price risk of interest rate change: All of the Company's assets and liabilities bear floating interest rates, and thus, cash flow is exposed to the risk of interest rate change.

(25) Capital management

In consideration of the industry dynamics and future developments, as well as external environment factors, the Company maintains an optimal capital structure to enhance long-term shareholder value by managing its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, research and development activities, dividend payments, and other business requirements for continuing operations and to reward its shareholders and take into consideration the interests of other stakeholders.

The Company's debt-to-equity ratio at the reporting date was as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 7,712,732	8,529,200
Less: Cash and cash equivalents	(5,166,983)	(8,369,521)
Net debt	**$ 2,545,749**	**159,679**
Total equity	**$ 11,218,148**	**12,937,437**
Debt-to-equity ratio	**23%**	**1%**

The increase in debt-to-equity ratio as of December 31, 2023 was mainly due to the decrease in cash flows incurred from operating activities in the current period, resulting in an increase in net debt.

(26) Financing activities of non-cash transactions

Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2023	Cash flows	Changes in foreign Exchange and other	December 31, 2023
Short-term borrowings	$ -	452,183	(6,772)	445,411
Lease liabilities	16,785	(3,663)	-	13,122
Guarantee deposits received	1,412,443	(304,872)	(32,441)	1,075,130
Total liabilities from financing activities	**$ 1,429,228**	**143,648**	**(39,213)**	**1,533,663**

	January 1, 2022	Cash flows	Changes in foreign Exchange and other	December 31, 2022
Lease liabilities	$ 963	(3,365)	19,187	16,785
Guarantee deposits received	1,384,400	(111,303)	139,346	1,412,443
Total liabilities from financing activities	**$ 1,385,363**	**(114,668)**	**158,533**	**1,429,228**

7. Related-party transactions

(1) Names and relationship of related parties

The following is a summary of related parties that have had transactions with the Company during the periods presented in the parent-company-only financial statements.

Name of related parties	Relationship with the Company
Raydium Semiconductor (SAMOA) Corp. (RSA)	The subsidiaries of the Company
Raydium Semiconductor (Kunshan) Co., Ltd. (RKS)	The subsidiaries of the Company
AUO Corporation (AUO)	AUO accounted for is investments in the Company using the equity method
AUO (Suzhou) Co., Ltd. (AUOSZ)	Subsidiary of AUO
AUO (Xiamen) Co., Ltd. (AUOXM)	Subsidiary of AUO
AUO (Kunshan) Co., Ltd. (AUOKS)	Subsidiary of AUO
AUO Education Service Corp. (AUES)	Subsidiary of AUO
AUO Display Plus Corporation (ADP)	Subsidiary of AUO
AUO Envirotech Inc.	Subsidiary of AUO
Maxeda Technology Inc. (Maxeda)	The Company act as the director for Maxeda (Note)

Note: On October 13, 2023, the Company sold the entire equity of Maxeda Technology Inc., who became a non-related party thereafter.

(2) Additional to those disclosed in the notes of the parent-company-only financial statements, the Company's significant related party transactions and balances were as follows:

A. Sales

The amounts of significant sales transactions between the Company and related parties were as follows:

	For the years ended December 31,	
Relationship	**2023**	**2022**
AUOSZ	$ 1,909,645	2,393,292
AUOXM	1,754,596	2,182,308
AUO	937,560	1,050,371
Subsidiaries	34,064	21,306
Other related parties	180,609	426,031
	$ 4,816,474	**6,073,308**

For the years ended December 31, 2023 and 2022, the collection terms for sales to related parties were 30 to 120 days from the end of the month during which the invoice is issued. The collection terms for sales to non related parties were 30 to 120 days from the end of the month during which the invoice is issued or the products have been delivered after the advance receipt. The pricing for sales to related parties were not materially different from those with third parties.

B. Receivables from related parties

The receivables from related parties were as follows:

Account	Relationship	December 31, 2023	December 31, 2022
Receivables from related parties	AUOSZ	$ 690,595	822,048
Receivables from related parties	AUOXM	549,176	849,818
Receivables from related parties	AUO	301,599	300,611
Receivables from related parties	Subsidiaries	33,553	4,795
Receivables from related parties	Other related parties	78,280	138,883
		$ 1,653,203	**2,116,155**

C. Other payables to related parties

The payables to related parties were as follows：

Account	Relationship	December 31, 2023	December 31, 2022
Other accounts payable from related parties	AUO	$ 7,470	5
Other accounts payable from related parties	Other related parties	48	101
		$ 7,518	**106**
Refund liability	Other related parties	**$ 2,025**	**-**

D. Other

(a) The other income of the Company from its related parties were as follows:

	For the years ended December 31, 2023	2022
AUO	**$ 11,567**	**17,290**

(b) The rental expenses and other expenses paid by the related parties under lessee contracts were as follows:

	For the years ended December 31, 2023	2022
AUO	$ 28,133	27,054
Other related parties	263	135
	$ 28,396	**27,189**

(c) The costs of acquiring computer software from related parties were as follows:

	For the years ended December 31, 2023	2022
Other related parties	**$ 5,390**	**5,390**

(d) The costs of acquiring leasehold improvements from related parties were as follows:

		December 31, 2023	December 31, 2022
Other related parties	$	**1,000**	**-**

(e) Refund of capital reduction

		December 31, 2023	December 31, 2022
AUO	$	**-**	**35,978**

(3) Key management personnel compensation

Key management personnel compensation were as follows:

		For the years ended December 31, 2023	2022
Short-term employee benefits	$	156,523	259,654
Post-employment benefits		756	756
Share-based payments		-	4,545
	$	**157,279**	**264,955**

8. Pledged assets:

Asset Name	Pledged to secure		December 31, 2023	December 31, 2022
Restricted cash in bank (recognized in other financial assets－current)	Import guarantee for customs	$	34,386	34,329
Restricted cash in bank (recognized in other financial assets－current)	Import Guarantee		220,130	220,130
		$	**254,516**	**254,459**

9. Significant Contingencies and Unrecognized Commitments:

(1) The Company signed a contract to purchase a real estate located in Tai Yuen Hi-Tech Industrial Park on November 2, 2023, with a total contract price of $1,845,000 thousand (tax included), of which, the amount of $239,850 thousand (tax included) had been paid as of December 31, 2023.

(2) The Company has signed capacity guarantee contracts with several suppliers, paid the deposit and prepaid the goods in accordance with the agreement, and agreed on the relevant years and minimum quantity that the Company needs to purchase.

(3) The Company has entered into capacity guarantee contracts with several customers, and collects deposits and advance receipts as agreed to reserve specific production capacity to such customers.

10. Significant disaster losses: None

11. Subsequent events: None

12. Others:

The following is the summary statement of the current period employee benefits, depreciation, and amortization expenses, by function:

By function / By item	For the years ended December 31, 2023 Operating Costs	Operating Expenses	Total	2022 Operating Costs	Operating Expenses	Total
Employee benefits						
Salary	116,519	1,984,548	2,101,067	204,436	3,521,115	3,725,551
Labor and health insurance	6,692	105,158	111,850	8,522	130,818	139,340
Pension	3,556	57,779	61,335	3,398	52,072	55,470
Remuneration of directors	-	23,448	23,448	-	51,844	51,844
Others employee benefits	6,169	86,000	92,169	6,442	82,930	89,372
Depreciation	83	203,448	203,531	169	205,674	205,843
Amortization	225	163,530	163,755	284	159,810	160,094

The amount of employees and employee benefits for the years ended December 31, 2023 and 2022, were as follows:

	For the years ended December 31, 2023	2022
The number of employees	812	751
The number of directors who were not holding as a position of employee	6	6
The average of employee benefits	$ 2,936	5,382
The average of Salaries	$ 2,607	5,001
The average of salary adjust rate	-47.87%	
The remuneration to supervisors	$ -	-

The information of the Company's salaries and remunerations policy (including director, supervisor's, executive officers and employees) is as follow:

Directors and managers are determined in accordance with "Directors, Independent Directors and Manager' Salary and Remuneration Method" and taking into account the usual standards of the industry.

Employee salary is base on Company's appointment work, salary work and assessment work.

The Company set up audit committee to replace the operation of supervisors, and no remuneration for supervisors.

13. Other disclosures:

(1) Information on significant transactions:

The followings is a summary of the information on significant transactions required by the Regulations Governing the Preparation of Financial Reports by Securities Issuers for the Company:

A. Loans to other parties: None.

B. Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Endorsement / Guarantee Provider	Guarantee Party		Limitation on Endorsement/ Guarantees Amount Provided to Each Guarantee Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantees to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship										
0	The Company	Raydium Semiconductor (Kunshan) Co., Ltd.	Subsidiaries	2,243,630	614,360	614,360	375,640	-	5.48 %	5,609,074	Y	N	Y

Note 1: The maximum amount of the Company's endorsement/guarantee for a single enterprise is 20% of the net value of the latest financial statements audited or reviewed by accountants.

Note 2: The total amount of the Company’s endorsement/guarantee shall not exceed the 50% of the net value of the Company’s financial statements audited or reviewed by accountants.

C. Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(Thousand of shares and Thousands of New Taiwan Dollars)

Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	Ending Balance				Note
				Shares/Units	Carrying Value	Percentage of Ownership	Fair Value	
The Company	Yuanta Wan Tai Money Market Fund	-	Financial assets at FVTPL －current	13,164	204,740	-	204,740	
The Company	Yuanta De Bao Money Market Fund	-	〃	34,691	428,333	-	428,333	
The Company	Shares of Darfon Electronics Corp.	-	Financial assets at FVOCI －current	203	11,013	0.07 %	11,013	
The Company	Shares of AUO Corporation	AUO accounted for its investments in the Company using the equity method	Financial assets at FVOCI －non current	14,459	262,424	0.19 %	262,424	
The Company	Shares of SiCEV Electronic Co., Ltd.	The Company represented as a director of SiCEV	〃	8,943	50,223	18.73 %	50,223	
The Company	Shares of PlayNitride Inc.	-	〃	470	46,436	0.44 %	46,436	
The Company	Shares of Neuchips Inc.	-	〃	2,000	64,294	2.18 %	64,294	

D. Individual securities acquired or disposed at costs or prices with accumulated amount exceeding the lower of NT$300 million or 20% of the stock capital:

(In Thousand of shares and Thousands of New Taiwan Dollars)

Securities Held by	Marketable Securities Type and Name	Financial Statement Account	Counter-Party	Relationship in the company	Beginning Balance		Addition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Book Value	Gain (loss) on disposal	Shares	Amount
The Company	Yuanta Wan Tai Money Market Fund	Financial assets at FVTPL－current	-	-	13,144	201,156	47,844	740,000	47,824	740,000	736,918	3,082	13,164	204,238 (Note 1)
The Company	Yuanta De Bao Money Market Fund	"	-	-	12,664	154,050	77,372	950,000	55,345	680,000	677,381	2,619	34,691	426,669 (Note 1)

Note1: The opening and closing balances are measured acquisition costs. For the carrying amount valuated against the market price, please refer to C item.

E. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the stock capital:

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	Prior Transaction of Related Counter-party				Price Reference	Purpose and Usage of Acquisition	Other Commitments
							Owner	Relationship with the Issuer	Date of transfer	Amount			
The Company	Construction in progress	2023.11.2	1,845,000	239,850	Winsome Development Company Limited	NA	-	-	-	-	Real estate assessment report and approval from board of directors	Office building for own-use	NA

F. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the stock capital: None.

G. Related-party transactions for purchases and sales with amount exceeding the lower of NT$100 million or 20% of the stock capital:

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)	
			Purchase/ Sales	Amount	Percentage of Total Purchases/ Sales	Payment Terms	Unit Price	Payment Terms	Ending Balance	Percentage of Total Notes/ Accounts Receivable (Payable)
The Company	AUOSZ	Subsidiary of AUO	Sales	1,909,645	10 %	EOM 120 days	Please refer to note 7	Please refer to note 7	690,595	24%
The Company	AUOXM	Subsidiary of AUO	Sales	1,754,596	10 %	EOM 120 days	Please refer to note 7	Please refer to note 7	549,176	19%
The Company	AUOKS	Subsidiary of AUO	Sales	179,262	1 %	EOM 120 days	Please refer to note 7	Please refer to note 7	78,201	3%
The Company	AUO	AUO accounted for its investment in the Company using the equity method	Sales	937,560	5 %	EOM 120 days	Please refer to note 7	Please refer to note 7	301,599	11%

H. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the stock capital:

(In Thousands of shares and Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue Amount	Overdue Action Taken	Amounts Received in Subsequent Period (Note)	Allowance for Bad Debts
The Company	AUOSZ	Subsidiary of AUO	690,595	2.52	6,633	On the spot collection	166,372	-
The Company	AUOXM	Subsidiary of AUO	549,176	2.51	3	On the spot collection	138,638	-
The Company	AUO	AUO accounted for its investment in the Company using the equity method	301,599	3.11	17	On the spot collection	81,332	-

Note: Amounts collected in subsequent period as of February 7, 2024.

I. Trading the derivative instruments: None.

(2) Information on investees (excluding information on investees in Mainland China):

(In Thousand of shares and Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main businesses and products	Original investment amount: December 31, 2023	Original investment amount: December 31, 2022	Balance as of December 31, 2023: Shares	Balance as of December 31, 2023: Percentage of ownership	Balance as of December 31, 2023: Carrying value	Net income (losses) of investee	Share of Profits/ Losses of Investee	Note
The Company	RSA	SAMOA	Investment Holding	248,280	157,080	8,100	100.00 %	40,683	(33,039)	(33,039)	Subsidiary of the Company

(3) Information on investment in Mainland China:

A. The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousand of shares and Thousands of New Taiwan Dollars)

Investee Company	Main businesses and products	Total amount paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows: Outflow	Investment flows: Inflow	Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee (Note 3)	Percentage of ownership	Investment income (Note 3 and 5)	Carrying amounts (Note 2)	Accumulated remittance of earnings in current period
Raydium Semiconductor (Kunshan) Co., Ltd.	Development, design and sale of the IC	245,200 (USD8000 thousand)	(Note 1)	154,000	91,200	-	245,200	(33,032)	100.00%	(33,032)	37,604	-

B. Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 4)
245,200 (USD8,000 thousand)	245,200 (USD8,000 thousand)	6,730,889

Note 1: Investment in companies in Mainland China through the existing companies in SAMOA.
Note 2: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the spot rate on the balance sheet date.
Note 3: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the average exchange rate.
Note 4: Pursuant to the Regulations Governing Permission for Investment and Technical Cooperation in the Mainland Area, the Group's accumulated investments in Mainland China did not exceed the upper limit on investment amount or ratio stipulated by the Investment Commission, Ministry of Economic Affairs ("MOEA").
Note 5: The financial statements were audited by the parent's external accountants.

C. Significant transactions with the investees in Mainland China:

The significant inter-company transactions with the subsidiaries in Mainland China for the year ended December 31, 2023, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

(4) Major shareholders:

Shareholding / Shareholder’s Name	Shares	Percentage
Konly Venture Corp.	11,454,429	15.10 %
Capital Tip Customized Taiwan Select High Dividend ETF	6,920,000	9.12 %

Note: The information on major shareholders summarized the shareholders who held over 5% of the Company’s ordinary shares.

14. Segment information:

Please refer to the consolidated financial statements for the year ended December 31, 2023.

Raydium Semiconductor Corporation

Statement of Cash and Cash Equivalents

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Bank deposits	Demand deposits－NTD	$ 787,282
	Demand deposits－USD12,260 thousand; CNY846 thousand; JPY24,856 thousand	385,651
	Time deposits–NTD	3,994,050
		$ 5,166,983

Note: Foreign exchange rates at the balance sheet date are as follows:

USD： 30.718

CNY： 4.3152

JPY： 0.2173

Statement of Financial Assets at Fair Value through Profit or Loss - Current

Name of financial instrument	Description	Shares/ Stocks in thousand	Acquisition Cost	Fair Value Units Price	Fair Value Amount	Collateral
Financial assets at fair value through profit or loss, mandatorily measured at fair value – Beneficiary certificate	Yuanta Wan Tai Money Market Fund	13,164	$ 204,238	15.55	204,740	None
	Yuanta De Bao Money Market Fund	34,691	426,669	12.35	428,333	None
			$ 630,907		**633,073**	

Raydium Semiconductor Corporation

Statement of Financial Assets at Fair Value through Other Comprehensive Income - Current

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Name of financial instrument	Description	Shares in thousand	Acquisition Cost	Fair Value Units Price	Fair Value Amount	Collateral
Listed stocks	Stocks of Darfon Electronics Corp.	**203**	**$ 16,754**	**54.20**	**11,013**	None

Statement of Accounts Receivable, Net

(Expressed in thousands of New Taiwan Dollars)

Client name	Description	Amount
Z Company	Operation	$ 316,121
AC Company	Operation	149,231
H Company	Operation	129,725
AD Company	Operation	86,890
AE Company	Operation	54,065
Other	Operation	447,739
Less：loss allowance	Operation	(60,695)
		$ 1,123,076

Note1: Accounts receivable from related parties were not included in the above payment; for details, please refer to note 7 of the parent-company-only financial statements.

Note2: Individual customer whose balances are less than 5% of the amount of account balance will not be listed separately.

Raydium Semiconductor Corporation

Statement of Inventories

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount: Cost	Amount: Net Realizable Value	Notes
Finished goods	$ 561,066	633,569	Please refer to Note 4 (7) of the parent-company-only financial statements for the net realizable value of inventory.
Less: provision for inventory devaluation loss	(142,181)		
Subtotal	418,885		
Work in progress cost	2,029,230	3,026,902	
Less: provision for inventory devaluation loss	(589,428)		
Subtotal	1,439,802		
	$ 1,858,687	**3,660,471**	

Statement of Other Financial Asset – Current and Non-Current

For related information, please refer to note 6 (9) "Other Financial Asset – Current and Non-Current" of the parent-company-only financial statements.

Raydium Semiconductor Corporation

Statement of Movement in Financial Assets at Fair Value through Other Comprehensive Income – Non-Current

December 31, 2023

(Expressed in thousands of New Taiwan Dollars, in thousands shares or units)

Name of Financial Instrument	Beginning Balance		Increase in Current Period		Decrease in Current Period		Evaluation of Profit and Loss	Ending Balance		Collateral	Notes
	Shares	Fair Value	Shares	Amount	Shares	Amount	Amount	Shares	Fair Value		
AUO	14,459	$ 216,880	-	-	-	-	45,544	14,459	262,424	None	
Maxeda	600	45,783	-	-	600	31,205	(14,578)	-	-	None	
SiCEV Electronics Co., Ltd	8,943	58,810	-	-	-	-	(8,587)	8,943	50,223	None	
PlayNitride Inc	470	46,812	-	-	-	-	(376)	470	46,436	None	
Neuchips Inc	2,000	159,723	-	-	-	-	(95,429)	2,000	64,294	None	
		$ 528,008		**-**		**31,205**	**(73,426)**		**423,377**		

Raydium Semiconductor Corporation

Statement of Other Asset – Current and Non-Current

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

For related information, please refer to note 6 (10) "Other Asset – Current and Non-Current" of the parent-company-only financial statements.

Raydium Semiconductor Corporation

Statement of Movement in Investments Accounted for Using the Equity Method

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars, in thousands shares)

	Beginning Balance		Addition				Ending Balance			Market Value or Net Assets Value		
Name of investee	Shares	Amount	Shares	Amount	Investment Profit or Loss	Cumulative translation differences	Shares	Percentage of Ownership	Amount	Unit Price	Total Amount	Collateral
Raydium Semiconductor (SAMOA) Corp.	5,100	$ (16,251)	3,000	91,200	(33,039)	(1,227)	8,100	100.00%	40,683	-	40,683	None

Raydium Semiconductor Corporation

Statement of Movement in Property, Plant and Equipment

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

For related information, please refer to note 6 (6) “Property, Plant and Equipment” of the parent-company-only financial statements.

Statement of Movement in Intangible Assets

For related information, please refer to note 6 (8) “Intangible Assets” of the parent-company-only financial statements.

Statement of Movement in Right-of-Use Assets

For related information, please refer to note 6 (7) “Right-of-Use Assets” of the parent-company-only financial statements.

Raydium Semiconductor Corporation

Statement of Movement in Deferred Tax Assets

For related information, please refer to note 6 (16) “Deferred Tax Assets” of the parent-company-only financial statements.

Statement of Accounts Payable

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Vendor name	Amount
Vendor A	$ 546,267
Vendor L	539,811
Vendor G	275,578
Vendor B	209,094
Vendor D	141,745
Other (Note)	650,952
	$ 2,363,447

Note : Individual vendor who has less than 5% of the account balance will not be listed separately.

Raydium Semiconductor Corporation

Statement of Other Current Liabilities

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Guarantee deposits received	Operation	$ 307,180
Provision for sales return and allowance	Operation	120,746
Labor/Health Insurance and Pension payable	Operation	81,595
Other (Note)		372,447
		$ 881,968

Note: Individual amount which was less than 5% of the account balance will not be listed separately.

Statement of Deferred Tax Liabilities

For related information, please refer to note 6 (16) “Deferred Tax Liabilities” of the parent-company-only financial statements.

Raydium Semiconductor Corporation

Statement of Operating Revenue

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Quantity (thousand)	Amount
Display driver IC	411,422	$ 16,922,157
Others	62,752	682,450
		$ 17,604,607

Note: Individual amount which was less than 10% of the account balance will not be listed separately.

Raydium Semiconductor Corporation
Statement of Operating Costs
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Raw materials	
Beginning balance of raw materials	$ -
Add: Purchase	7,722,777
Less: Department's transfer to expense and others	(280,137)
Sale of raw materials	(4,658)
Raw materials used	7,437,982
Manufacturing overhead	3,077,970
Manufacturing cost	10,515,952
Add: Beginning balance of work in process	3,901,667
Purchase	1,469
Less: Ending balance of work in process	(2,029,230)
Department's transfer to expense and others	(90,980)
Write-off of inventories	(50,021)
Cost of finished goods	12,248,857
Add: Beginning balance of Finished goods	545,375
Less: Ending balance of Finished goods	(561,066)
Department's transfer to expense and others	(12,926)
Write-off of inventories	(20,207)
Cost of goods sold	12,200,033
Add: Cost of raw materials sold	2,662
Add: Other operating cost	154,205
Add: Inventory devaluation loss	48,046
Cost of sales	**$ 12,404,946**

Raydium Semiconductor Corporation

Statement of Selling Expenses

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Salary	$ 208,036
Commission expense	130,933
Freight expense	48,239
Others (Note)	25,812
	$ 413,020

Note: Individual amount which was less than 5% of the account balance will not be listed separately.

Statement of Administrative Expenses

Item	Amount
Salary	$ 118,992
Depreciation expense	39,627
Rent	34,040
Stock operation expense	33,359
Park management fee	31,211
Remuneration to directors	23,448
Others (Note)	116,851
	$ 397,528

Note: Individual amount which was less than 5% of the account balance will not be listed separately.

Raydium Semiconductor Corporation

Statement of Research and Development Expenses

For the year ended December 31, 2023

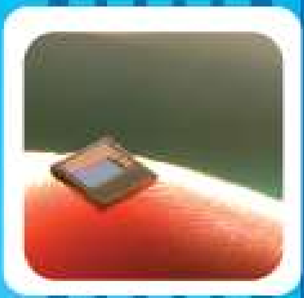
(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Salary	$ 1,657,520
Miscellaneous purchases	423,834
Depreciation	163,515
Others (Note)	699,620
	$ 2,944,489

Note: Individual amount which was less than 5% of the account balance will not be listed separately.

Statement of Other Gains and Losses

For related information, please refer to note 6 (21) “Other gains and losses” of the parent-company-only financial statements.



Raydium