Stock Code: 8255

朋程科技股份有限公司
ACTRON TECHNOLOGY CORPORATION

2023 Annual Report

Notice to readers

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and the Chinese version, the Chinese version shall prevail.

Printed Date / March 31, 2024
Website: http://mops.twse.com.tw
http://www.actron.com.tw

I、 Contact information of Spokesperson and Deputy Spokesperson

Spokesperson-

Name: George Wu
Title: President
Email: IR@actron.com.tw
Tel: (03)311-5555

Deputy Spokesperson-

Name: Jason Huang
Title: Vice President
Email: IR@actron.com.tw
Tel: (03)311-5555

II、 Contact information of the headquarter and factory

Address: No. 22, Section 2, Nankan Road, Luzhu District, Taoyuan City
Tel: (03)311-5555
Website: www.actron.com.tw

III、 Stock Transfer Agency

Name: Yuanta Securities Stock Office
Address: No. 210, Sec. 3, Chengde Rd., Datong Dist., Taipei City
Tel: (02)2586-5859
Website: yuanta.com.tw

IV、 Contact information of the Certified Public Accountants

Firm: Deloitte & Touche
Name: Ming Xian Liu and Meng Chieh Chiu
Address: 20th Floor, 100 Songren Road, Xinyi District, Taipei City
Tel: (02)2725-9988
Website: http://www.deloitte.com.tw

V、 Overseas trade places for listed negotiable securities

Name of the trade places: No oversea negotiable securities trade.
Look up method: None.

VI、 Company Website: http://www.actron.com.tw

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Attachment

I. Letter to Shareholders

Dear Shareholders,

I. Operating Results in 2022

A. Operational Performance

Our consolidated revenue totaled NT$ 5,648,694,000 in 2023. Net profit attributable to Owners of the parent company NT$ 723,193,000 and basic earnings per share were NT$ 7.68. Gross profit margin was 25%. . Consolidated revenue totaled NT$4,197,839,000 in 2022. Net profit attributable to Owners of the parent company NT$560,552,000 and basic earnings per share was NT$ 6.14. Consolidated revenue of 2023 increased 35%, Net profit attributable to owners of the Company of 2023 increased 29%.

Currently, the world is facing the effects of inflation, there are still risk variables in the economy, and industrial risks are rising. However, our company is in line with the development trend of electric vehicles. Attaching importance to the continuous development of new product research, the ratio of research and development expenses to revenue in 2023 will be 10%. It is hoped that in 2024, new products will be successfully promoted one after another, the production schedule and shipment of high-end products will be accelerated, and mass production will be entered as soon as possible to produce synergistic effects.

B. Budget Implementation: The Company had not announced its financial forecast for 2023.

C. Analysis on Financial Revenue and Expense and Profitability (Consolidated Report)

Analysis Item (Note) \ Year		2023	2022
Financial Structure	Debts Ratio	34.90	41.40
	Long Term Funds to Fixed Assets	282.04	217.43
Profitability	Return on Assets Ratio (%)	6.31	6.01
	Return on Equity (%)	9.14	9.16
	Pre-tax net profit to paid-in Capital ratio(%)	70.42	70.90
	Profit Margin (%)	12.80	13.35
	Earnings Per Share (dollar)	7.68	6.14

D. IV. Research and Development Status:

The Company will continue to invest in expenses for new product development. The research and development expense was 10% of the operating revenue in 2023. In terms of the developing progress, many new models have been officially produced and sold to customers. It is expected to expand the operating scale in 2024. The new product can be successfully developed, produced on schedule, and massively produced.

(Consolidated Report) Unit: NT$ thousand

Item	2023	2022
Research and Development Expense	566,441	397,804
Net Operating Revenue	5,648,694	4,197,839
Ratio to Net Operating Revenue	10.03%	9.48%

II. Business Guideline

A. Summary of the Business Plan for 2023

The ongoing Russian-Ukrainian war, the Red Sea crisis has caused an increase in shipping costs between Europe and Asia, and the overall global economy has declined due to inflation, which has added a lot of gloom to the economic outlook. However, in response to the global net-zero carbon reduction trend and the trend of corporate sustainable operations, looking forward to 2024 , the company will steadily plan its operating policies, continue to improve its R&D and innovation capabilities, and accelerate the development of new technologies and high-end products through industry-integrated cooperation, face changes in the economic environment with prudent thinking and attitude, and provide customers with Satisfactory product quality and services allow the company to more actively expand its business and enhance product competitiveness, maintain stable growth, and create higher profits.

B. important production and sales policies for the same fiscal year.

According to data from international research institutions, the number of units produced in the global automobile market is approximately 75-85 million units. Due to different designs of automobile alternators, the number of rectifier diodes used is six, eight or twelve. If Coupled with the needs of the maintenance market, the annual demand for generator rectifier diodes in the global automotive market is estimated to be more than 520 million units.

The company's product sales are mainly in the OE new car product market. At present, the most important suppliers in the product market are the German Bosch Company, the Japanese Hitachi Company and the company. It is an oligopoly product market. The company's products enjoy a high market share and export The cargo volume accounts for more than 50% of the world. The company formulates production and marketing policies based on relevant information.

Under the global trend of net-zero carbon emissions, countries are actively promoting policies related to net-zero emissions in 2050. The company continues to improve its R&D and innovation capabilities and steadily plans its operating policies. Looking into the future, the company operates steadily and continues to expand its strategic layout in the industry. , will consolidate the strong profit foundation for the company's overall performance, and is expected to continue to improve operating performance and recreate operational success.

Last but not least, we remain committed to you, our shareholders, and thank you for your continued support and confidence. Our management team will put forth more efforts and reward business results to each shareholder in the future. Wish you good health and everything goes well as you hope.

Actron Technology Corporation
Chairman Tan-Liang Yao
President Wu Chien Chung

II. Company Profile

I. Date of incorporation

(I) Date of incorporation: November 17 ,1998

(II) Address and Tel of the headquarter, branch, and factory

Region	Address	Tel
Office and factory	No. 22, Section 2, Nankan Road, Luzhu District, Taoyuan City	(03)311-5555

II. A brief history of the company

Nov 1998	Actron Technology Corporation was established in 12F, No. 25, Section 1, Dunhua South Road, Taipei City, for construction development.
Mar 1999	The current address of the office and factory is 1F, No. 12, Section 2, Nankan Road, Luzhu Township, Taoyuan County, for factory rebuild and equipment installation.
Jul 1999	Sent out automobile rectifier diode engineering samples to global major automobile component suppliers for specification certification.
Dec 1999	Sent out automobile semiconductor rectifier production samples to global major automobile component suppliers for specification certification.
Feb 2000	Official shipment of automobile rectifier diodes.
Apr 2000	Former Chairman Lu Min Kuang resigned. After the resolution of the Board of Directors, Mr. Song Gong yuan was elected as the Chairman.
Aug 2000	Passed QS-9000 certification in the automobile industry.
Sept 2000	Set up a shipping warehouse in the US for the requirement of inventory JIT management system in the automobile industry. The Company began massive production and sold merchandise to world-renowned manufacturers, officially entering the automobile component industry.
Dec 2000	"Pressfit Diode" was certified by USPTO and received a patent certificate.
Aug 2001	"Pressfit Diode" had officially been massively sold to European automobile component manufacturers monthly.
Nov 2001	"Pressfit Diode" had officially been sold to domestic automobile component manufacturers to develop domestic market.
Dec 2001	Annual purchase orders were made by European automobile component manufacturers.
Oct 2003	Obtained new car component certification and quotation from General Motor Corp., USA.
May 2004	Passed TS-16949 certification in the automobile industry.
Jun 2004	Re-organized the directors and supervisors. Mr. Lu Min Kuang

	was elected as the Chairman.
Nov 2004	Obtained new car component certification from Ford Motor Co., USA.
Mar 2005	The Company stock was registered in the emerging stock market.
Jun 2005	Officially started the constructions of the factory and office building.
Jul 2005	Flexible lead Pressfit Diode completed product certification.
Feb 2006	R&D team for new product, voltage regulator, was formed.
Apr 2006	The Company stock was officially listed in TPEX.
Jan 2007	The original production line was successfully relocated to the new factory and office building and began production.
Apr 2007	Made a change in the company registration. The registered address was changed to 1F, No. 12, Section 2, Nankan Road, Luzhu Township, Taoyuan County
Sept 2008	The paid-in capital was NT$540,090,000.
Jul 2009	Signed the cooperation contract with WABCO Co. Planned to produce ABS brake system components - solenoid valve in Qingdao, China in 2010 Q4.
Mar 2010	Monthly revenue exceeded NT$200 million.
Apr 2011	Sold merchandise to a Japanese generator customer.
Aug 2011	Officially started the constructions of the second factory and office building.
Nov 2012	Applied for the key counseling object of Taiwan Mittelstand.
Feb 2013	Nominated for 74 key counseling objects of Taiwan Mittelstand.
Dec 2013	The second factory and office building was completed. Annual revenue exceeded NT$3 billion.
Dec 2014	Passed the certification of Taiwan Intellectual Property Management System (TIPS).
Jul 2014	Received the honor of "Suppliers of Best Quality 2013" award from WABCO automobile control system.
May 2014	Project "Set up SoC platform for LIN & RVC automobile voltage regulator" received project grants from the Ministry of Economic Affairs for technology R&D.
Jan 2015	Passed OHSAS 18001:2007 certification.
Jan 2015	Passed the "CG6009 General Corporate Governance Evaluation" certification by Taiwan Corporate Governance Association Committee.
Apr 2015	Received the honor of "Excellent Quality Award 2014" from Remy to recognize the Company's outstanding performance in product and service.
May 2015	Acquired 100% equity of Ding-Wei Technology Co., Ltd.
Feb 2015	Subscription of 7,300,000 capital increase shares of Rec Technology Co., Ltd.
Jan 2016	Passed the new ISO 14001 environmental management system certification of 2015.

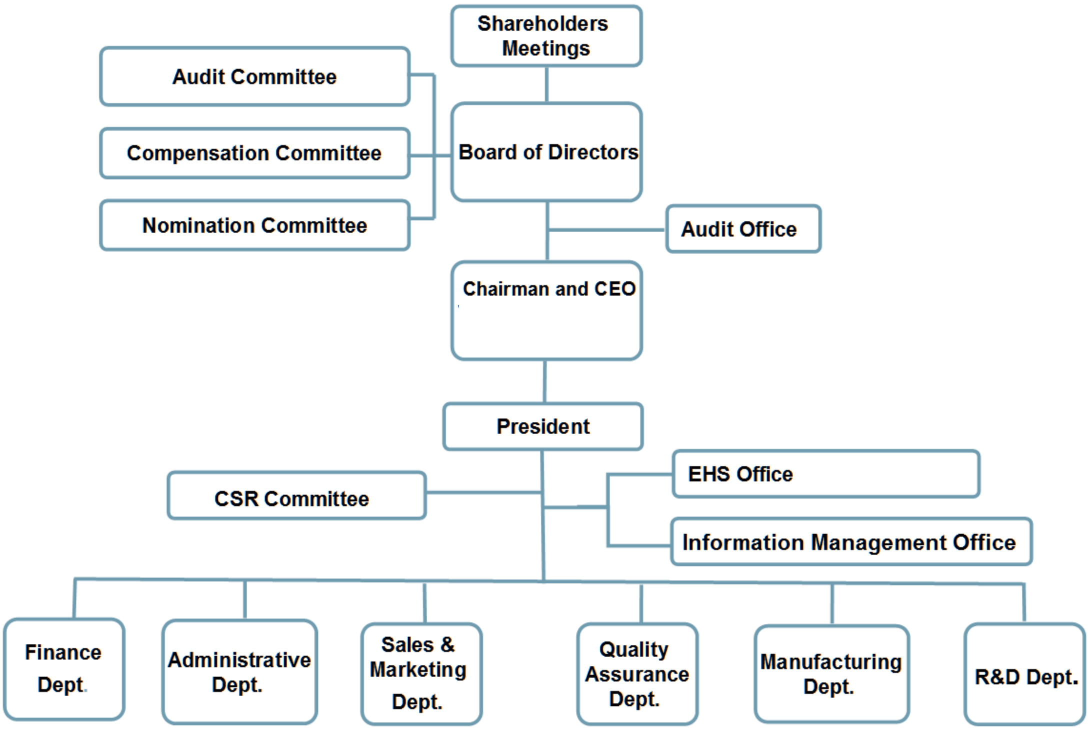
Apr 2016	Received the honor of "Top 5% in the listed company" in the 2nd Corporate Governance Evaluation.
Jun 2016	Released the first Corporate Social Responsibility Report.
Aug 2016	Received the honor of 2015 top 500 excellent businesses of export and import value.
Aug 2016	Received the honor of 11th place in the little giant group of the 2016 Excellence in Corporate Social Responsibility.
Nov 2016	Received the honor of silver award in the Electronic Information Manufacturing of the 9th Taiwan Corporate Sustainability Awards (TCSA).
Apr 2017	Received the honor of "Top 5% in the listed company" in the 3rd Corporate Governance Evaluation.
May 2017	Shimusi Auto Parts(Qingdao)Co., Ltd. received the honor of "2016 The Most Forward-Looking Partner Award" from WABCO.
Jun 2017	Received the honor of "Excellent Quality Award" from Wuhu Generator Automotive Electrical Systems Co., Ltd.
Aug 2017	Received the honor of the 4th Taiwan Mittelstand Award. Received the honor of 4th place in the little giant group of the 2017 Excellence in Corporate Social Responsibility.
Apr 2018	Received the honor of "Top 5% in the listed company" in the 4th Corporate Governance Evaluation.
Aug 2018	Received the Excellence in Corporate Social Responsibility Award.
Nov 2018	Received the honor of gold award in the Electronic Information Manufacturing of the Taiwan Corporate Sustainability Awards (TCSA).
Apr 2019	Received the honor of "Top 5% in the listed company" in the 5th Corporate Governance Evaluation.
Jun 2019	Officially started the constructions of the third factory and office building.
Sept 2019	Received the Excellence in Corporate Social Responsibility Award.
Nov 2019	Received the honor of SGS Annual Sustainability Elite Award. Received the honor of gold award in the Taiwan Corporate Sustainability Awards (TCSA).
Dec 2019	Received the honor of "2019 Top Quality Award" from Prestolite Electric (Beijing) Co., Ltd.
May 2020	Received the honor of "Top 5% in the listed company" in the 6th Corporate Governance Evaluation.
Aug 2020	Received the Excellence in Corporate Social Responsibility Award.
May 2021	Received the honor of "Top 5% in the listed company" in the 7th Corporate Governance Evaluation.
Oct 2021	Received the honor of diamond grade In green building

	badge.
Nov 2021	Received the honor of gold award in the Taiwan Corporate Sustainability Awards (TCSA). Received the honor of silver award in the 3rd National Enterprise Environmental Protection Award.
May 2022	Received the honor of “Top 5% in the listed company” in the 8th Corporate Governance Evaluation.
Nov 2022	Received the honor of gold award in the Taiwan Corporate Sustainability Awards (TCSA).
May 2023	Received the honor of “Top 5% in the listed company” in the 8th Corporate Governance Evaluation.
May 2023	Listed in the "Taiwan OTC ESG 30 Index"
Sep 2023	Listed in the 'Common Wealth Magazine's Sustainable 100' for eight consecutive years.
Sep 2023	Received the Common Wealth Talent Sustainability Award.
Nov 2023	Received the honor of Taiwan Top 100 Sustainable Exemplar Enterprise Award by TCSA
Dec 2023	Received the Friendly Family Workplace Award.
Dec 2023	Awarded the Core Enterprise OF Safety Family by the Ministry of Labor’s Occupational Safety and Health Administration.

III. Corporate Governance Report

I. Company Organization

(I) Organizational System



(II) Department functions

Department	Functions
Auditing Office	Perform regular and irregular auditing activities. Confirm the operating performance of various operating cycles and the improvement progress. Assist all departments to adjust and fix the error in regulations and system execution.
Environmental, Health, and Safety Office	Plan, manage, and operate the policies in company environmental protection, fire control, and labor safety and health.
IT Office	Responsible for IT security management, computer system maintenance, IT system structure planning, and system building, maintaining, supporting, and integrating management information.
Management Department	Responsible for recruitment, hire, salary, employee benefit, educational training, and purchase raw material and Miscellaneous. End product and raw material warehouse management and administration.
Financial Department	Responsible for reviewing Accounting documents, preparing financial statements, capital movement and budget planning, tax planning, financial and management information providing and analyzing.
Sales and Marketing Department	Responsible for product sales, new customer development, customer credit and service, customer complaints and returned shipment handling, production schedule planning, and import and export affairs.
Manufacturing Department	Responsible for product production, yield and abnormal management, raw material usage and disposal management, work site maintenance and safety implement, operator education training and performance appraisal, and annual and monthly production plan implement.
Quality Assurance Department	Responsible for setting and managing product quality standards and inspection regulations, instrument correction and control, setting production test specifications, analyzing product failure, evaluating product reliability, managing raw material inspection, performing process quality control and audit, end product shipment inspection, and analyzing and implementing factory preventive maintenance systems, etc.
Development Department	Responsible for product research and development and design specification planning, process improvement, tool development, sample trial, customized equipment production and inspection, and graphic information control, etc. Also responsible for handling production quality exceptions, quality research and development improvement, personnel education training and specifications setting, implementation of all quality systems and specification, industrial waste reduction improvement, equipment maintenance improvement for higher production efficiency.

II. Information on the company's directors, supervisors, general manager, Deputy General Managers, associates, and the supervisors of all the company's divisions and branch units

(I) Directors’ and supervisors’ names, experience (education), numbers and natures of shareholding：

Date for suspension of share transfer: Mar 26, 2024

Title	Nationality/Country of Origin	Name	Gender /Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Executives or Directors who are spouses or within two degrees of kinship			Gender
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C	Yao Dang Liang	Male 61-70	2022/5/27	3 years	1998/11/9	42,700	0.05%	350,144	0.35%	6,435	0.01%	0	0%	Master of Management Research Institute of Tamkang University Hsu Shin Technology Corp. Associate Sino-American Silicon Products Inc. General Manager	Note 1	None	None	None	None
Director	R.O.C	Lu Min Kuang	Male 71-80	2022/5/27	3 years	1998/11/9	4,880,000	5.34%	4,880,000	4.81%	3,030,111	2.99%	0	0%	Honorary Doctor of Engineering, National Chiao Tung University Lite-on Semiconductor Corp. General Manager Hsu Shin Technology Corp. General Manager Hsu Li Corp. Deputy General Manager	Note 2	Director Representative Associate	Yang Su Mei Lu Jian Chi	Spouse Son	None
Director	R.O.C	Sino-American Silicon Products Inc. Representative :Feng Hao	Male 41-50	2022/5/27	3 years	2016/6/3 2010/6/4	20,807,346 0	22.75% 0.00%	24,935,299 0	24.58% 0%	0 0	0% 0%	0 0	0% 0%	Master of International Business Management, National Chengchi University TUM Inc. Deputy General Manager	Note 3	None	None	None	None
Director	R.O.C	Sino-American Silicon Products Inc. Representative :Hsu Show Lan	Female 61-70	2022/5/27	3 years	1998/11/9 2019/5/29	20,807,346 172	22.75% 0.00%	24,935,299 172	24.58% 0.00%	0 0	0% 0%	0 0	0% 0%	Master of Computer Science, University of Illinois Creative Sensor Inc. General Manager Sino-American Silicon Products Inc. Deputy General Manager	Note 4	None	None	None	None
Director	R.O.C	Hsu Shin Investing Corp. Representative : Yang Su Mei	Female 71-80	2022/5/27	3 years	2016/6/3 2016/6/3	2,220,000 2,025,435	2.43% 2.21%	2,130,000 3,030,111	2.10% 2.99%	0 4,880,000	0% 4.81%	0 0	0% 0%	Ming Chuan University Accounting Department Sino-American Silicon Products Inc. Supervisor	Note 5	Chairman Associate	Lu Min Kuang Lu Jian Chi	Spouse Son	None
Director	R.O.C	Wu Xian Chung	Male 51-60	2022/5/27	3 years	2019/5/29	195,153	0.21%	282,158	0.28%	0	0%	0	0%	Master of International Business Management, National Chengchi University Uniform Industrial Corp. Associate	Note 6	None	None	None	None
Independent Director	R.O.C	Liu Chung Xian	Male 61-70	2022/5/27	3 years	2019/5/29	0	0%	0	0%	0	0%	0	0%	Master of Management Science, Tamkang University Ruentex Development Co.,Ltd. Chairman	Note 7	None	None	None	None
Independent Director	R.O.C	Cheng Cheng Yuan	Male 61-70	2019/5/29	3 years	2013/5/29	0	0%	0	0%	0	0%	0	0%	Ph.D., Institute of Mechanical Engineering, University of Liverpool Dean of School of Engineering, National Taiwan University of Science and Technology Sino-American Silicon Products Creative Technology R&D Center Consultant Digital Service Innovation Institute Joint professor / consultant	Note 8	None	None	None	None
Independent Director	R.O.C	Shu-Mei-Chang	Female 51-60	2022/5/27	3 years	2022/5/27	0	0%	0	0%	0	0%	0	0%	Bachelor degree in law from of National Cheng Chi University Assistant vice president of TAIWAN COOPERATIVE BANK CFO of TATUNG CO.	Note 9	None	None	None	None
Independent Director	R.O.C	Chun-Chun Chang	Female 51-60	2023/5/26	3 years	2022/6/11	0	0%	0	0%	0	0%	0	0%	Department of accounting of Chung Yuan Christian University CPA of CHANG,CHUN-CHUN accounting firm	Note 10	None	None	None	None

Note 1: Mr. Yao is also Vice Chairman and President of Sino-American Silicon Products Inc.、The legal Board of Director representative of GlobalWafers Co.,Ltd. 、Vice Chairman and Vice CEO of Actron Technology Corporation、 The legal Board of Director representative of ADVANCED WIRELESS SEMICONDUCTOR COMPANY、 The legal Board of Director representative of Taiwan Speciality Chemicals Corporation、The legal Board of Director representative of Sunrise PV Three Co., Ltd., 、The legal Board of Director representative of SAS Capital Co., Ltd., 、The legal Board of Director representative of GWC Capital Co., Ltd., 、Director of Yuanhong (Shangdong) Photoelectric Material Co., Ltd.,、The legal Board of Director representative of REC Technology Corporation. 、The legal Board of Director representative of MOSEL VITELIC INC. 、Chairperson of Kunshan Sino Silicon Technology Co., Ltd.、Director of GlobiTech Incorporated、Director of GlobalWafers Japan Co., Ltd.、Director of GlobalWafers Singapore Pte. Ltd.、Director of GlobalWafers America, LLC.

Note 2: Mr. Lu is Director of Sino-American Silicon Products Inc、Director of GlobalWafers Co.,Ltd.、The legal Board of Director representative of SAS Capital Co., Ltd., The legal Board of Director representative of GWC Capital Co., Ltd.,Chairman of Bigbest Corporation、Independent Director of LITE-ON Technology Corp. 、The legal Board of Director representative of Formerica Optoelectronics Inc.、Chairman of REC Technology Corporation、Director of Actron Technology QingDao Corp.、Director of Hsu Shin Investing Corp.

Note 3: Mr. Feng is also The legal Board of Director representative of Actron Technology Corporation、The legal Board of Director representative of Sino-American Silicon Products Inc.

Note 4: Ms. Hsu is also Chairman and CEO of Sino-American Silicon Products Inc.、Chairman and CEO of GlobalWafers Co., Ltd.、The legal Board of Director representative of Actron Technology Corporation.、 Director of Crystalwise Technology Inc.、 The legal Board of Director representative of Advanced Wireless Semiconductor Company.、 Chairman of Taiwan Speciality Chemicals Corporation.、 The legal Board of Director representative of SAS Sunrise Inc.、 Director of SAS Sunrise Pte. Ltd.、Chairman of Sunrise PV Three Co., Ltd.、Chairman of Sunrise PV Four Co., Ltd.、Chairman of SAS Holding Co., Ltd.、Chairman of GlobalWafers Holding Co., Ltd.、Director of GlobalWafer s Inc.、Director of GlobalSemiconductor Inc.、Chairman& CEO of GlobiTech Incorporated.、Chairman of GlobalWafers Japan Co., Ltd.、Vice Chairman of Kunshan Sino Silicon Technology Co., Ltd.、Chairman of Topsil GlobalWafers A/S.、Director of GlobalWafers Singapore Pte. Ltd.、Director of GlobalWafers B.V.、T Director of MEMC Korea Company.、Director of Crystalwise Technology (HK) Limited.

Note 5: Ms. Yang is also Chairman of Hsu Shin Investing Corp..

Note 6: Mr. Wu is also President of ActronTechnology Corporation、The legal Board of Director representative DING-WEI TECHNOLOGY CO.LTD、The legal Board of Director representative of Actron Technology (Qing Dao) Corporation、The legal Board of Director representative of Hong-Wang Investment Company、The legal Board of Director representative of Bigbest Corporation、The legal Board of Director representative of MOSEL VITELIC INC.、Director of Phoenix Pioneer technology Corporation、The legal Board of Director representative of Excelliance MOS Corporation、The legal Board of Director representative of SUPER ENERGY MATERIALS,INC.

Note 7: Mr. Liu is also a 1. Chair Professor, Soochow University、Adjunct Associate Professor, Tunghai University Note 10: Mr. Jin is also Silitech Corp. institutional director representative and On-Bright Electronics Corp. director, Independent Director of Johnson Health Tech. Co., Ltd.、Independent Director of ADVANCED WIRELESS SEMICONDUCTOR COMPANY、Independent Director ofTaiwan Speciality Chemicals Corporation.

Note 8: Mr. Cheng is also Distinguished Professor, Mechanical Engineering, National、Taiwan University of Science and Technology、 Independent Director of ANT PRECISION INDUSTRY CO., LTD、 Independent Director of GlobalWafers Co., Ltd.、Independent Director of Actron Technology QingDao Corp.

Note 9: Shu-Mei- Chang is also CFO of TATUNG CO. 、Independent Director of Actron Technology Corp.

Note 10: Chun-Chun Chang is also Independent Director of Actron Technology Corp.、Independent Director of Bin Chuan Enterprise Co., Ltd.、Independent Director of JASON CO.,LTD

Note 11: When the general manager or a person with equivalent position (top manager) and the chairman of the board of directors are the same person, each other's spouse or first degree relative, relevant information on the reasons, rationality, necessity and countermeasures shall be disclosed.

The chairman of the company concurrently serves as the CEO. Considering the company's operating scale and in order to improve overall operating efficiency, the company also has the position of general manager. The division of responsibilities between the CEO and the general manager is different. The CEO is more focused on planning (the main responsibility is In order to formulate the company's operating policies, annual budget plans, maintain important customer relationships, strategic alliance planning, reinvestment layout planning, and track the actual achievement of annual plans, etc.), the general manager is responsible for the execution side (responsible for the execution and coordination of the company's business) and command and supervise subordinates to achieve operational goals, and at the same time implement the company's policies and the business strategies and related operational matters planned by the CEO), the two complement each other; the chairman of the company is also the CEO, and can effectively implement the company planned by the board of directors Implementing the development blueprint into planning and execution can also improve the board of directors' understanding of the company's operating conditions. More than half of the company's board of directors are not employees or managers, and the board of directors has three independent directors. Members of each functional committee are served by independent directors who can make recommendations to the board of directors after full discussions on various important issues. Strengthen the supervisory function of the board of directors and implement corporate governance.

(II) Major shareholders of the institutional shareholders

Mar 26, 2024

Name of Institutional Shareholder (Note 1)	Major Shareholders (Note 2)
Sino-American Silicon Products Inc. (Note 1)	Hongwang Investment Co., Ltd.(4.27%) China Life Insurance Co., Ltd. (2.51%) Weilian Technology Co., Ltd. (2.24%) Cathy Life Insurance Co., Ltd. (1.97%) Ming-Kuang Lu (1.91%) Ching-Chao Chang(1.89%) Hongmao Investment Co., Ltd. (1.78%) NAN SHAN LIFE INSURANCE CO. LTD (1.64%) HSBC (Taiwan) Commercial Bank is entrusted to maintain the special investment account of Morgan Stanley International Co., Ltd. (1.62%) WT MICROELECTRONICS CO., LTD.(1.35%)
Hsu Shin Investing Corporation	Yang Su Mei (2%) Lu Min Kuang (2%) Lu Jian Chi (31.97%) Lu Yijun (31.97%)

Note 1: Sino-American Silicon Products Inc. base date is April 23., 2023.

(III) Major shareholders of the Company's major institutional shareholders：

Mar 26, 2024

Name of Institutional Shareholder (Note 1)	Major Shareholders (Note 2)
Hongwang Investment Co., Ltd.	Weilian Technology Co., Ltd. (39.02%) Actron Technology Corporation (30.00%) Globalwafers.Co.,Ltd. (30.98%)
Weilian Technology Co., Ltd.	Hung-mau Investment Company (32.48%)
Cathay Life Insurance Co.,Ltd.	Cathay Financial Holding Co.,Ltd. (100%)
Hung-mau Investment Company	Christian Chinese Trust, Hope and Love Foundation (17.50%) Ping An Faith Hope Love Culture and Education Foundation (17.50%) Social Welfare Charitable Trust Social Welfare Foundation (17.50%) Weisheng Trust, Hope and Love Charity Foundation (17.50%).
HongMao Investment Co., Ltd.	Christian Chinese Trust, Hope and Love Foundation (17.50%), Cross-Strait Peace Taiwan Trust, Hope and Love Culture and Education Foundation (17.50%), Social Welfare Charitable Trust Social Welfare Foundation (17.50%) and Weisheng Trust, Hope and Love Charity Foundation (17.50%).
WT Microelectronics Co., Ltd.	WPG Holdings Limited(19.71%)、ASMedia Technology Inc.(17.52%)、Shao Yang Investment Co., Ltd.(7.34%) 、Yuanta/P-shares Taiwan Dividend Plus ETF(4.06%) 、Cheng, Wen-Tsung(2.40%) 、Cibc World Markets Inc.(2.10%) 、Finance Department of Mega International Commercial Bank(1.79%) 、First Private High No. 5(1.74%) 、Mercuries Life Insurance Co., Ltd.(1.27%) 、New Labor Pension Fund(1.18%) 、

(III) Disclosure of information as professional qualifications and independent status of directors and independent directors：

Qualification / Name	Professional qualifications and experience (note 1)	Independent status (Note 2)	Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Yao Dang Liang	1. Master of Management Research Institute of Tamkang University 2. Possesses five or more years of work experience required for the Company's business 3. Vice Chairman and Vice CEO of Actron Technology Corporation	NA	0
Lu Min Kuan	1. Honorary Doctor of Engineering, National Chiao Tung University 2. Possesses five or more years of work experience required for the Company's business 3. Chairman and CEO of Actron Technology Corporation	NA	1
Feng Hao	1. Master of International Business Management, National 2. Possesses five or more years of work experience required for the Company's business	NA	0
Hsu Show Lan	1. Master of Computer Science, University of Illinois 2. Possesses five or more years of work experience required for the Company's business	NA	0
Yang Su Mei	1. Ming Chuan University Accounting Department 2. Possesses five or more years of work experience required for the Company's business	NA	0
Wu Xian Chung	1. Master of International Business Management, National Chengchi University 2. Possesses five or more years of work experience required for the Company's business	NA	0
Liu Chung Xian	1. Master of Management Science, Tamkang University 2. Possesses five or more years of work experience required for the Company's business	1. Himself, spouse, or relative within the second degree of kinship not a director, supervisor, or employee of the company or any of its affiliates. 2. None of the Company's share is held by him/herself, spouse, or relative within the second degree of kinship (including held by the person under others' names) 3. Not a director, supervisor, or employee of the companies with certain relationships with the Company. 4. No compensation is received by providing commercial, legal, financial, accounting or related services to the company or any affiliate of the company in the past 2 years.	3
Cheng Cheng Yuan	1. Ph.D., Institute of Mechanical Engineering, University of Liverpool 2. Possesses five or more years of work experience required for the Company's business		2
Shu-Mei-Chang	1. Bachelor degree in law from of National Cheng Chi University，Assistant vice president of TAIWAN COOPERATIVE BANK，CFO of TATUNG CO. 2. Possesses five or more years of work experience required for the Company's business		0
Chun-Chun Chang	1. Department of accounting of Chung Yuan Christian University ，Deputy General Manager of Administration Department of Merdury Biopharmaceutical Corporation， CPA of CHANG,CHUN-CHUN accounting firm， Independent Director of Bin Chuan Enterprise Co., Ltd. 2. Possesses five or more years of work experience required for the Company's business		2

Note 1: All directors have not been a person of any conditions defined in Article 30 of the Company Law.

1. The Company has established a "Code of Practice for Corporate Governance" with the diversity of the members of the Board policy:
   The composition of the board of directors should be considered in a diversified manner, and appropriate diversification policies should be formulated for its own operation, operational type and development needs, including but not limited to the following two standards:
   I. Basic requirements and values: gender, age, nationality and culture, etc.
   II. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc.
   Board members should generally have the knowledge, skills and literacy necessary to perform their duties. In order to achieve the ideal goal of corporate governance, the overall ability of the board of directors should be as follows:
   I. Operation judgement II. Accounting and financial knowledge III. Business management IV. Crisis dealing V. Industry knowledge VI. International market view VII. Leadership VIII. Decision-making
2. Implementation on diversity of the board of directors:

Diversified Core Item / Directors	Gender	Term (year)			I	II	III	IV	V	VI	VII	VIII
		< 3	3-6	> 6								
Yao Dang Liang	Male	—	—	V	V	—	V	V	V	V	V	V
Lu Min Kuang	Male	—	—	V	V	—	V	V	V	V	V	V
Sino-American Silicon Products Inc. Representative: Hsu Show Lan	Female	—	V	—	V	—	V	V	V	V	V	V
Sino-American Silicon Products Inc. Representative: Feng Hao	Male	—	V	—	V	—	V	—	—	V	V	V
Hsu Shin Investing Corp. Representative: Yang Su Mei	Female	—	V	—	V	V	V	—	—	V	V	V
Wu Xian Chung	Male	—	V	—	V	—	V	V	V	V	V	V
Liu Chung Xian	Male	—	V	—	V	V	V	V	—	V	V	V
Cheng Cheng Yuan	Male	—	V	—	—	—	—	—	V	V	—	V
Shu-Mei- Chang	Female	V	—	—	V	V	V	V	V	V	V	V
Chun-Chun Chang	Female	V	—	—	V	V	V	V	V	V	V	V

The implementation of the board diversity policy：
1. More than 100% of independent directors have been in office for no more than three terms 2. The Company is also concerned about gender equality, with more than 33% female directors in the composition of the board of directors.3. The directors are employees of the company have been no more than 1/3。Diversity policy has been implemented in the composition of the board of directors as defined in the Company's Code of Corporate Governance.

(V) Information on the company's general manager, Deputy General Managers, associates, and the supervisors of all the company's divisions and branch units:

Date for suspension of share transfer: Mar 29, 2022

Title (Note 1)	Nationality	Name	Gender	Elected Date	Shareholding		Shareholding by Spouses & Minor		Current Shareholding in the name of others		Experience (Education) (Note 2)	Current Positions at Other Companies	Managers who are spouses or within two degrees of kinship			Remark (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
CEO	R.O.C	Yao Dang Liang	Male	2019/5/29	350,144	0.35%	6,435	0.01%	0	0.00%	Master of Management Research Institute of Tamkang University Hsu Shin Technology Corp. Associate Sino-American Silicon Products Inc. General Manager	Note 1	None	None	None	None
General Manager	R.O.C.	Wu Xian Chung	Male	2013/6/28	282,158	0.28%	0	0.00%	0	0%	Master of International Business Management, National Chengchi University UIC Inc. Associate	Note 2	None	None	None	None
Deputy General Manage	R.O.C.	Chang Hui Chung	Male	2013/3/4	62,242	0.06%	0	0.00%	0	0%	Master of Business Administration for Senior Executive, National Central University Delta Electronics, Inc Factory Director	Shimusi Auto Parts (Qingdao) Co.,Ltd.institutional director representative & General Manager	None	None	None	None
Deputy General Manager	R.O.C.	Huang Xi Chin	Male	2013/7/10	46,230	0.05%	0	0.00%	0	0%	Australia UNSW, Chemistry Department, National Chengchi University Diodes Taiwan Ltd. Manager	None	None	None	None	None
Deputy General Manage	R.O.C.	Lu Jian Chi	Male	2017/8/9	1,891,746	1.86%	128,113	0.13%	0	0%	Institute of Electrophysics, National Chian Tung University Winbond Electronics Manufacturing Process R&D Assistant manager	Hsu Shin Investing Corp. director Mosel Vitelic Inc. director	None	None	None	None
Associate	R.O.C.	CHEN,CHIH-MING	Male	2021/5/10	2,000	0.00%	0	0.00%	0	0%	Kansas State University IE Master of Industrial Engineering, Tsinghua University Associate of nnolux Optoelectronics Co., Ltd Associate of Sipin Precision Industry Co., Ltd. Associate of Provo Technology (Stocks) Co., Ltd.	None	None	None	None	None
Finance and Accounting Supervisor	R.O.C.	Chiu Mei ying	Female	2021/03/10	22,259	0.02 %	0	0.00%	0	0%	Master of Professional MBA, Feng Chia University College of Business. Senior Manager of Accounting Department of Sino-American Silicon Products Inc. Taiwan Styrene Monomer Corporation Finance and Accoounting Manager	Supervisor of AIWAN UNITED MEDICAL INC	None	None	None	None

Note 1: Mr. Yao is also Vice Chairman and President of Sino-American Silicon Products Inc.、The legal Board of Director representative of GlobalWafers Co.,Ltd. 、Vice Chairman and Vice CEO of Actron Technology Corporation、 The legal Board of Director representative of ADVANCED WIRELESS SEMICONDUCTOR COMPANY、 The legal Board of Director representative of Taiwan Speciality Chemicals Corporation、The legal Board of Director representative of Sunrise PV Three Co., Ltd., 、The legal Board of Director representative of SAS Capital Co., Ltd., 、The legal Board of Director representative of GWC Capital Co., Ltd., 、Director of Yuanhong (Shangdong) Photoelectric Material Co., Ltd.,、The legal Board of Director representative of REC Technology Corporation. 、The legal Board of Director representative of MOSEL VITELIC INC. 、Chairperson of Kunshan Sino Silicon Technology Co., Ltd.、Director of GlobiTech Incorporated、Director of GlobalWafers Japan Co., Ltd.、Director of GlobalWafers Singapore Pte. Ltd.、Director of GlobalWafers America, LLC.

Note2: Mr. Wu is also President of ActronTechnology Corporation、The legal Board of Director representative DING-WEI TECHNOLOGY CO.LTD、The legal Board of Director representative of Actron Technology (Qing Dao) Corporation、The legal Board of Director representative of Hong-Wang Investment Company、The legal Board of Director representative of Bigbest Corporation、The legal Board of Director representative of MOSEL VITELIC INC.、Director of Phoenix Pioneer technology Corporation、The legal Board of Director representative of Excelliance MOS Corporation、The legal Board of Director representative of SUPER ENERGY MATERIALS,INC.

(VI) Remuneration paid to Directors, Independent Directors, Supervisors, General Manager, and Deputy General Manager

I. Remuneration paid to Directors and Independent Directors:

Unit: thousand shares; NT$ thousand

Title	Name	Remunerations of Directors								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant remuneration received by directors who are also employees								Ratio of total compensation (A+B+C+D+E+F+ G) to net income (%)		Compensation paid to directors from an invested company other than the company's subsidiary
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Allowances (D)				Salary, Bonuses and Allowances(E)		Severance Pay (F)		Employee Compensation (G)						
		The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company		All companies in the consolidated financial statement		The Company	All companies in the consolidated financial statement	
																Cash	Stock	Cash	Stock			
Director	Yao Dang Liang Lu Min Kuang Wu Xian Chung Sino-American Silicon Products Inc.Representative: Feng Hao Sino-American Silicon Products Inc.Representative: Hsu Show Lan Hsu Shin Investing Corp. epresentative: Yang Su Mei	10	10	0	0	19,200	19,200	180	426	19,390 2.68%	19,636 2.72%	8,569	9,115	0	0	13,000	0	13,000	0	40,959 5.66%	42,751 5.77%	96,591
Independent Director	Liu Chung Xian Cheng Cheng Yuan Chun-Chun Chang Shu-Mei- Chang	3,690	3,690	0	0	0	0	105	105	3,795 0.52%	3,795 0.52%	0	0	0	0	0	0	0	0	3,795 0.52%	3,795 0.52%	無

1.Please describe the policy, system, standard and structure of the remuneration to independent directors, and their linkages to the responsibility, risk, and time of devotion:
The responsibility of the Company's independent director is in compliance with the Company's "the responsibility scope of the independent director regulation" unless otherwise stated in related laws and regulations, and is also in compliance with the "Articles of Incorporation" and "remuneration to director and functional committee regulation". The remuneration to independent directors is fixed monthly remuneration. In order to maintain the independence of the independent directors, they will not participate in the surplus distribution.

2.In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities /invested enterprises):NA

Range of Remuneration

Range of remuneration	Names of Directors			
	First four categories of remuneration (A+B+C+D)		First four categories of remuneration (A+B+C+D+E+F+G)	
	The Company	All companies in the consolidated financial statement H	The Company	All companies in the consolidated financial statement I
Under NT$1,000,000	Feng Hao、Yang Su Mei、Hsu Show Lan、Chun-Chun Chang	Feng Hao、Yang Su Mei、Hsu Show Lan、Chun-Chun Chang	Feng Hao、Yang Su Mei、Hsu Show Lan、Chun-Chun Chang	Feng Hao、Yang Su Mei、Hsu Show Lan、Chun-Chun Chang
NT$1,000,000 (included)～NT$2,000,000 (excluded)	Liu Chung Xian、Cheng Cheng Yuan、Shu-Mei- Chang	Liu Chung Xian、Cheng Cheng Yuan、Shu-Mei- Chang	Liu Chung Xian、Cheng Cheng Yuan、Shu-Mei- Chang	Liu Chung Xian、Cheng Cheng Yuan、Shu-Mei- Chang
NT$2,000,000 (included)～NT$3,500,000 (excluded)	Hsu Shin Investing Corp.、Lu Min Kuang、Yao Dang Liang、Wu Xian Chung	Hsu Shin Investing Corp.、Lu Min Kuang、Yao Dang Liang、Wu Xian Chung	Hsu Shin Investing Corp.	Hsu Shin Investing Corp.
NT$3,500,000 (included)～NT$5,000,000 (excluded)			Lu Min Kuang	Lu Min Kuang
NT$5,000,000 (included)～NT$10,000,000 (excluded)	Sino-American Silicon Products Inc.、	Sino-American Silicon Products Inc.、	Sino-American Silicon Products Inc.、	Sino-American Silicon Products Inc.、
NT$10,000,000 (included)～NT$15,000,000 (excluded)			Yao Dang Liang	Yao Dang Liang
NT$15,000,000 (included)～NT$30,000,000 (excluded)			Wu Xian Chung	Wu Xian Chung
NT$30,000,000 (included)～NT$50,000,000 (excluded)				
NT$50,000,000 (included)～NT$100,000,000 (excluded)				
Over NT$100,000,000				
Total	12	12	12	12

2. Remunerations of Supervisors: not applicable. The Company set up the Audit Committee on June 4, 2013

3. Remunerations paid to General Manager and Deputy General Manager

Title	Name	Salary (A)		Severance Pay (B)		Bonus and Allowances (C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income(%)		Compensation Paid to the President and Vice Presidents from an Invested Company Othe than the Company's Subsidiary
		The Company	All companies in the consolidated financia statement	The Company	All companies in the consolidated financia statement	The Company	All companies in the consolidated financia statement	The Company		All companies in the consolidated financial statement		The Company	All companies in the consolidated financia statement	
								Cash	Stock	Cash	Stock			
CEO	Yao Dang Liang	12,291	14,781	0	0	3,443	3,548	19,100	0	19,100	0	34,834 4.82%	37,429 5.18%	44,831
General Manager	Wu Chien Chung													
Deputy General Manager	Chang Hui Chung													
Deputy General Manager	Huang Xi Chin													
Deputy General Manager	Lu Jian Chi													

Range of Remunerations

Range of remuneration paid to General Managers and Deputy General Managers	Names of General Managers and Deputy General Managers	
	The Company	All companies in the consolidated financial statement
Under NT$1,000,000		
NT$1,000,000 (included)～NT$2,000,000 (excluded)		
NT$2,000,000 (included)～NT$3,500,000 (excluded)		
NT$3,500,000 (included)～NT$5,000,000 (excluded)	Lu Jian Chi、Chang Hui Chung	Lu Jian Chi、Chang Hui Chung
NT$5,000,000 (included)～NT$10,000,000 (excluded)	Yao Dang Liang、Huang Xi Chin	Yao Dang Liang、Huang Xi Chin
NT$10,000,000 (included)～NT$15,000,000 (excluded)	Wu Chien Chung	Wu Chien Chung
NT$15,000,000 (included)～NT$30,000,000 (excluded)		
NT$30,000,000 (included)～NT$50,000,000 (excluded)		
NT$50,000,000 (included)～NT$100,000,000 (excluded)		
Over NT$100,000,000		
Total	5	5

4.Remunerations of Managers and Range of Remuneration：

Unit: thousand shares; NT$ thousand； 12/31/2023

<table>
<tr><th colspan="2">Title</th><th>Name</th><th>Stock</th><th>Cash</th><th>Total</th><th>Total remuneration to net income after tax(%)(Note 1)</th></tr>
<tr><td rowspan="7">Managers</td><td>CEO</td><td>Yao Dang Liang</td><td rowspan="7">0</td><td rowspan="7">20,800</td><td rowspan="7">20,800</td><td rowspan="7">2.88%</td></tr>
<tr><td>General Manager</td><td>Wu Xian Chung</td></tr>
<tr><td>Deputy General Manager</td><td>Huang Xi Chin</td></tr>
<tr><td>Deputy General Manager</td><td>Chang Hui Chung</td></tr>
<tr><td>Deputy General Manager</td><td>Lu Jian Chi</td></tr>
<tr><td>Associate</td><td>Chen,Chih-Ming</td></tr>
<tr><td>Associate</td><td>Chen Jun Ji</td></tr>
</table>

Note1: Due to the adoption of international financial reporting standards, net profit after tax refers to the net profit after tax in the individual financial report of the most recent year (2023 year).

(VII) Analysis of the proportion of the total remuneration to net profit after tax:

Analysis of the proportion of the total remuneration of directors, general managers and deputy general managers of the Company paid by the Company and all companies in the consolidated financial statement to net profit after tax in individual financial statements of the recent two years. Explanation of remuneration policies, standards and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

1. Analysis of the proportion of the total remuneration of directors, supervisors, general managers and deputy general managers of the Company paid by the Company and all companies in the consolidated financial statement to net profit after tax in individual financial statements of the recent two years:：

Unit: NT$ thousand

<table>
<tr><th rowspan="3">Title</th><th colspan="4">Ratio of total remuneration paid to net income (%)</th></tr>
<tr><th colspan="2">2023</th><th colspan="2">2022</th></tr>
<tr><th>The Company</th><th>All companies in the consolidated financial statement</th><th>The Company</th><th>All companies in the consolidated financial statement</th></tr>
<tr><td>Director</td><td>3.21%</td><td>3.24%</td><td>4.15%</td><td>4.15%</td></tr>
<tr><td>General Manager and Deputy General Manager</td><td>4.82%</td><td>5.18%</td><td>5.31%</td><td>5.31%</td></tr>
</table>

Note: The main difference between 2023 and 2022 are due to the changes in profits.

2. Explanation of remuneration to directors policies, standards and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:
   The remuneration to directors can be classified into three types: surplus distribution, remuneration, and allowance. It is handled in accordance with the relevant regulations of the Articles of Incorporation and the "Remuneration to Directors Distribution Policy" that is approved by the Board of Directors. Surplus distribution is in accordance with the Article 18 in Articles of Incorporation. The remuneration to directors can't be higher than 3% of the annual profit. The Remuneration Committee will refer to the "board (functional committee) performance evaluation regulations" and consider the involvement and contribution to the company operation, the contribution to the company performance, the future risk, and the usual level of the same industry to provide reasonable compensation. The allowance is mainly cars and gasoline reimbursement. The issuance standard is based on the actual attendance to the meetings of the board of directors, Audit Committee, Remuneration Committee and other functional committees.
3. Explanation of remuneration to General Manager and Deputy General Manager policies, standards and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:
   The remuneration structures to General Manager and Deputy General Manager can be classified into two types: fixed salaries and variable salaries. Fixed salaries are paid in accordance with the "employee salary management regulation" as monthly salary, bonus for three major holidays, and surplus bonus. The variable salaries are paid in accordance with the "manager salary and performance evaluation regulation" as compensations, bonus, and allowance. The result of the performance evaluation will be reviewed by the Remuneration Committee. In addition to considering the usual level of the same industry and the history operation performance of the company, the payment standards, structures, and systems will be adjusted anytime according to the actual operating conditions and changes in relevant laws and regulations. It is not recommended for managers to engage in any behavior that exceeds company risk for remuneration, and the advice will be reviewed by the Board of Directors. Bonuses and allowances are handled in accordance with the internal related regulations of the company as all kinds of bonus, incentive, allowance, reimbursement, dormitory, company car and other physical objects or remunerations.

III. The state of the company's implementation of corporate governance: ：

(i) The state of operations of the board of directors: numbers of the meeting held, attendance rate of every director, the objective of strengthening the functions of the board of directors and execution evaluation of the current and recent fiscal years, and other matters to be recorded.

7 meetings (A) were held by the Board of Directors in the most recent year with their attendance shown as follow:

Title	Name (Note 1)	In-person Attendance (B)	By proxy	In-person Attendance Rate (%) (B/A) (Note 2)	Remarks
Chairman	Yao Dang Liang	7	0	100%	
Director	Lu Min Kuang	7	0	100%	
Director	Sino-American Silicon Products Inc. Representative: Feng Hao	7	0	100%	
Director	Hsu Shin Investing Corp. Representative: Yang Su Mei	7	0	100%	
Director	Sino-American Silicon Products Inc. Representative: Hsu Show Lan	7	0	100%	
Director	Wu Xian Chung	7	0	100%	
Independent Director	Liu Chung Xian	7	0	100%	
Independent Director	Cheng Cheng Yuan	7	0	100%	
Independent Director	Shu-Mei- Chang	7	0	100%	
Independent Director	Chun-Chun Chang	4	0	100%	

Other matters to be recorded:

I. During operations of the Board of Directors, the meeting date, period, content, qualified opinion and resolution made by any independent director should be specified:

(i) Matters specified in Article 14-3 of the Taiwan Securities and Exchange Act: not applicable. The Company has set up an Audit Committee and Article 14-5 shall apply.

(ii) Unless otherwise stated, other Independent Directors who expressed opposition or qualified opinions that were recorded or declared in writing as: none. The independent directors did not express opposition or qualified opinions in the fiscal year.

II. To avoid conflict of interest among directors, the Director's name, meeting content, and reason for avoiding conflict of interest and participation in the voting process must be properly recorded:

(I) On May 3, 2023, the Board is resolving the "2022 Manager of Employee profit-sharing compensation " case. Chairman Yao Dang Liang, and director Wu Xian Chung are also managers of the Company. To avoid conflict of interest, they did not participate in the discussion and voting process.

(II) On Aug, 2, 2023, the Board is resolving the "bonus and annual salary adjustment for managements" case. Chairman Yao Dang Liang, and director Wu Xian Chung are also managers of the Company. To avoid conflict of interest, they did not participate in the discussion and voting process.

III. The state of self-evaluation of the Board of Directors:

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
once/year	2023/01/01 ~ 2023/12/31	Board of Directors	Internal self-evaluation	1. Compliance with the related laws and regulations. 2. The involvement of the company operation.
once/year	2023/01/01 ~	Board of Directors	Internal self-eval	1. Understanding of company goals and missions

	2023/12/31		uation	2.Director's understanding of their duties and responsibilities 3. Participation in the company's operation 4. Internal relation maintenance and communications 5. Election of directors and continued knowledge development 6. Internal control

IV. Strengthening the functions of the board in the current and recent fiscal years (e.g. establishing the Audit Committee, promoting information transparency, etc.) and conducting performance assessment:

1. Continuing education for directors:
   The Company has arranged continuing courses for directors to learn new knowledge. The total continuing course hours have reached 87 hours for all directors in 2023.
2. The performance and evaluation of the Board of Directors:
   The Company has set up "the board (functional committee) performance evaluation regulations" and performed evaluation regularly every year. The result has been disclosed on the company website.
3. The insurance for the directors' responsibilities:
   Protect directors and managers from the risks assumed when performing their duties, the Company has purchased "the insurance for the directors' and managers' responsibilities" for them every year. The insurance policy is reported to the Board to make sure the insurance coverage and scope have met the needs.
4. Improve the information transparency:
   The financial information and significant resolutions of the Company have been disclosed on the Market Observation Post System and the company website in compliance with the laws and regulations. Investors can find the information immediately.

(ii) The state of operations of the Audit Committee

1. Five meetings (A) were held by the Audit Committee in the most recent year with their attendance shown as follow:

Title	Name	In-person Attendance (B)	By proxy	In-person Attendance Rate (%) (B/A)	Remarks
Convener	Liu Chung Xian	6	–	100%	
Member	Cheng Cheng Yuan	6	–	100%	
Member	Shu-Mei- Chang	6	–	100%	
Member	Chun-Chun Chang	4	–	100%	

Other matters to be recorded:

I. If one of the following situations occurs while carrying out its operations, the Audit Committee must report the meeting date of the Board of Directors, period, content, and results of the Audit Committee's resolutions.

(i) Matters specified in Article 14-5 of the Taiwan Securities and Exchange Act: please refer to 2.(2) operating status for the Audit Committee's opinions on the significant proposal or resolution result.

(ii) Except for the matters stated above, there were no resolutions rejected by the Audit Committee; two thirds or more directors gave their approval: none. The independent directors did not express opposition or qualified opinions in the fiscal year.

II. To avoid conflict of interest among independent directors, the independent director's name, meeting content, and reason for avoiding conflict of interest and participation in the voting process must be properly recorded: There was no recusal by any independent director for conflict of interest。

III. Communication between independent directors and internal auditors (which should include audit materials, methods, and results pertaining to corporate finances and/or operations, etc.):

(i) All of the internal audit supervisors attend the meeting of the Audit Committee to communicate with the committee members, and regularly review the result of the audit reports and make a presentation of the internal audit report in the quarterly meeting. The audit supervisors will also report immediately on any special condition. There was no special condition in 2023. The Audit Committee and the internal audit supervisors are well communicated.

(ii) The Company's certified accountants will report the review of the quarterly financial statements or the result of the review and any other matters that are requested by the laws and regulations. The accountants will also report immediately on any special condition. There was no special condition in 2023. The certified accountants and the internal audit supervisors are well communicated.

2. The annual focus and the implementing status of the Audit Committee

(1) Assist the Board of Directors to supervise the following matters as the main purpose:
The proper expression of the Company's financial statement, the election and dismissal of the certified accountants and their independence and performance, effective implementation of the internal control, compliance of the related laws and regulations, and existing or potential risks control.

(2) Review matters mainly involved with:
Set up or amend the internal control system, assess the effectiveness of the internal control system, set up or amend of obtaining or disposing assets, conduct derivatives trading, loan fund to others, handle significant financial business behaviors procedure such as endorsement or guarantee, matters that involve personal interest of the directors, conduct significant assets or derivatives trading, significant fund loaning, provide endorsement or guarantee, raise, issue or privately raise securities with equity nature, appoint or dismiss of certified accountants and supervisors of remuneration, finance, accounting, and internal audit, annual financial report, business report, proposal of surplus distribution or make up loss, and significant matters from other companies or authorities regulations.

(3) Implementing status:

Audit Committee Meeting Date	Content and Follow Up	Matters specified in Article 14-5 of the Taiwan Securities and Exchange Act:	Except for the matters stated above, there were no resolution rejected by the Audit Committee; two thirds or more directors gave their approval:
2023/1/11 2023 1st meeting	1.Participated in EMC's cash issuance of additional common shares through private placement.	V	None
	Audit Committee Results	Approved by all attendees with no objection, and reported to the Board of Directors in compliance with Paragraph 1 in Article 14-5 of the Taiwan Securities and Exchange Act.	
	Resolutions:	Approved by all attendees from the Board of Directors with no objection.	
2023/3/8 2023 2nd meeting	1. Approval of the 2022 business report and financial statements.	V	None
	2. Annual surplus distribution of 2022	V	None
	3. 2022 annual statement of internal control system.	V	None
	4. Evaluation on the competency and independence of the certified	V	None

Audit Committee Meeting Date	Content and Follow Up	Matters specified in Article 14-5 of the Taiwan Securities and Exchange Act:	Except for the matters stated above, there were no resolution rejected by the Audit Committee; two thirds or more directors gave their approval:
	accountants.		
	Audit Committee Results:	Approved by all attendees with no objection, and reported to the Board of Directors in compliance with Paragraph 1 in Article 14-5 of the Taiwan Securities and Exchange Act.	
	Resolutions:	Approved by all attendees from the Board of Directors with no objection.	
2023/5/3 2023 3rd meeting	1. Recognition of the 2022 consolidated financial statement of the first quarter.	V	None
	Audit Committee Results	Approved by all attendees with no objection, and reported to the Board of Directors in compliance with Paragraph 1 in Article 14-5 of the Taiwan Securities and Exchange Act.	
	Resolutions:	Approved by all attendees from the Board of Directors with no objection.	
2023/8/2 2023 4th meeting	1. Recognition of the 2022 consolidated financial statement of the second quarter.	V	None
	Audit Committee Results	Approved by all attendees with no objection, and reported to the Board of Directors in compliance with Paragraph 1 in Article 14-5 of the Taiwan Securities and Exchange Act.	
	Resolutions:	Approved by all attendees from the Board of Directors with no objection.	
2022/11/8 2022 5th meeting	1.Recognition of the 2023 consolidated financial statement of the third quarter.	V	None
	2.The Company's annual audit plan of 2024.	V	None
	Audit Committee Results	Approved by all attendees with no objection, and reported to the Board of Directors in compliance with Paragraph 1 in Article 14-5 of the Taiwan Securities and Exchange Act.	
	Resolutions:	Approved by all attendees from the Board of Directors with no objection.	
2024/2/24 2024 1st meeting	1. Approval of the 2023 business report and financial statements..	V	None
	2. Annual surplus distribution of 2023	V	None
	3. 2023 annual statement of internal control system.	V	None
	4. Evaluation on the competency and independence of the certified accountants.	V	None
	Audit Committee Results:	Approved by all attendees with no objection, and reported to the Board of Directors in compliance with Paragraph 1 in Article 14-5 of the Taiwan Securities and Exchange Act.	
	Resolutions:	Approved by all attendees from the Board of Directors with no objection.	

（iii）The state of the company's implementation of corporate governance, any deviation of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such deviation:

Assessment Items	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
I. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	✓		The Company has set up the "Corporate Governance Best-Practice Principles" and disclosed on the Market Observation Post System and the company website.	No significant difference
II. Shareholding structure & shareholders' rights (i)Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure? (ii)Does the company possess the list of its major shareholders as well as the ultimate owners of those shares? (iii)Does the company establish and execute the risk management and firewall system within its conglomerate structure? (iv)Does the company establish internal rules against insiders trading with undisclosed information?	✓ ✓ ✓ ✓		(i) The Company has a spokesperson and associated person assigned to effectively handle shareholder's suggestions or disputes. (ii) The Company has information on the shareholding status of the directors, managers, and major shareholders with 10% or more shareholding rate, and declares related information as required. (iii) The Company has set up "supervising and managing the subsidiary regulation" and "finance and business regulations between affiliates" as regulation and control mechanism. (iv) The Company has established an "Integrity management operating procedures" and "Insider Trading Policy and Internal Significant Information Handling Procedure" to prohibit directors or employees to be involved in insider trading on marketable securities. Related regulation has been disclosed on the company website. When the Company conducts insider declarations every month, a reminder to prevent insider trading will be sent by email. A propaganda is sent to insiders regularly every year.	No significant difference
III. Composition and Responsibilities of the Board of Directors (i) Does the Board develop and implement a diversified policy for the composition of its members?	✓		(i) The Company has established qualifications for directors and independent directors in Article 20 and 24 of the "Corporate Governance Best-Practice Principles" respectively, and also "Rules and Procedures of Board of Directors Meetings" to follow. The policy about the diversity of the Board members can be found on	No significant difference

Assessment Items	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
(ii) Does the company voluntarily establish other functional committees in the Remuneration Committee (iii) Does the company establish a board (functional committee) performance evaluation regulations and its method to implement it annually? Does it report the result to the Board of Directors and take it as reference on the remuneration and succession of individual directors? (iv) Does the company regularly evaluate the independence of CPAs	✓ ✓ ✓		page 12 or on the company website. (ii) The Company has set up a "Nominee Committee" that is attached to the Board of Directors on May 29, 2019, to help in searching, reviewing, and nominating for the director candidates under the authority of the Board of Directors. Building and developing the organizational structures of the committees that are attached to the Board of Directors, and the succession of the top management. The Board of Directors will review the development and execution of the plan on a regular basis to make sure it is well composed. (iii) The Company has established a board (functional committee) performance evaluation regulations. The Board members will perform a self-evaluation and overall performance of the Board of Directors by questionnaires at the end of every fiscal year as a reference for selecting or nominating directors. The evaluation result and improvement suggestion were reported to the Board of Directors on February 23 ,2024 and disclosed on the company website. (iv) The Company has established the "assessment of the independence of the accountants" to review the independence of the certified accountants by the Board of Directors once a year. The evaluation results were reviewed by the Audit Committee and approved by the Board of Directors on February 2,2024. The certified accountants Tsai Cheng Cai and Chiu Meng Jie from Deloitte & Touche have both met the standard of the independence of accountants of the Company (note 1) to be the Company's accountants.	
IV. As a TWSE/TPEx listed company, does the Company have set qualified and appropriate number of corporate governance personnel	✓		The Special assistant general manager of General manager 's office : a Chung,Hsiao-Ying is responsible for the corporate governance affairs. With three years of experience in financial management in a listed	No significant difference

Assessment Items	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
and appoint governance supervisor in responsible for the concerned affairs (including but not limited to offering necessary materials for the directors and supervisors, assisting directors and supervisors to comply with the laws and regulations, executing matters pursuant to board of directors' resolutions, proceedings for the Board of Directors and shareholder meetings and so on)			company, he is in charge of integrating the governance regulations and systems while promoting corporate governance related matters including: 1. Executing the corporate registration and change of registration. 2. Arranging Board of Directors, functional committee, and shareholder meetings and assisting the Company to comply with the laws and regulation accordingly. 3. Producing proceedings for the Board of Directors, functional committee, and shareholder meetings. 4. Offering necessary materials for the directors and the latest update on the regulations related to the Company for compliance. 5. Matters related to investors. 6. Other matters in Articles of Incorporation or contracts.	
V. Does the Company establish communication channels and dedicate sections for stakeholder (including but not limited to the shareholders, employees, clients and suppliers) on its website to respond to important issues of corporate social responsibility concerns?	✓		There is a subsection of "stakeholders" under the "Corporate Social Responsibility" section on the company website. In respect of the stakeholders' rights, the Company regularly identifies the stakeholder category and sets up contact windows and communication channels to understand their reasonable expectation and demand through proper communication and response to their concern about significant corporate social responsibility. The communication and the handling of major disputes with the stakeholders were reported on the Board of Directors meetings on May 3, 2023, and December 13, 2023.	No significant difference
VI. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company designates the professional Yuanta Securities Co., Ltd. to deal with shareholder affairs.	No significant difference
VII. Disclosure of information (i) Does the company have a corporate website to disclose both financial standings and the status of corporate governance? (ii) Does the company have other information disclosure channels (e.g. building an	✓		(i) There are "investor relation" and "corporate governance" sections on the company website that is regularly or instantly updated to disclose information about finance, business, and corporate governance. ◦ (ii) The Company has set up a designated personnel to gather information and disclose it in accordance with regulations and	No significant difference except for (iii).

Assessment Items	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)? (iii) Does the Company publicly announce and file the annual financial reports within two months after the close of each fiscal year, and publicly announce within the deadline and file the financial reports of the first, second, and third quarter and monthly operation status?	✓	✓	timing. 1. The Company has designated a spokesperson and deputy spokesperson. Their names and contact information are disclosed on the company website. 2. The Company has disclosed information about the inventor conference on the company website. 3. The Company has set up an English website for foreign investors to learn about the Company's finance and business information. ◦ (iii) The Company has publicly announced and filed the financial reports of the first, second, and third quarter and monthly operation status. However, it cannot publicly announce and file the annual financial reports within two months after the close of each fiscal year considering the operation time at this stage. It will make adjustments based on the governance status and comply with the law and regulation in the future.	
VIII. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	✓		1. Rights and Caring of employees: The Company has set up work regulation to take care of employee rights, and holds equal opportunity for whoever is talented when recruiting regardless of the race, gender, age, religion, and nationality. Any discrimination, unfair, or sexual harassment behavior are strictly forbidden. Regulations and complaint channels are set up to keep a safe and healthy working environment. The purpose for establishing Employee Welfare Committee is to maintain a communication channel between labor and management. It promotes and executes multiple employee welfare policies to create a harmonious working environment and brighten up employee's life. 2. Investor relations, supplier relationship, and stakeholder's rights: disclose finance and business information in accordance with regulations and timing and set up contact windows for feedbacks on investor relations, supplier relationship, and stakeholder's rights. In	No significant difference

Assessment Items	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			order to strengthen corporate governance, in addition to public disclosure on finance and business information, there is a corporate governance section on the company website that provides more diversified information to protect investors' rights. 3. Continuing education opportunities for directors and supervisors: 1. Please refer to (9) the status of the continuing education for directors. 2. Disclosure on "Corporate Governance Section on Market Observation Post System" (http://mops.twse.com.tw). 4. Implementation of risk management policy and risk measurement standards: The Company has set up many internal regulations in accordance with the law to conduct risk management and assessment. 5. Implementation of customer policies: The Company maintains a good relationship with the customers to make profit. 6. Liability insurance for the Company's directors and supervisors: Liability insurance is covered for directors and managers every year and reported to the Board of Directors on December 13, 2023. 7. Take-over plan for members of the Board of Directors and important management levels: In addition to the consideration of organization suitability, the training of senior managers should be consistent with the company's values. There are four dimensions to work on when training apprentices: leading and managing abilities, professional ability, individual developing plan, and work rotation including human resources, financial risks, EMBA, language learning, etc. Through external counselor training, seminar, being a leader in important projects, and visiting important customers oversea, they can broaden their horizon and altitude. With plans of cross-department and cross-factory work rotation, it can evaluate the actual and ideal condition of the apprentices from time to time,	

Assessment Items	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			and make proper adjustment in training method and content for more flexibility and efficiency. 8. The company attaches great importance to intellectual property and has obtained the certification of the Taiwan Intellectual Property Management System (TIPS) to show that the company has achieved remarkable results in the promotion of the intellectual property management system. The board of directors has reported the annual implementation results on December 13, 2023.	
IX. Does the Company have a corporate governance self-assessment report prepared or a corporate governance assessment report issued by the commissioned professional institutions: The Company has followed up on related matters and measures in accordance with the internal Corporate Governance Best-Practice Principles based on the Corporate Governance Evaluation result.				

Note 1: Standards of CPA's Independence Assessment:

1. Certified accountants' term is less than seven years in a row. 2. Do the audit team members, other certified accountants or shareholders of institutional accountancy firms, accountancy firms and their affiliates and alliances maintain independence of the Company? 3. Certified accountants and audit team members do not participate as the Company's directors, managers or other positions which have significant influences on the audited matters currently or within two years. 4. Certified accountants and audit team members' family members are not the company's directors, managers or employees who have significant influences on the audited matters. 5. Formerly engaged certified accountants do participate as the company's directors, managers, or other positions which have significant influences to the audit matters within one year from the date of termination of the engagement. 6. Certified accountants do not have direct or significant relationships in regards to financial interest with the company. 7. Certified accountancy firms do not overly depend on one source of remuneration from one single client (the Company). 8. Certified accountants do not have close business relationships with the company. 9. Certified accountants do not have the potential employment with the company. 10. Certified accountants are not related to the company's check-ups or have public funds. 11. Certified accountants do not provide any non-audit services, which may directly affect the auditing procedure, to the company? 12. Certified accountants do not act as the company's defender, or represent the company to settle conflicts with the third party. 13. Certified accountants do not promote or perform broking for the stocks or other securities issued by the company. 14. Certified accountants do not receive significant monetary value of presents or gifts from the company itself, the directors of the company, or the managers of the company. 15. Certified accountants and audit team members do not keep money or valuables for the Company.

(iv) If the company has a compensation committee in place, the composition, duties, and operation of the compensation committee shall be disclosed

1. Information on members of the Compensation Committee:

<table>
<tr><th>Conditions / Identity Name</th><th>Professional qualifications and experience (note 1)</th><th>Independent status (Note 2)</th><th>Number of Other Public Issuing Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member</th></tr>
<tr><td>Independent Director (Convener) Shu-Mei-Chang</td><td>1. Bachelor degree in law from of National Cheng Chi University，Assistant vice president of TAIWAN COOPERATIVE BANK，CFO of TATUNG CO.
2. Possesses five or more years of work experience required for the Company's business</td><td rowspan="3">1. Himself, spouse, or relative within the second degree of kinship not a director, supervisor, or employee of the company or any of its affiliates.
2. None of the Company’s share is held by him/herself, spouse, or relative within the second degree of kinship (including held by the person under others' names)
3. Not a director, supervisor, or employee of the companies with certain relationships with the Company.
4. No compensation is received by providing commercial, legal, financial, accounting or related services to the company or any affiliate of the company in the past 2 years.</td><td>0</td></tr>
<tr><td>Independent Director Cheng Cheng Yuan</td><td>1. Ph.D., Institute of Mechanical Engineering, University of Liverpool
2. Possesses five or more years of work experience required for the Company's business</td><td>2</td></tr>
<tr><td>Independent Director Liu Chung Xian</td><td>1. Master of Management Science, Tamkang University
2. Possesses five or more years of work experience required for the Company's business</td><td>3</td></tr>
<tr><td colspan="4">Note 1: All directors have not been a person of any conditions defined in Article 30 of the Company Law.</td></tr>
</table>

2. Operation status of the Remuneration Committee

(1) There are 3 members in the Company’s Remuneration Committee.

(2) Current term: May 27, 2022 to May 26, 2025. Remuneration Committee held 4 (A) meetings in the recent year, and the attendance is shown as follow:

<table>
<tr><th>Title</th><th>Name</th><th>In-person Attendance (B)</th><th>By proxy</th><th>In-person Attendance Rate (%) (B/A)</th><th>Remarks</th></tr>
<tr><td>Convener</td><td>Shu-Mei- Chang</td><td>3</td><td>0</td><td>100%</td><td>NA</td></tr>
<tr><td>Member</td><td>Cheng Cheng Yuan</td><td>3</td><td>0</td><td>100%</td><td>NA</td></tr>
<tr><td>Member</td><td>Liu Chung Xian</td><td>3</td><td>0</td><td>100%</td><td>NA</td></tr>
<tr><td colspan="6">Other mentionable items:
I. If the board of directors declines to adopt or modifies a recommendation of the Remuneration Committee, it should specify 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 (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.
II. Resolutions of the Remuneration Committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members’ opinions and the response to members’ opinion should be specified: None.</td></tr>
</table>

(3) Operation status:

Date/Number of Meetings	Content	Resolution/Result
2023/3/8 2023 1st meeting	1. Annual distribution of the remuneration for employee and directors of 2022.	Approved by all committee members/Approved by all attendees from the Board of Directors with no objection.
2023/5/3 2023 2nd meeting	1.Remuneration distribution for directors of 2022. 2.Remuneration distribution for Managerial Officers of 2022.	Approved by all committee members/Approved by all attendees from the Board of Directors with no objection.
2023/8/2 2023 2nd meeting	1.Manager salary increase case for 2023. 2.2. Stock subscription and distribution case for managers and employees through cash capital increase and common stock issuance in 2023.	Approved by all committee members/Approved by all attendees from the Board of Directors with no objection.

(v) The state of the company's performance of social responsibilities, any variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance:

<table>
<tr><th rowspan="2">Implementation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Non-implementation and Its Reason(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>I. Does the Company establish a dedicated (ad-hoc) governance structure that is authorized and supervised by the board of directors to promote sustainable development?</td><td>V</td><td></td><td>The Company has set up a sustainable development committee with the President as the chairman and department heads as ex-officio members. It reviews the effectiveness of sustainability implementation and formulate improvement plans, and reports to the Board of Directors every six months on the implementation results and the work plan for the next year. The sustainable development committee carry out actions and integrate sustainable development into daily operations after the evaluation by Board of Directors. The sustainable development committee consists of six working groups, including Corporate Governance, Sustainable Supply, Environmental Safety and Health Management, Product Responsibility, Employee Care and Development, and Social Participation, with representatives from each functional group serving as members to be in charge of promoting ESG project.</td><td>No difference</td></tr>
<tr><td>II. 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?</td><td>V</td><td></td><td>The Company has established a risk management policy and defined various types of risks in accordance with the Company's business. The risk categories include hazard risk, operational risk, strategic risk, contractual risk, financial risk, climate change risk and so on. Each department is responsible for establishing a risk management mechanism according to its authority and responsibility. The Company also follows international standards, including the principles of stakeholder inclusiveness, sustainability, materiality and integrity to formulate relevant strategies for each major issue. For more details on the effectiveness and evaluation of major issues, please refer to the management guidelines in each chapter of the year 2023 ESG Report.

<table>
<tr><th>Major Issues Aspects</th><th>Risk Assessment Item</th><th>Policy or Strategy</th><th>Results</th></tr>
<tr><td>Governance</td><td>Regulation compliance</td><td>Each department is responsible for updating, identifying and managing relevant regulations, and regularly reports to their supervisors in management</td><td>The company complied with laws and ethical standards of the industry and has</td></tr>
</table></td><td>No difference</td></tr>
</table>

Implementation Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary	
			<table><tr><td></td><td></td><td>meetings. They also review compliance through cross-departmental meetings or third-party assistance, and make employees aware of and comply with all laws related to operations by revising relevant documents, training, and issuing announcements. In addition, the company reports to the Board of Directors regularly so that the Board of Directors can be fully informed of the status of compliance with laws and regulations and to avoid operational disruptions caused by changes in regulations.</td><td>not been penalized for major violations. However, there have been a few fines totaling 442,000 NTD for minor environmental and occupational safety infractions. Note: The company's disclosure standard for major penalties is based on Financial Supervisory Commission regulations, which specify penalties exceeding 1 million NTD.</td></tr><tr><td></td><td>Financial performance</td><td>With the core values of "Integrity, Innovation, Customer Satisfaction, and Commitment", the company actively invests in technology research and development, and cooperates with industry, government, and academia in order to create good</td><td>The revenue of 2023 is 56.49 billion NTD, and the EPS is 7.68 NTD.</td></tr></table>	

Implementation Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary	

		business results in the future.	
Environment	Harmful substance management	The company has established the environmental safety and health energy policy and green supply chain management operation procedures and asked our raw material suppliers to provide RoHS testing data from the third party. The company also asks our suppliers to investigate their raw materials not using minerals from conflict areas in order to comply with the regulation and sustainable management requirements.	Raw materials and products fully comply with RoHS standards, and suppliers do not use minerals from conflict areas.
	Water resource management	The company has set up an environment, health, and safety energy policy and developed diversified water sources which are to reduce water consumption per unit of product, and adapt to the impact of water scarcity caused by climate change as well. The company sets specific management plans to be implemented annually in accordance with our targets, and we regularly review them through the Environmental Safety and Health Energy Management Committee to ensure continuous	The water consumption per unit of production has decreased by 21.22% compared to the baseline year of 2014.

Implementation Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary	

		improvement.	
	Waste water and waste management	The company has established an environmental safety and health energy policy to reduce the impact on the environment by reducing waste at the source and enhancing the recycling of waste. In addition, the specific management plans are formulated every year according to the yearly target, and are regularly reviewed by the Environmental Safety and Health Energy Management Committee.	①The wastewater per unit of production has increased by 35.08% compared to the baseline year of 2022. ② The unit quantity of waste has decreased by 40.72% compared to the baseline year of 2014.
	GHG emission	The company has established an environmental, safety and health energy policy, and set goals and specific implementation plans, which are regularly reviewed by the Environmental Safety and Health Energy Management Committee to reduce carbon emissions and mitigate global warming.	The total amount of GHG emission has decreased by 15.75% compared to the baseline year of 2021.
	Energy management	The company has established an environmental, safety and health energy policy, and set goals and specific implementation plans, which are regularly reviewed by	The unit electricity consumption has decreased by 9.91% compared to the baseline

Implementation Item	Implementation Status							Non-implementation and Its Reason(s)
	Yes	No	Summary					
						the Environmental Safety and Health Energy Management Committee. The company promotes energy conservation and reduces electricity consumption per unit of product through energy saving, and has also introduced energy storage and energy creation systems to achieve energy autonomy.	year of 2020.	
				Society	Product quality	The company has set up a quality policy, and through comprehensive quality improvement methods, such as: monthly quality meetings, QKYT, QRQC, 6S, holding QIT competitions, and so on to improve the product quality. The company also conducts internal and external audits regularly to make the quality complementary to each other.	① Diode production yield is 95.8%. ② 9 customer complaints.	
					Customer satisfaction	The company is committed to providing high-quality products and services based on the quality policy and customer satisfaction survey procedures. The company regularly reviews the opinions of customers and sets		

Implementation Item	Implementation Status						Non-implementation and Its Reason(s)
	Yes	No	Summary				
					goals and implementation plans for corrective and preventive measures through monthly quality meetings, customer audits, and so on.		
				Supply chain management	The company has set up criteria for new supplier selection and regularly audits suppliers to ensure that all aspects of the supplier's system operations and product supply capabilities meet the company's requirements. The company has established a code of conduct for suppliers, which requests suppliers to have the necessary capabilities of quality, technology, delivery time and cost, and encourages suppliers to perform ESG actions in order to achieve sustainable development.	① 100% supplier audit improvement rate achieved. ② Completion of main material supplier code of conduct development and signing. ③ The proportion of localized procurement expenditure has increased by 2.55% compared to the baseline year of 2022.	
				Talent attraction and retention	The Company's recruitment and compensation policies comply with local regulations and international labor human rights standards to protect labor rights and interests, so as to create a friendly workplace and implement	① 8.64% of net profit before tax is contributed to employee bonus. ② The average salary is	

Implementation Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary	
			work-family balance. | 27.66 % higher than the national average salary. ③ The retention rate of new employees(IDL) is 88.8%.	
III. Environmental Issues (i) Has the company set an environmental management system designed to industry characteristics?	V		The company has obtained environmental management system (ISO 14001:2015) and energy management system (ISO 50001:2011) certifications. The environment, health, and safety energy management committee was set up for quarterly discussion on the implementation progress and related performance to reduce environmental impact and continuous improvement. The company is also dedicated to developing production mode that is productive and also environment friendly. It set up the environment, health, safety, and energy policy to include measures such as energy saving and carbon reduction, pollution prevention, waste reduction, and so on in daily operation to implement environmental protection in the production process. The company received the ‘Certificate of Cleaner Production Assessment” and the “silver medal of Green Architecture”.	No difference
(ii) Is the company committed to improving energy efficiency and using recycled materials with low impact on the environment?	V		1.Improving energy efficiency ① The unit electricity consumption for products decreased by 4.5% in 2023 compared to 2022 by implementing the energy-saving strategies. ② In line with the global trend of CO_2 emission reduction in automobiles, the company launched a new product "high efficiency rectifier diode" and "ultra high efficiency rectifier diode", which can be applied to automobiles to increase the efficiency of generators to 78% and 84% and reduce CO_2 emission 2.Using environmentally friendly recycled materials ① Recycling and reusing: the company recycled cyanide-containing wastewater, resulting in the recovery of 962 kg of gold plating solution in 2023, from which 0.941 kg of gold were extracted.	No difference

<table>
<tr><th rowspan="2">Implementation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Non-implementation and Its Reason(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>② Raw material reduction: CF_4, N_2O are not used in the new process; both of them decreased 6.4% respectively in 2023.</td><td></td></tr>
<tr><td>(iii) Does the company evaluate current and future climate change potential risks and opportunities and take measures related to climate related topics?</td><td>V</td><td></td><td>In response to the impact of climate change on corporate operation, the Company has set up an effective risk management mechanism for climate change and introduced Task Force on Climate-related Financial Disclosures (TCFD) structure to reduce the risk and seize the business opportunity. The responding measures of risk and opportunity of climate change are as follows:
<table>
<tr><th>Risk Type</th><th>Responding Measures</th></tr>
<tr><td>Transformation risks</td><td>①Reduce greenhouse gas
● Clean production: CF4、N2O、IPA are not used in the new process to achieve the greenhouse gas reduction target.
● Green products: High efficiency diodes (LLD), which can improve the efficiency of generators to 70~78% and reduce CO2 emissions, replaces standard diodes.
②Electricity saving and carbon reduction
● Energy saving：Adjust the reasonable power consumption of production equipment, utility equipment, and design energy-saving factory system. The electricity usage was reduced by 2,168,504Kw in 2023.
● Energy storage：Using smart meters to shift peak electricity consumption to off-peak hours and participating in Taipower's demand response activity. The actual capacity was reduced by 8,395kW in 2023.
● Energy creation：343kW of solar modules were installed, and the solar power generation is 393,999 kWh/year in 2023.
● Green energy：The company is committed to using 50% green electricity in 2030, and purchasing 7.5MW of wind power for 20 years.(2030-2049)
③Water conservation and carbon reduction
● Daily water saving and weight reduction: Water saving</td></tr>
</table></td><td>No difference</td></tr>
</table>

<table>
<tr><th rowspan="2">Implementation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Non-implementation and Its Reason(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><td></td><td>equipment replacement, water monitoring equipment installment, water saving promotion.
● Water shortage adjustment: Install wastewater recycling system and vacuum evaporator year by year to achieve the goal of wastewater reduction.</td></tr>
<tr><td>Physical risks</td><td>In line with the trend of CO2 emission reduction, the company has gradually launched green products (LLD→ULLD→48V power module 100KW IGBT power module 180KW IGBT power module), which can make the product energy saving from 60% to 99%, and make the product carbon reduction from 125g/Km to 0g/Km, in order to comply with the trend of energy saving and emission reduction.</td></tr>
</table></td><td></td></tr>
<tr><td>(iv) Does the company collect the data of the past two years on GHG emission, water consumption and the weight of waste as well as set up related environmental impact reduction policy?</td><td>V</td><td></td><td>The company has set up environmental, safety, health and energy policy and sets targets and specific implementation plans in the areas of climate change, energy management, water management, waste management and air pollution prevention in accordance with the policy requirements. The Environmental, Safety, Health and Energy Management Committee regularly reviews and tracks actions on a quarterly basis in order to reduce the impact on the environment. The goals of 2024 and goals of 2023 and its achievement status are shown in the following table.
<table>
<tr><th>Item</th><th>Goal for 2024</th><th>Goal for 2023</th><th>Achievements for 2023</th></tr>
<tr><td>GHG reduction</td><td>1%</td><td>GHG emission per unit of production decreased 1%</td><td>Decreased 3.9%</td></tr>
<tr><td>Water resource reduction</td><td>1%</td><td>Water consumption per unit of production 1%</td><td>Increased 12.6%</td></tr>
<tr><td>Waste reduction</td><td>1%</td><td>Waste per unit of production decreased 1%</td><td>Increased 24%</td></tr>
<tr><td>Electricity reduction</td><td>1%</td><td>Electricity consumption per unit of production decreased 1%</td><td>Decreased 4.5%</td></tr>
</table></td><td>No difference</td></tr>
</table>

Implementation Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary	
			The company promotes various energy-saving improvement measures by introducing the environmental management system and energy management system. In addition, the Company also follows the standard of ISO 14064-1 to conduct greenhouse gas inventory and self-disclosure; according to the results of the inventory, the Company's greenhouse gas emissions for year 2022-2023 are shown in the following table.	

Unit：ton CO2e/year

Year	2023	2022
Emissions	82,785	94,352

For water resource management, the Company improves the utilization and reduce waste through the following actions:

Item	Actions
Water saving measure	① Daily water saving and reduction: Promote water saving concept to reduce the water consumption per unit product, such as water-saving equipment replacement, water-use monitoring equipment installment, the reasonable water consumption of process equipment adjustment, recycle water for refrigeration and air-conditioning, recycle pure water manufacturing system. ② Water shortage adjustment: The waste water recovery system and vacuum evaporator are installed year by year to achieve the goal of waste water reduction.

The water consumption of the company for the years 2022-2023 is shown in the table below, and the total water savings for the year 2023 amounted to -22,637 metric tons, which is less -10.36% than 2022.

Unit：meter/year

Year	2023	2022
Water consumption	241,092	218,455

<table>
<tr><th rowspan="2">Implementation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Non-implementation and Its Reason(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>For waste management, the company is completely outsourced with no violation. The waste reduction strategies include resource reduction, classifying and recycling, etc. The total weight of waste and the amount of recycling for the years 2022-2023 are shown in the table below:
Unit：Kg/year
<table><tr><td>Year</td><td>2023</td><td>2022</td></tr><tr><td>General industrial waste</td><td>395,296</td><td>332,401</td></tr><tr><td>Hazardous industrial waste</td><td>198,576</td><td>156,280</td></tr><tr><td>Total weight of waste recycling</td><td>383,836</td><td>335,556</td></tr></table></td><td></td></tr>
<tr><td>IV. Social Issues
(i) Does the company set policies and procedures in compliance with regulations and internationally recognized human rights principles?</td><td>V</td><td></td><td>The company follows Labor Standard Act and other regulations and international recognized human rights standards when making human rights policy and related procedure, so the employees can be treated with fairness and dignity. We have set up regulations to prevent sexual harassment and illegal violation to ensure rights in gender equality and prohibited discrimination, as well as regulations on recruitment, transposition and resignation. Strictly prohibit any illegal discrimination treat all employees equally. In order to protect employee rights and encourage employee feedback, various communication channels are set up including: employee feedback mailbox, stakeholders' complaint and feedback mailbox for the Audit Committee, sexual harassment complaint channel, dishonest behavior complaint channel, etc, for two-way interaction to reduce infringement of employee rights. In addition, employee meetings are regularly held for General Manager and top level supervisors to report annual operation performance, major strategy, and encouragement, so the employees would have a better understanding of the operating status and changes. Labor management meetings are also held on a quarterly basis for communication between representatives from management level and employees. Supervisors in every department conduct routine communication meetings with employees regularly to distribute administration and management orders and listen to employees' needs.</td><td>No difference</td></tr>
</table>

<table>
<tr><th rowspan="2">Implementation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Non-implementation and Its Reason(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(ii) Does the company establish appropriately employees welfare measures (including salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?</td><td>V</td><td></td><td>The company offers various benefits and competitive remunerations for employees. In addition to legal requirements, there are many benefits that are superior to the regulations and meet employees’’ needs such as: paid typhoon leaves, three-day volunteer leaves, maternity allowance and child care allowance, etc. When employees need to take a longer period leave in conditions of parental leave, army service leave and major injuries leave, and so on, they can apply for leave without pay to take care of family needs and reinstate afterwards. Also, the company provides pension allocation and payment in accordance with “Labor Standards Act” and “Labor Pension Act”. For the old labor pension system, the Company will allocate 2% of the monthly salary to a special account in the Bank of Taiwan under the name of the Supervisory Committee of Labor Pension Preparation Fund. For the new labor pension system, 6% of the monthly salary as pension will be allocated to a personal account in the Labor Insurance Bureau. The company has set up an Employee Welfare Committee to handle all welfare matters.
<table>
<tr><th>Benefits</th><th>Items</th></tr>
<tr><td>Work benefit</td><td>Surplus bonus, mid-year bonus, meal allowance</td></tr>
<tr><td>Holiday bonus</td><td>Dragon Boat Festival bonus, Mid-Autumn Festival bonus, Labor Day voucher, CNY bonus</td></tr>
<tr><td>Family support</td><td>Maternity allowance, child care allowance, birthday monetary gift, wedding monetary gift, funeral allowance</td></tr>
<tr><td>Healthy benefit</td><td>Group insurance, annual employee health checkup, on-site doctor health consultation</td></tr>
<tr><td>Feature bonus</td><td>Employee travel, annual senior employee celebration, project recognition (best patent, invention), club activity</td></tr>
</table>
Employee remuneration includes salary, allowances, bonuses, and employee dividends, and there is no difference for factors such as gender, religion, race, nationality, and political party in remuneration standard, but depends on the employee’s education, experience, professionalism, and work performance. In addition, the Company evaluates the salary level in the market and overall economy index when planning for salary adjustment policy. The adjustment is 5.72% in average on 2023. The Articles of Incorporation also states that if the Company is profitable at the annual year end calculation, it should allocate no less than 5%</td><td>No difference</td></tr>
</table>

<table>
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<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>for employee remuneration. The allocated amount for each employee depends on his or her job title, contribution, and performance.</td><td></td></tr>
<tr><td>(iii) Does the company provide employees with a safe and healthy working environment, and implement regularly safety and health training?</td><td>V</td><td></td><td>1. There is an equipment maintenance system for all equipment in the factory. Apart from regular daily inspections, environmental health and safety personnel conduct monthly sampling. If deficiencies are identified during inspections, relevant departments are notified to make improvements to ensure a safe working environment.
① Industrial safety inspection: 24 potential safety and health deficiencies were found in the factory. Among them, chemical management accounted for 41%, followed by general safety at 19%. All deficiencies have been improved.
② Occupational health and safety training: The company has implemented occupational safety and health training, surpassing legal requirements by organizing numerous drills independently. In 2023, a total of 3,869 training hours were conducted, with an average of 5.22 training hours per person. This represents a 197% increase in training hours compared to the 1,303 hours in 2022.
2. The company complies with domestic occupational safety and health related laws and international ISO 45001 standards, and has obtained ISO 45001:2018 and TOSHMS certification. The company also passed the "Occupational Safety and Health Management System Performance Review" in 2021. The company was honored by the Department of Labor's Occupational Safety and Health Administration on December 28th, 2023, as a "Core Enterprise Promoting Safety and Health Family for a Term of 3 Years."
3. The company has established an "Accident Handling Procedure" and conducts analysis of accident causes, implementing appropriate preventive measures. In 2023, there were a total of 10 occupational accidents, with 6 incidents related to traffic accidents and 4 incidents classified as other accidents, representing a small percentage of the total workforce. Safety and health education and training totaled 3,869 hours in 2023, with an average of 5.22 training hours per person. The Actron total injury index for 2023 was 0.15, lower than the industry average in the automotive sector. Additionally, the accumulated accident-free hours in 2023 amounted to 4,437,937 hours.</td><td>No difference</td></tr>
</table>

Implementation Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary	
	V		4. In 2023, there were no fire accidents or work-related fatalities. To mitigate the risk of electrical equipment fires, professional personnel were commissioned to conduct infrared imaging inspections of the electrical equipment. In 2023, a total of 288 equipment points were inspected, with 10 abnormal points identified, resulting in an abnormality rate of 3.5%. All identified issues have been improved. The detailed description of our company's work environment regarding employee safety and health has been disclosed in our ESG report.	
(iv) Does the company establish effective career development training plans for employees?	V		The company has established a comprehensive training mechanism based on the core functions of the three-track system (management, technical, and administrative positions) in order to strengthen the professional ability of our employees. The company held more than 156 courses, and the total annual training hours reached 26,459 hours in 2023.	No difference
(v) Does the company comply with relevant laws and international standards, and establish a policy and complaint procedure to protect the rights of consumers or customers with regard to customer health and safety, customer privacy, marketing and labeling of products and services?	V		The company develops our products in accordance with the 3R principles of Reduce, Reuse, and Recycle from product design, raw material procurement, and production to green design. The company obtained the IATF 16949 and has strictly followed the relevant laws and regulations and international standards for the health and safety of customers, customer privacy, marketing and labeling of products and services. The company has a number of customer complaint channels and standard operating procedures for handling customer complaints, which are continuously tracked and improved to ensure that the quality of products at all stages meets customer requirements and relevant regulations. For customer complaints and appeals, the company will establish product and process customer complaint risk profiles to formulate corresponding prevention and improvement activities to achieve higher customer satisfaction.	No difference
(vi) Does the company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right, and their implementation status?	V		The company has established a procurement policy and a code of conduct for suppliers to require suppliers to abide by and jointly practice sustainable development. In selecting suppliers, suppliers need to provide certificate, such as IATF16949, ISO 9001. The company needs to assist suppliers to set up relevant systems and obtain certificate if suppliers haven't received certificate of ISO 9001. The company not only evaluates the quality, cost, delivery time and technical capability of the delivered goods, but also extends the environmental protection, occupational safety and health, and social impact. The company has also set up procurement environmental safety and health management procedures to ensure that raw materials, technical products, and technical services comply	No difference

<table>
<tr><th rowspan="2">Implementation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Non-implementation and Its Reason(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td>V</td><td></td><td>with national laws and organizational environmental safety and health requirements, and to fulfill green supply chain management and corporate social responsibility. 100% of the company's raw materials and products comply with RoHS, and suppliers do not use minerals from conflict areas. The company may cancel or terminate the contract at any time if suppliers violate their commitments and have significant impact on the environment and society.
The company conducts an annual audit of major suppliers every year, and completes audits of all major suppliers every three years. A total of 18 major suppliers were selected for audits in the categories of raw materials, all improvements have been made, and no supplier has been removed from the qualified list in 2023.</td><td></td></tr>
<tr><td>V. Does the Company refer to international reporting rules or guidelines to publish CSR Report to disclose non-financial information of the Company? Does the company obtain third party assurance or certification for the reports above?</td><td>V</td><td></td><td>The 2023 ESG Report was in accordance with the GRI Standards core option published by Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board(SASB Principle), and verified by SGS Taiwan to assure that the contents of the report comply with the GRI Standards core option and the AA1000 Type 1 medium assurance level.</td><td>No difference</td></tr>
<tr><td colspan="5">VI. If the Company has established the sustainable development principles based on “the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies”, please describe any discrepancy between the Principles and their implementation: No difference</td></tr>
<tr><td colspan="5">VII. Other important information to facilitate better understanding of the company’s implementation of sustainable development:
(i) Environmental protection: Actron enhances garbage sorting, recycles reusable resources and reuses relevant packaging materials. The company also appoints qualified manufacturers approved by the Environmental Protection Administration to carry out waste recycling and disposal operations.
(ii) Community participation, social contribution, social service, social charity: Actron adheres to the spirit of “taken from society, give back to society”, the company participates in community development and charitable organizations through various channels from time to time to help disadvantaged group.
(1) Sep 2023- Purchased 49 packs of 3kg rice for 7,105 NTD in replacement of the burning joss money on the Ghost Festival, and donated the rice to Department of Social Welfare, Taoyuan after worship.
(2) Sep 2023- Purchased charity Mid-Autumn Festival gift boxes totaling 4,081 NTD for suppliers.
(3) Oct 2023- Held up beach cleaning activity in Chuwei beach, Taoyuan. Actron Volunteers removed a total of 74 kilograms of trash which is equal to reduced 153kg CO2 emission.
(4) Dec 2023- Held a seminar to share the concept of sustainability in enterprises and colleges in Chung Yuan Christian University of Pharmacy and Science, a total of 50 graduate students participated.</td></tr>
</table>

Implementation Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary	

(5) Collected 442 invoices in 2022 and donated to “Syin-lu Social Welfare Foundation Taoyuan” to support disadvantaged group. In addition, the company also echoed the battery recycle event from the Environmental Protection and donated 53.5kg batteries which is equal to reduce 428 m2 soil pollution to “PareParents’ Association of the Intellectual Disable Persons of Taoyuan City”.

(6) The total number of volunteer hours is 607.5 hours. The volunteer activities are held as follows: remedial teaching at Luchu Elementary School, beach cleanup at Chuwei beach, river patrol at Nankan Creek, invoices donation and battery recycling.

(iii) Awards：

(1) May 2023- Received the honor of “Top 5% in the listed company” in the 8th Corporate Governance Evaluation.
(2) May 2023- Listed in the "Taiwan OTC ESG 30 Index".
(3) Sep 2023- Listed in the 'Common Wealth Magazine's Sustainable 100' for eight consecutive years.
(4) Sep 2023- Received the Common Wealth Talent Sustainability Award.
(5) Nov 2023- Received the honor of Taiwan Top 100 Sustainable Exemplar Enterprise Award by TCSA.
(6) Dec 2023- Awarded the Core Enterprise OF Safety Family by the Ministry of Labor’s Occupational Safety and Health Administration.
(7) Dec 2023- Received the Friendly Family Workplace Award.
(8) Dec 2023- Received Taoyuan City Corporate River Adoption Special Merit Award.

(iv) Others:

A detailed explanation of our company's sustainability practices has been disclosed in our ESG report. The ESG report has been uploaded to the company's official website and the MOPS.

Climate-Related Information：Disclosed in our ESG report. The ESG report has been uploaded to the company's official website and the MOPS.

(vi) The state of the company's performance of ethical corporate management and any deviation of such implementation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such deviation:

Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
I. Formation of ethical management policies and methods (i) Does the Company have the ethical management policy and method declared explicitly in the Articles of Incorporation and external documents; also, the commitment of the board of directors and the management to actively implement the operating policies? ? (ii) Does the Company set up a disintegrated behavior risk assessment to analyze and evaluate any highly dishonest behavior in its operation scope regularly while at least cover the prevent measures under Article 7 (2) in Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies? (iii) Does the Company have the prevention program for any fraud stipulated; also, have the respective operating procedures, guidelines for conduct, disciplinary actions, and complaints system declared explicitly; also have it implemented substantively?	✓ ✓ ✓		(i) With the approval from the Board of Directors, the Company has established "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines" and "Codes of Ethical Conduct" and disclose on the company website for employee query. (ii) To ensure the information of finance, management, and operation is correct, reliable, and updated, the Company reviews the operation objectives, identifies and evaluates risks while making audit plan for internal audit, then draws up corresponding audit plan based on the result of risk evaluation and decides the audit frequency and scope by the level of risks to focus on major business. The audit result and follow up improvement plan are reported regularly to the Board of Directors and management level and prevent business activity with highly dishonest behavior. The Company's Procedures for Ethical Management and Guidelines clearly states that the Company, corporate group, and organization's director, manager, employer, appointer, and any person with substantial control are not allowed to offer and accept bribes when conducting business. (iii) The Company has set up operating procedure in preventing dishonest behavior and disclose on the company website for employee query. The assessment of regulations this year complies with suitability and effectiveness. No amendment is required.	No difference
II. Fulfill operations integrity policy (iv) Does the company evaluate business partners'			(i) Before the Company conducts any business behavior with supplier, customer, and other business partners, an evaluation	No difference

Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
ethical records and include ethics-related clauses in business contracts? (v) Does the company establish an exclusively (or concurrently) dedicated unit supervised by the Board of Directors to be in charge of corporate integrity, and regularly (at least once a year) report to the Board of Directors of the monitoring and executing status on the ethical management policy and prevention plan for dishonest behavior? (vi) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it? (vii) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and are they audited by internal auditors to draw up corresponding audit plan based on the result of risk evaluation of dishonest behavior and check the compliance status of preventing dishonest behavior, or are they audited by appointed CPAs on a regular basis? (viii) Does the company regularly hold internal and external educational trainings on operational integrity	✓ ✓ ✓ ✓ ✓		on their legal status and dishonest records will be performed. Those without dishonest record after reviewing can be the Company's suppler. The Company also requests suppliers to add ethical management clause in the contract. If any dishonest behavior is involved, the contract may be cancelled or terminated at any time and the supplier will be blocked. (ii) The Company has set up corporate governance committee to be in charge of amendment of operational procedure and behavior guideline and execution and education training operation. It regularly reports to the Board of Directors on the compliance of related regulations and education training every year. The implementation status of 2023: (1) Review if the internal regulation complies with the newly amended regulation. (2) Report system: set up internal mailbox and audit committee mailbox and encourage internal employee and external customer and supplier to feedback any comment or report any dishonest behavior. If there is any illegal issue, the audit unit will report to the Board of Directors. There is no violation related to ethical behavior in 2023. (iii) The Company's "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines" clearly state to avoid conflicts of interest and provide appropriate communication channel. If there is any conflicts of interest issue in the Board of Directors meeting, the corresponding persons shall be recusal in participation of discussion and voting and shall be dismissed. (iv) The Company has established internal audit plan. Internal audit unit draws up corresponding audit plan to execute verification process based on the result of dishonest behavior	

Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			risk evaluation. A project verification will be arranged for any special condition. (v) The Company has arranged 8.5 hours of education training for new employee orientation that involves anti-corruption and integrity in the "Codes of Ethical Conduct" in order to gradually implement anti-corruption training. The above regulations is disclose on the company website for employee query. A total of 236 new employee participated in the training in 2023. Ethical management policy is also promoted in the annual employee meeting for employee to fully understand the ethical management philosophy and implement in daily operation to improve employees' behavior and professional ethics. A total of 568 people participated and 1068 hours of internal and external training of ethical management (includes regulation compliance, safety and health management, corporate social responsibility, accounting system and internal control, etc.) were held in 2023.	
III. Operation of the integrity channel (i) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up? (ii) Does the company establish standard operating procedures for confidential reporting on investigating accusation cases and the follow-up measures after the investigation? (iii) Does the company provide proper whistleblower protection?	✓ ✓ ✓		(i) The Company has set up "Stakeholders' comments for Audit Committee and complaint procedure" with an email of audit_committee@actron.com.tw. Employees can also provide feedback through internal employees' comment mailbox, General Manager, Chairman's mailbox, or contact the Audit Room. Code of Conduct and the award and punishment regulations are clearly stated while disclosing the punishment cases as a reminder for employees. If the report case is verified, the handling unit shall report to the Company and award the whistleblower considering the contribution and the economic effect of the case. (ii)~(iii)	No difference

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>The Company's Procedures for Ethical Management and Guidelines has stated the SOP for handling reported issue and related confidential mechanism and whistleblower protection procedure.</td><td></td></tr>
<tr><td>IV. Strengthening information disclosure
Does the company disclose its Ethical Corporate Management Best Practice Principles and the results of its implementation on the company's website and MOPS?</td><td>✓</td><td></td><td>The Company has set up "Ethical Corporate Management Best Practice Principles" and disclose its implementation on the company website. Please refer to "investor section" on the company website.
http://www.actron.com.tw</td><td>No difference</td></tr>
<tr><td colspan="5">V. If the company has established Ethical Corporate Management Best Practice Principles based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx listed Companies, please describe any discrepancy between the policies and their implementation:
The Company has established Ethical Corporate Management Best Practice Principles based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx listed Companies. There is no difference between the implementation and policies.</td></tr>
<tr><td colspan="5">VI. Other important information to facilitate a better understanding of the company's ethical corporate management policies (such as review and revision of Ethical Corporate Management Best Practice Principles):
The Company strictly abides by its rules, the Securities Exchange Act, the Business Entity Accounting Act, laws pertaining to publicly traded companies, and other relevant regulations that help implement and maintain business integrity.</td></tr>
</table>

(VII) If the company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched: please refer to the website http://www.actron.com.tw

(VIII) Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance may also be disclosed:

To reinforce the corporate governance, the Company has set up an Audit Committee with 3 independent directors. In addition, the Company has completed the establishment or amendment of "Rules of Procedure for Board of Directors Meetings", "Rules for Election of Directors", "Rules of Procedure for Shareholders Meetings", "Procedure for Acquisition and Disposal of Assets", "Regulations for Funds Loaning and Making Endorsements and Guarantees", "Audit Committee Charter" in compliance with the authorities setting or amending on relevant regulations and the consideration of the actual operation needs of the Company. These are disclosed on the company website for download and reference.

(IX) Managers' education and training status on corporate governance:

Title	Name	Course Date	Organizer	Course Name	Course Hour
Corporate Governance Supervisor	Mia Chung	2023/7/6	Taiwan Corporate Governance Association	The role of directors and compliance responses to management rights challenges under corporate governance 3.0	3
		2023/7/11		Corporate Governance and Securities Regulation	3
		2023/6/16	Securities & Futures Institute	Introduction and case analysis of short-term trading by company insiders	3
		2023/12/7	The Institute of Internal Auditors-Chinese	The latest trends in corporate governance based on corporate governance evaluation indicators	6

(XI) Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance may also be disclosed:

Inquiry:

1. Market Observation Post System: http://mops.twse.com.tw
2. Company website: investor relations http://www.actron.com.tw

(XII) Internal Control System Execution Status:

1. Statement of Internal Control System

Actron Technology Corporation

Statement of Internal Control System

Date: February 23, 2024

Based on the findings of a self-assessment, Actron Technology Corporation states the following with regard to its internal control system during the year 2022:

I. The Company's Board of Directors and management team understand their responsibilities of developing, implementing and maintaining the Company's internal control system, and such a system has been established. The purpose of establishing the internal control system is to reasonably assure the following objectives: The effectiveness and efficiency of business operation (including earnings, operation performance and the safeguard of company assets); Achieve the reliability, timeliness, transparency, and compliance objectives according to the relevant laws and regulations in order to provide reasonable assurances.

II. Due to the innate limitation in designing a faultless internal control system, this system can only assure the reasonableness of the above three objectives have been fairly achieved. In addition, the effectiveness of internal control system could alter over time due to the change of business environment or situation. Since the Company's internal control system has included self-examination capability, the Company will make immediate corrections when errors are detected.

III. The evaluation of effectiveness of the internal control system design and implementation is made in accordance with the "Guidelines for the Establishment of Internal Control Systems by Public Companies" (the Guidelines). The Guidelines are made to examine the following five factors during the management and control process: (1) control environment, (2) risk assessment and response, (3) control activities, (4) information and communication, and (5) supervision. Each factor also includes several items. Details of each factor can be found in the Guidelines.

IV. The Company has examined the effectiveness of each respected area in the internal control system based on the Guidelines.

V. The examination result indicated that the Company's internal control system (including subsidiary governance) dated December 31, 2022 has effectively assured that the following objectives have been reasonably achieved during the assessing period: (a) The degree that effectiveness and efficiency of business operation; (b) The reliability of the financial and related reports; (c) The compliance of the relevant laws/regulations and company policies.

VI. This Statement is a significant part of the Company's annual report and prospectus available to the general public. If it contains false information or omits any material content, the Company is in violation of Article 20, Article 32, Article 171 and Article 174 set forth in the Taiwan's Security and Exchange Act.

VII. This statement was passed by the board of directors in their meeting held on February 23, 2024, with none of the 10 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Actron Technology Corporation
Chairman: Tan-Liang Yao
General Manager: Wu Chien Chung

2. If CPA was engaged to conduct a Special Audit of Internal Control System, Provide Its Audit Report.

Not applicable.

(XIII) For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the company or its internal personnel, any sanctions imposed by the company upon its internal personnel for violations of internal control system provisions, and such sanctions might have significant impact on shareholders' equity or securities prices, the sanction contents, principal deficiencies, and the state of any efforts to make improvements: Not applicable.

(XIV) Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

1. Important resolutions made by the Shareholders Meeting on May 26, 2023 and its implementation.
   (1) Approved 2022 annual business report and financial statement.
   (2) Adoption of the Proposal for Appropriation of 2022 Earnings
   Implementation status: The distribution base date was Jul 12, 2023, and the distribution date was Aug 4, 2023 (cash dividend was NT4 per share).
   (3) To elect a new Independent Director.
   Implementation status:
   name of the new position holder: Chun-Chun Chang
   (4) Issuance of new common shares through public offering or Private Placement

2. Important resolutions made by the Board of Directors:

Date	Important Resolutions
2023/1/11 2023 1th Board Meeting	1. Acquire the privately placed common shares of EMC
2023/3/8 2023 2nd Board Meeting	1. Approval of the 2022 business report and financial statements.
	2. Annual distribution of the remuneration for employee and directors of 2022.
	3. 2022 surplus distribution.
	4. proposal for the 2022 earnings distribution of cash dividends.
	5. 2021 annual statement of internal control system.
	6. Evaluation on the competency and independence of the certified accountants.
	7. Convene the 2023 shareholders meeting.
2023/5/3 2023 3rd Board Meeting	1. Recognition of the 2023Q1 consolidated financial statements.
2023/8/2 2023 4th Board Meeting	1. Recognition of the 2023 consolidated financial statement of the second quarter.
2023/11/8 2023 5th Board Meeting	1. Recognition of the 2023consolidated financial statement of the third quarter.
	2. Amendment of "The Company's annual audit plan of 2024"
2023/12/13 2023 6th Board Meeting	1. The Company's business plan of 2024

2024/2/23 2023 1th Board Meeting	1.	Approval of the 2023 business report and financial statements.
	2.	Annual distribution of the remuneration for employee and directors of 2023.
	3.	2023 surplus distribution.
	4.	2023 annual statement of internal control system.
	5.	Evaluation on the competency and independence of the certified accountants.
	6.	Convene the 2024 shareholders meeting.

(XV) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

(XVI) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the personnel related to financial reports (including the Company's Chairman, General Manager, Accounting supervisor, Finance supervisor, internal audit supervisor, corporate governance supervisor, and research and development supervisor): None.

V. Information on CPA professional fees:

(i) Information on CPA professional fees (please tick the range or fill in the amount)

CPA Firm	Name of Accountant		Period Covered by CPA's Audit	Audit Fee	Audit Fee (Note 1)	Total	Remarks
Deloitte & Touche	MING XIAN LIU	Chiu Meng Jie	2023/01/01-2023/12/31	3,900	373	4,273	-
Note 1：Non-audit fees include transportation and printing fees							

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

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

VI. Information on replacement of certified public accountant: None.

VII. Information on Service of the Company's Chairman, President, and Financial or Accounting Managers at the Accounting Firm or Its Affiliates: None.

VIII. Any transfer of equity interests and/or pledge of or change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

(i) Changes in equity of directors, supervisors, managers and major shareholders.

Title (Note 1)	Name	2023		As of Mar 31 of the current year	
		Increase (decrease) of shareholding	Increase (decrease) of shares pledged	Increase (decrease) of shareholding	Increase (decrease) of shares pledged
Chairman	Yao Dang Liang	137,444	0	0	0
Director	Lu Min Kuang	0	0	0	0
Director	Sino-American Silicon Products Inc. Representative: Feng Hao	4,127,953 0	0 0	0 0	0 0
Director	Sino-American Silicon Products Inc. Representative: Hsu Show Lan	4,127,953 0	0 0	0 0	0 0
Director	Hsu Shin Investing Corp. Representative: Yang Su Mei	0 179,676	0 0	0 1,000,000	0 0
Director &General Manager	Wu Xian Chung	87,005	0	0	0
Independent Director	Liu Chung Xian	0	0	0	0
Independent Director	Cheng Cheng Yuan	0	0	0	0
Independent Director	Shu-Mei- Chang	0	0	0	0
Independent Director	Chun-Chun Chang	0	0	0	0
Deputy General Manager	Jason Huang	31,230	0	0	0
Deputy General Manager	CHANG,HUI-CHUNG	30,000	0	0	0
Deputy General Manag	LU,CHIEN-CHIH	171,116	0	0	0
Associate	CHEN,CHIH-MING	2,000	0	0	0
CFO	CHIU,MEI-YING	20,171	0	0	0
Corporate Governance Officer	CHUNG,HSIAO-YING	4,000	0	0	0

(ii) Information on equity transfer of directors, supervisors, managers and major shareholders: None.

(iii) Information on equity pledge of directors, supervisors, managers and major shareholders: None.

VIII. Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another:

Date for suspension of share transfer: Mar 28, 2023

Name	Shareholding		Shareholding by Spouses & Minor		Current Shareholding in the name of others		relationships among the top ten shareholders, anyone who is a related party, spouse, or second-degree kinship of another: Name and relation		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
Sino-American Silicon Products Inc.	24,935,299	24.58%	0	0%	0	0%	Doris Hsu	Chairman	NA
Sino-American Silicon Products Inc. Representative: Hsu Show Lan	172	0%	0	0%	0	0%	None	None	
CHANG,CHING-CHAO	5,032,317	4.96%	0	0%	0	0%			
Lu Min Kuang	4,880,000	4.81%	3,030,111	2.99%	0	0%	Sino-American Silicon Products Inc. Hsu Shin Investing Corp.. Yang Su Mei Lu Jian Chi	Director Director Spouse Father and son	
Yang Su Mei	3,030,111	2.99%	4,880,000	4.81%	0	0%	Hsu Shin Investing Corp. Lu Min Kuang Lu Jian Chi	Chairman Spouse Mother and son	
Yuanta Commercial Bank is entrusted with the custody of the special investment account of Luxembourg-Shangdal International Co., Ltd.	2,994,785	2.95%	0	0%	0	0%	None	None	
Hsu Shin Investing Corp.	2,130,000	2.10%	0	0%	0	0%	Lu Min Kuang Yang Su Mei LU,CHIEN-CHIH	Director Chairman Director	
Hsu Shin Investing Corp. Representative: Yang Su Mei	3,030,111	2.99%	4,880,000	4.81%	0	0%	Hsu Shin Investing Corp. Lu Min Kuang Lu Jian Chi	Chairman Spouse Mother and son	
LU,CHIEN-CHIH	1,891,746	1.86%	0	0%	0	0%	Hsu Shin Investing Corp. Lu Min Kuang Yang Su Mei	Director Father and son Mother and son	
TransGlobe Life Insurance Inc.	1,800,906	1.78%	0	0%	0	0%	None	None	
TransGlobe Life Insurance Inc. Representative: PENG,TENG-DE	0	0%	0	0%	0	0%	None	None	
Cathay Life Insurance Co.,Ltd.	1,439,352	1.42%	0	0%	0	0%	None	None	
Cathay Life Insurance Co.,Ltd. Representative: Ming-Ho Hsiung	0	0%	0	0%	0	0%	None	None	
Hung - mau Investment Company	867,902	0.86%	0	0%	0	0%	None	None	
Hung-mau Investment Company Representative: JIANG,SU-LAN	0	0%	0	0%	0	0%	None	None	

IX. The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managers, and any companies controlled either directly or indirectly by the company:

Unit: thousand; %

Affiliated Companies (Note)	Ownership by the Company		Ownership by Directors, Supervisors, Managers and Entities Directly or Indirectly Controlled by the Company		Total Ownership	
	Shares	%	Shares	%	Shares	%
Wei Ding Technology Corp	15,000	100%	-	-	15,000	100%
Smooth International Limited Corporation	12,000	100%	-	-	12,000	100%
Smooth Auto component Limited	12,000	100%	-	-	12,000	100%
Shimusi Auto Parts (Qingdao) Co., Ltd.	-	100%	-	-	-	100%
Rec Technology Co., Ltd.	8,488	49%	-	-	8,488	49%
Hongwang Investment Co., Ltd.	30,000	30%	-	-	30,000	30%
Big Best Technology Corp.	19,314	28%	-	-	19,314	28%
TPEx Listed Company	15,000	29%	-	-	15,000	29%
Mosel Vitelic Inc.	46,925	30%	-	-	46,925	30%
Mou Fu Investment Consultant Ltd.	12,012	100%	-	-	12,012	100%
Bou-Der Investment, Ltd.	6,400	47%	6,839	50%	13,239	97%
DenMOS Technology Inc.	9,114	80%	876	8%	9,989	88%
Giant Haven Investments Ltd.(BVI)	1.9	100%	-	-	1.9	100%

Note: Long-term investment of the Company

IV. Capital Raising Activities

I. Capital and Shares

(i) Source of capital stock:

Unit: thousand shares

Type of Stock	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total	
Common Stock (OTC)	101,447	198,553	300,000	None

Year/Month	Par Value (Dollars)	Authorized Capital Stock		Paid-In Capital		Remarks		
		Shares (thousand)	Amount (thousand)	Shares (thousand)	Amount (thousand)	Source of Capital	Capital Increased by Assets Other Than Cash	Others
1998/11	10	19,600	196,000	19,600	196,000	Established 196,000 thousand dollars	3,920 thousand shares by technique	None
2000/06	15	25,000	250,000	25,000	250,000	Capital increase 54,00 thousand dollars by cash	None	(Note 1)
2001/06	15	45,000	450,000	30,000	300,000	Capital increase 50,000 thousand dollars by cash	None	(Note2)
2004/08	20	45,000	450,000	34,999	349,990	Capital increase 49,990 thousand dollars by cash	None	(Note 3)
2005/07	10	45,000	450,000	38,901	389,012	Capital increase 34,999 thousand dollars by earnings. Capital increase 4,023 thousand dollars by employee bonus	None	(Note 4)
2006/03	80	45,000	450,000	43,400	434,000	Capital increase 44,988 thousand dollars by cash	None	(Note 5)
2006/07	10	68,000	680,000	45,972	459,720	Capital increase 21,700 thousand dollars by earnings Capital increase 4,020 thousand dollars by employee bonus	None	(Note 6)
2007/07	10	68,000	680,000	48,673	486,726	Capital increase 22,986 thousand dollars by earnings. Capital increase 4,020 thousand dollars by employee bonus	None	(Note 7)
2008/06	10	68,000	680,000	51,509	515,090	Capital increase 24,336 thousand dollars by earnings. Capital increase	None	(Note 8)

Year/Month	Par Value (Dollars)	Authorized Capital Stock		Paid-In Capital		Remarks		
		Shares (thousand)	Amount (thousand)	Shares (thousand)	Amount (thousand)	Source of Capital	Capital Increased by Assets Other Than Cash	Others
						4,028 thousand dollars by employee bonus		
2008/07	70	68,000	680,000	54,009	540,090	Capital increase 25,000 thousand dollars by cash	None	(Note 9)
2010/07	10	68,000	680,000	59,410	594,099	Capital increase 54,009 thousand dollars by earnings.	None	(Note 10)
2011/7	10	100,000	1,000,000	65,351	653,509	Capital increase 59,410 thousand dollars by earnings.	None	(Note 11)
2011/7	70	100,000	1,000,000	71,300	713,000	Capital increase 59,491 thousand dollars by cash	None	(Note 12)
2012/7	10	100,000	1,000,000	74,865	748,650	Capital increase 35,650 thousand dollars by earnings.	None	(Note 13)
2019/10	87.5	300,000	3,000,000	90,865	908,650	Capital increase 160,000 thousand dollars by cash	None	(Note 14)
2019/11	50	300,000	3,000,000	91,513	915,130	Capital increase 6,480 thousand dollars by new restricted shares for employees	None	-
2020/12	50	300,000	3,000,000	91,483	914,830	Capital decrease 300 thousand dollars by new restricted shares for employees	None	-
2021/7	50	300,000	3,000,000	91,457	914,570	Capital decrease 260 thousand dollars by new restricted shares for employees	None	-
2022/12	50	300,000	3,000,000	91,447	914,470	Capital decrease 100 thousand dollars by new restricted shares for employees	None	-
2023/9	155	300,000	3,000,000	101,447	1,014,470	Capital increase 100,000 thousand dollars by cash	None	-
2024/3	10	300,000	3,000,000	101,447	1,014,470	Conversion of corporate bonds into common stock (4.8 thousand yuan)	None	480 shares added, totaling 101,447,480 shares.

+

Note: 1. The effective (approval) date for the 1st capital increase: Jun 30, 2000. Order number: (89) Taiwan-Finance-Securities (I) 54780.

1. The effective (approval) date for the 2nd capital increase: May 16, 2001. Order number: (90) Taiwan-Finance-Securities (I) 130239.
2. The effective (approval) date for the 3rd capital increase: May 17, 2004. Order number: (93) Taiwan-Finance-Securities (I) 0930121679.
3. The effective (approval) date for the 4th capital increase: Jun 23, 2005. Order number: Financial-Supervisory-Securities (I) 0940125189.
4. The effective (approval) date for the 5th capital increase: Mar 16, 2006. Order number: Financial-Supervisory-Securities (I) 0950108552.
5. The effective (approval) date for the 6th capital increase: Jul 5, 2006. Order number: Financial-Supervisory-Securities (I) 0950128515.
6. The effective (approval) date for the 7th capital increase: Jul 12, 2007. Order number: Financial-Supervisory-Securities (I) 0960036059.
7. The effective (approval) date for the 8th capital increase: Jun 13, 2008. Order number: Financial-Supervisory-Securities (I) 0970029479.
8. The effective (approval) date for the 9th capital increase: Jul 1, 2008. Order number: Financial-Supervisory-Securities (I) 0970031473.
9. The effective (approval) date for the 10th capital increase: Jul 1, 2010. Order number: Financial-Supervisory-Securities-Corporate 0990034074.
10. The effective (approval) date for the 11th capital increase: Jul 4, 2011. Order number: Financial-Supervisory-Securities-Corporate 1000030760
11. The effective (approval) date for the 12th capital increase: Jul 8, 2011. Order number: Financial-Supervisory-Securities-Corporate 1000030583.
12. The effective (approval) date for the 13th capital increase: Jul 5, 2012. Order number: Financial-Supervisory-Securities-Corporate 1010029775.
13. The effective (approval) date for the 14th capital increase: Oct 30, 2019. Order number: Financial-Supervisory-Securities-Corporate 10801152810.
14. The effective (approval) date for the 15th capital increase: Nov 11, 2019. Order number: Financial-Supervisory-Securities-Corporate 10801157050.

(ii) General information about the reporting system: Not applicable.

II. Shareholder structure

Date for suspension of share transfer: Mar 26, 2024

Shareholder structure / Quantity	Government Institutions	Financial Institutions	other legal persons	Individuals	Foreign Institutions and Foreign Persons	Chinese Investors	Total
Number of Shareholders	0	7	282	24,259	91	1	24,640
Shareholding	0	3,415,731	30,046,458	59,537,277	8,448,013	1	101,447,480
Holding Percentage (%)	0.00	3.37	29.62	58.69	8.33	0.00	100.00%

Note: All TWSE/TPEX/Emerging Stock Market companies listing for the first time are required to disclose Chinese investors' holding interests. A Chinese investor refers to an individual, corporation, organization, or institution of Mainland origin, or any company owned by the above party in a foreign location, as defined in Article 3 of Regulation Governing Mainland Residents' Investment in Taiwan.

III. Diffusion of ownership (Face value of each share is NT$10)

Date for suspension of share transfer: Mar 26, 2024

Class of Shareholding	Number of Shareholders	Shareholding	Percentage %
1~ 999	13,087	945,247	0.93
1,000~ 5,000	9,885	17,360,807	17.11
5,001~ 10,000	915	6,759,718	6.66
10,001~ 15,000	286	3,534,272	3.48
15,001~ 20,000	135	2,447,004	2.41
20,001~ 30,000	143	3,559,991	3.51
30,001~ 40,000	49	1,685,532	1.66
40,001~ 50,000	31	1,368,637	1.35
50,001~ 100,000	55	3,939,524	3.88
100,001~ 200,000	25	3,537,548	3.49
200,001~ 400,000	12	3,303,311	3.26
400,001~ 600,000	6	3,177,894	3.13
600,001~ 800,000	-	-	0.00
800,001~1,000,000	2	1,693,479	1.67
Over 1,000,001	9	48,134,516	47.46
Total	24,640	101,447,480	100.00

The issuance and holding status of preferred share:

The Company does not issue preferred share up to now.

IV. Major Shareholders:

Date for suspension of share transfer: Mar 28, 2023

Shares / Name of Major Shareholders	Shareholding(number)	Percentage (%)
Sino-American Silicon Products Inc.	24,935,299	24.58%
CHANG,CHING-CHAO	5,032,317	4.96%
Lu Min Kuang	4,880,000	4.81%
Yang Su Mei	3,030,111	2.99%
Yuanta Commercial Bank is entrusted with the custody of the special investment account of Luxembourg-Shangdal International Co., Ltd.	2,994,785	2.95%
Hsu Shin Investing Corp.	2,130,000	2.10%
LU,CHIEN-CHIH	1,891,746	1.86%
TransGlobe Life Insurance Inc.	1,800,906	1.78%
Cathay Life Insurance Co.,Ltd.	1,439,352	1.42%
Hung-mau Investment Company	867,902	0.86%

V. Provide share prices for the past 2 fiscal years, together with the company's net worth per share, earnings per share, dividends per share, and related information:

Unit: NT Dollar

Year / Item			2022	2023	Current year to Mar 31, 2023 (Note 2)
Market Price Per Share	Highest		261.50	200.00	188.50
	Lowest		125.00	153.00	165.00
	Average		184.99	173.80	172.37
Net Worth Per Share	Before Distribution		60.12	79.88	Not applicable
	After Distribution		59.24	Note1	Not applicable
Earnings Per Share	Weighted average shares (1,000 shares)		91,310	94,105	Not applicable
	Earnings Per Share	Before Adjustment	6.14	7.68	Not applicable
		After Adjustment	6.08	Note1	Not applicable
Dividend Per Share	Cash Dividend		4.0	5.0(Note1)	Not applicable
	Capital Surplus Interest		0	0(Note1)	Not applicable
	Stock Dividends	Stock Dividends Appropriated from Retained Earnings	—	—	Not applicable
		Stock Dividends Appropriated from capital surplus	—	—	Not applicable
	Accumulated Undistributed Dividends		—	—	Not applicable
Return on Investment	P/E Ratio		30.13	(Note1)	Not applicable
	Price-Dividend Ratio		46.25	(Note1)	Not applicable
	Cash Dividend Yield		2.16	(Note1)	Not applicable

Note 1. Haven't convene shareholders meeting for earnings distribution of 2023.

Note 2. The financial information of the previous quarter has not been reviewed by CPAs yet up to the date of publication of the annual report.

VI. Company's dividend policy and implementation thereof:

(i) The Company’s dividend policy:

If there is a surplus in the final accounts of the Company, the tax shall be paid to make up for the accumulated losses first, and second, 10 percent shall be reserved as statutory surplus reserve, but this is no longer necessary when the statutory surplus reserve has reached the total amount of actual capital of the Company, and in accordance with the law and the competent authorities, the special surplus reserve shall be increased or rotated. If there is a surplus still, the Board of Directors shall prepare the Surplus distribution case with the previous annual accumulation of undistributed surplus to present in the shareholders’ meeting for resolution.

The Company will consider the surplus, future demand of funds, and the impact of tax system on the Company and shareholders while maintaining sustainable operation and steady growth of the earnings per share to distribute annual shareholder dividend for no less than 50% of the net income of the year with cash or stock dividend, and cash dividend shall be no less than 50% of the total dividend.

(ii) Implementation：

Distribution of stock dividends at the Shareholders’ Meeting. During the board of directors meeting dated February 23, 2024, the board resolved to pay 2023 net profit after tax NT$723,192,715 and cash dividends NT$507,237,400 (NT$5.00 per share) and propose to the shareholders meeting of 2024.

VII. Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting:

There is no stock dividend in the 2023 earning distribution; therefore, no effect upon business performance and earnings per share.

VIII. Compensation of employees, directors, and supervisors:

(i) Ratio or scope of compensation for employees, directors, and supervisors, as set forth in the Company’s Articles of Incorporation:

If there is a surplus in the final accounts of the Company, it shall be reserved for compensation for employees and directors as follow. However, if there is accumulated losses, a reserve is allotted to be used for making up for the accumulated losses first. The surplus refers to pre-tax benefits that deduct the compensation for employees and directors.

1. Employee remuneration shall be no less than 5%, which the board of directors may decide to distribute in cash or in shares. Employees who meet certain criteria are entitled to receive remuneration.
2. Directors remuneration shall be no more than 3%.

The distribution case of employees and directors remunerations shall be proposed at the shareholders meeting.

This year’s distribution for employees remuneration is NT$78,182,323 and directors remuneration is NT$19,200,000.

(ii) The estimated amount of compensation for employees, directors, and supervisors for the current period shall be calculated based on number of employee shares of stock considering any accounting discrepancy between the actual distributed amount of employee stock dividend and estimated figure: It will be considered as the change in accounting estimation, and accounted as net income or loss for the current year.

(iii) Information on the amount of compensation for distribution approved by the Board of Directors

Unit: NT Dollar

Item	2023 Approved by the Board of Directors	2022 Approved by the Board of Directors
Allocation for directors remuneration	19,200,000	20,747,709
Employees' remuneration	78,182,323	85,238,260
The difference with the distribution case approved by the Board of Directors.	No difference	No difference

1. The compensation of employees, directors and supervisors is distributed in the form of cash dividend or stock dividend. If there is any discrepancy between the actual distributed amount and figure, the difference, reason and response should be disclosed: None.
2. The amount of stock dividend and ratio of the total net profit after-tax and individual employee compensation or separate financial report for the current period: None.

(iv) The actual distribution of compensation for employees, directors, and supervisors in the previous fiscal year (including number of shares, monetary amount, stock price, shares distributed) and any discrepancy between the actual distributed amount and amount of compensation for employees, directors, or supervisors. The discrepancy, cause, and response should be stated:

Unit: NT Dollar

Item	Financial statement amount	Actual distributed amount	Difference	Reason
Directors Remuneration	20,747,709	20,747,709	-	-
Employees Remuneration	85,238,260	85,238,260	-	-

IX. Share repurchased by the Company: None.

X. Corporate Bonds (including overseas corporate bond):None.

XI. Preferred Shares:None.

XII. Global Depository Receipts (GDR):None.

XIII. Employee Stock Warrants:

I. The annual report shall disclose unexpired employee subscription warrants issued by the company in existence as of the date of publication of the annual report, and shall explain the effect of such warrants upon shareholders' equity.

Type of employee share subscription warrants	The 1st of employee share subscription warrants
Effective registration date and total number of units	2022.7.28 3,000,000 Shares
Issue (handling) date	2022.12.8
Number of units issued	3,000,000 Shares
Number of units still available for issuance	0 Shares
Ratio of the number of issued subscribable shares to the total number of issued shares	2.95719%
Duration	6 yesrs
Exercise method	Issuance of new shares
Vesting period and percentage（%）	2 yesrs 20% 3 yesrs 40% 4 yesrs 70% 5 yesrs 100%
Number of shares subscribed through exercise of the warrants	0 Shares
Amount of the shares subscribed through exercise of the warrants	NT$0
Number of unexercised shares	3,000,000 Shares
Subscription price per share of the unexercised shares	NT$ 115.10 per share
Ratio of the number of unexercised shares to the total number of issued shares（%）	2.95719%
The effect on shareholders’ equity	Not cause a significant impact on shareholders ’equity.

II. The annual report shall disclose the names of top-level company executives holding employee share subscription warrants and the cumulative number of such warrants exercised by said executives as of the date of publication of the annual report.

Date:2024/3/31

Item	Job title	Name	Number of shares subscrib - able from exercise of warrants granted	Ratio o f the number o f shares subscrib - able from the exercise o f warrants granted to the total numb er of issued shares	Exercised				Unexercised			
					Number of shares	Exercise price	Total exercise price	Ratio of the number of exercised shares to the total number o f issued shares	Number of shares	Exercise price	Total exercise price	Ratio of the number of unexercised shares to the total numb er of issued shares
Managerial officers	General Manager	Wu Xian Chung	660	0. 65%	NA				660	115.10	75,966	0. 65%
	Deputy General Manager	Huang Xi Chin										
	Deputy General Manager	Chang Hui Chung										
	Deputy General Manager	Lu Jian Chi										
	Associate	CHEN,CHIH-MING										
	Associate	Chiu Mei ying										
Employees	Director	TSAI,HSIN-CHANG	530	0.52%	NA				530	115.10	61,003	0.52%
	Director	LAN,JUNG-HSIEN										
	Technical Manager	SUNG,KUAN-CHOU										
	Deputy Director	CHANG,HUNG-CHUN										
	Deputy Director	CHEN,WEI-CHUNG										
	Manager	HUANG,CHIEN-HSIUNG										
	Manager	CHEN,TING-LIN										

XIV. New Restricted Employee Shares:None.

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

XVI. The Status of Implementation of Capital Allocation Plans:

The Company's increase capital plan by cash in 2019 was completed. The increase capital plan in 2023 is still on going.

Unit: NT$ thousand

<table>
<tr><td>Plan</td><td colspan="4">2019 Increase Capital by Cash</td></tr>
<tr><td>Amount</td><td colspan="4">Issued 16,000 thousand new share by increase in capital by cash. The denomination was NT$10 per share, with a total of NT$160,000 thousand dollar. It was issued at a premium of NT$87.5 per share, with a total of NT$1,400,000 thousand dollar fund was raised.</td></tr>
<tr><td>Fund Purpose</td><td colspan="4">Building factory office building and purchase equipment</td></tr>
<tr><td rowspan="5">Implementation status up to the publication of the annual report</td><td colspan="2">Implementation Status</td><td>2023</td><td>Total</td></tr>
<tr><td rowspan="2">Accumulated Amount in Expense</td><td>Estimated</td><td>0</td><td>1,631,138</td></tr>
<tr><td>Actual</td><td>0</td><td>1,631,138</td></tr>
<tr><td rowspan="2">Accumulated Implementation Status</td><td>Estimated</td><td>0.00 %</td><td>98.63%</td></tr>
<tr><td>Actual</td><td>0.00 %</td><td>98.63%</td></tr>
<tr><td>Date of Entering the MOPS</td><td colspan="4">Jan 3, 2024.</td></tr>
<tr><td>Analysis on Benefits and Financial Structure</td><td colspan="4">This fundraising plan is for building factory and purchasing equipment to produce the Company's new product IGBT Module(Insulated Gate Bipolar Transistor Module). It is ongoing as planned.</td></tr>
</table>

V. Operational Highlights

I. Business Activities

(i) Scopes of the business:

1. The main operational categories of the company:
   (1) Electric Power Supply, Electric Transmission and Power Distribution Machinery Manufacturing
   (2) Wholesale of Electronic Materials
   (3) Retail Sale of Electronic Materials
   (4) Manufacture export
   (5) International Trade
   (6) Electronic Parts and Components Manufacturing
2. The sales proportion of the main products of the business:

Unit: NT$ thousand

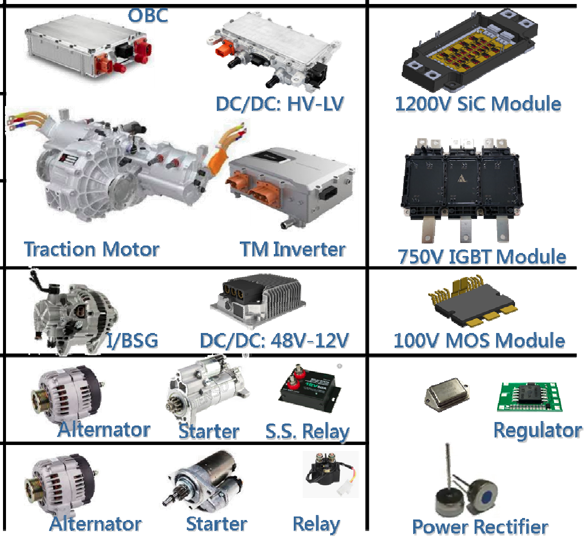
Item \ Year	2023		2022	
	Sales Amount	Sales Percentage %	Sales Amount	Sales Percentage %
Automobile rectifier diode	4,425,903	78.35	3,454,043	82.28
Voltage regulator	697,981	12.36	78,387	1.87
Electromagnetic valve	199,225	3.53	179,433	4.27
Others	325,585	5.76	485,976	11.58
Total	5,648,694	100.00	4,197,839	100.00

3. The company's current product collections:

The main products of the Company are the key components in automotive powertrain, as shown in Fig. 1. For conventional internal combustion engine vehicles, the company provides rectifying bridge and voltage regulator, which converts the alternating current (AC) to direct current (DC) and regulates the output voltage level to supply the electric loads on vehicle, such as air condition, radio and wipers; For hybrid vehicles and pure electric vehicles, the company provides inverter power module and driver/controller for generating the alternating current to drive the traction motor in electric vehicle. The inverter power module is one of the key component in electric vehicle, which affects the reliability and durability of the electric vehicle significantly. Since car is a mobile asset that should not be limited by regions like mountain, seaside, dessert, and city, etc, it has to withstand the requirements of various environments for a long time. The powertrain system needs to operate in above-mentioned harsh environment; therefore, the electronic parts in powertrain system have to be durable under high temperature, low temperature and high humidity environments. In addition, the product is installed in vehicles that concern passenger safety, hence the safety regulation and quality requirement are extremely strict. The company's products are sold to world-renowned automobile original equipment manufacturer (OE), so they have to pass the extremely strict safety test and obtain the approval from the manufacturer before the order can be placed massively.

Picture I. Diagram of car engine and generator.

Type	Power	CO_2 Reduction	Machines	ATC Solutions
EV/FCV	50 – 150kW	100%	OBC, DC/DC: HV-LV	1200V SiC Module
PHEV	50 – 120kW	50 – 75%	Traction Motor, TM Inverter	
HEV	20 – 50 kW	20 – 30%		750V IGBT Module
MHEV	10 – 20 kW	13 – 22%	I/BSG, DC/DC: 48V-12V	100V MOS Module
SSV	< 5 kW	3 – 4%	Alternator, Starter, S.S. Relay	Regulator
ICE	<3 kW	0%	Alternator, Starter, Relay	Power Rectifier



4. New product development projects:
   (1) Automotive Alternator ULLD.
   (2) 48V Mild-Hybrid Mosfet Module.
   (3) EV/HEV IGBT, SiC & GaN Power Module.
   (4) Automotive Small Motor Mosfet Module
   (5) Automotive Small Motor

(ii) Industry Overview

1. Industry status and development:

Automobile industry is changing from mechanical oriented system to electric oriented system, which is called transportation electrification. In order to satisfy the stream of transportation electrification, electronic products have extended from a single product to a systematic product. Automotive electronic control device is a combination of machinery and electronics, which involves a wide range of technologies. It takes a long development time because the process has to coordinate with the automobile mechanical system and compliant with other sub-systems in vehicles. Furthermore, the verification requires relatively longer time due to the close connection with driving safety.

In the stream of transportation electrification, power semiconductors, controllers and power module are the most important components in automotive electrical system. Since automobile is composed of many components, and most of them are provided by the satellite factory, the automobile center and hundreds of satellite factories are closely connected in supply and production system. Under the circumstance of automobile center must constantly satisfy customer with convenience and comfort, it combines with semiconductor and IC integrated circuit for developments towards thin and light, complex function, and environmental protection and energy saving, which makes the percentage and amount of automotive electronic components increased rapidly for the past few years, as shown in Fig. 2.

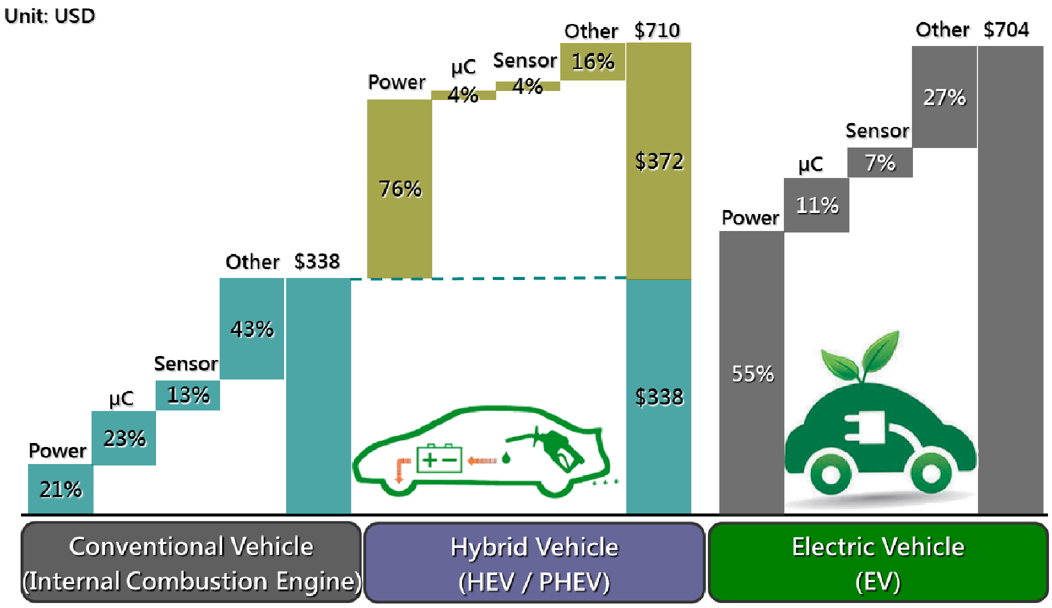


Fig. 2: Cost Analysis of electronic components in vehicle

From the perspective of the sales channels of components, car components can be classified into four types: OEM (Original Equipment Manufacturing), ODM (Original Design Manufacturing), OES (Original Equipment Service), AM (After Market). AM is for after-sales maintenance and modified cars that use aftermarket parts. The automobile industry and components industry have formed a typical corporate synergy system. The automobile center outsources the components to a 1st tier satellite factory, and the 1st tier satellite factory outsources the detail parts to a 2nd tier and 3rd tier satellite factories that creates a multi-layers pyramid structure. 90% of the products produced by the Company are exported to foreign manufacturers, while the rest are sold to customers of AM market. The technology of the original equipment manufacturer has improved over the years with the introduction of semiconductor technology, which has widened the gap between the technology of the aftermarket parts manufacturer. With the continuous growth in the global automobile industry, the future of the industry is promising.

From the perspective of the global OEM market, even though automobile is already a mature industry with a complete industry chain structure, the global OEM market is gradually changing due to the profit and cost pressure over the years. When the major automobile manufacturers are expanding their production scale, they no longer adopt the consistent production process in the past. The self manufacturing rate of the components keeps decreasing, whereas the dependence of external component manufacturers is gradually increasing. These component manufacturers have evolved from producing components to the major developing partners of the automobile manufacturers. The net profit margin of the global major component manufacturers is decreasing over the years. To reduce the cost pressure, these manufacturers start to set up factories by joint venture or outsourcing the process. It opens up the market of Taiwanese automobile component manufacturers to the global supply chain because of the advantages of quality and price.

The sales channels of the automobile components:

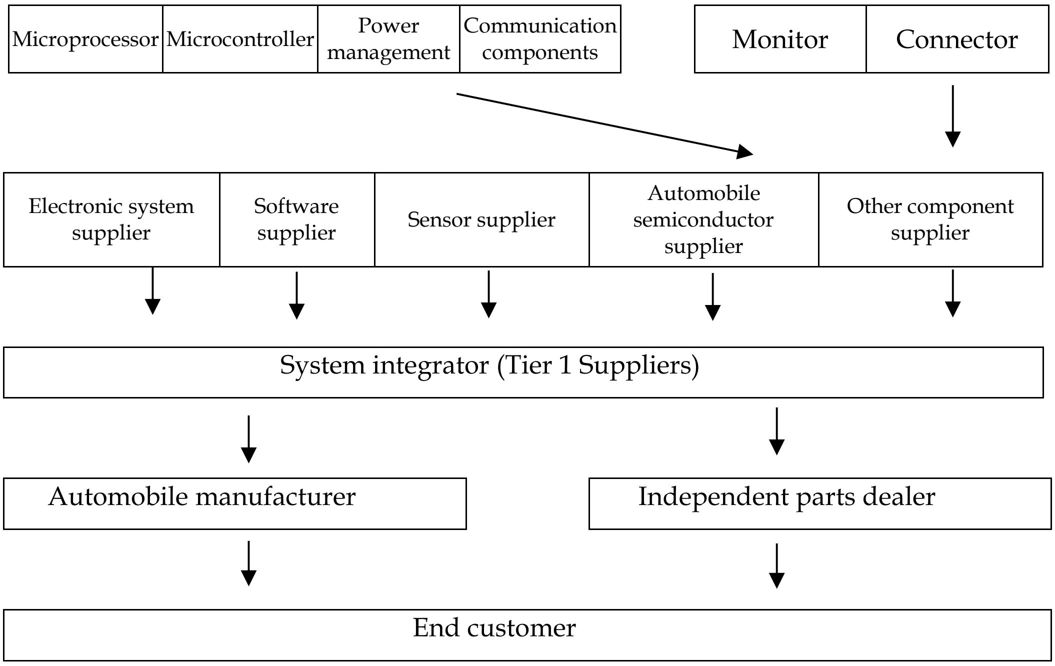
Sales Channels		Description
For OEM	OEM market	Appointed by OEM to manufacture for center factory.
	ODM market	Appointed by OEM to design and manufacture for center factory.
For after-sales market	AM market	After-sales maintenance with aftermarket parts
	OES market	After-sales maintenance with OEM parts.

2. Industry relevance of upstream, midstream and downstream companies
   Automobile industry is a comprehensive industry that requires highly precision, technical, and high integration. The production and manufacturing process are very complex and involve a wide range. There are hundreds of satellite factories and requires cooperation of many industries. There are quite many automobile components in a car, which is between 8,000 and 15,000. The materials of these components consist of metal, non-ferrous metal, rubber, glass, asbestos, ceramics, fibers, etc, and the manufacturing methods include casting, stamping, forging, power metallurgy, machining, and heat treatment, etc. Once the completed components are inspected and qualified, they are delivered to the automobile center to assemble. Therefore, the automobile component industry can drive a country's development in basic industry and supporting industry. The inter-relationship diagram of the upstream, midstream, and downstream in the automobile industry is shown below:

	Upstream	**Midstream**	**Downstream**
Industry Type	Plastic Industry Metal Industry Petrochemical Industry Glass Industry Electric Industry Electronics Industry	Components of automobile	Automobile center manufacturer Automobile maintenance manufacturer

	Upstream	**Midstream**	**Downstream**
Product	ABS, PP, etc Steel Plate, etc Refining oil, etc Glass raw materials, etc Electric components, etc Electronics components, etc	Bumper, windshield, etc Hood, car door, etc Brake fluid, etc Car lights, windows, etc Battery, generator, etc Radio, dashboard, etc	Automobile center manufacturer Automobile maintenance manufacturer

From the value activities of the automotive electronics manufacturing process, the composing factors of the industry can be classified to electronic system supplier, software supplier, sensor supplier, automobile semiconductor supplier, other component supplier, system integrator, automobile manufacturer, and independent parts dealer, etc. Their relations are as follow:

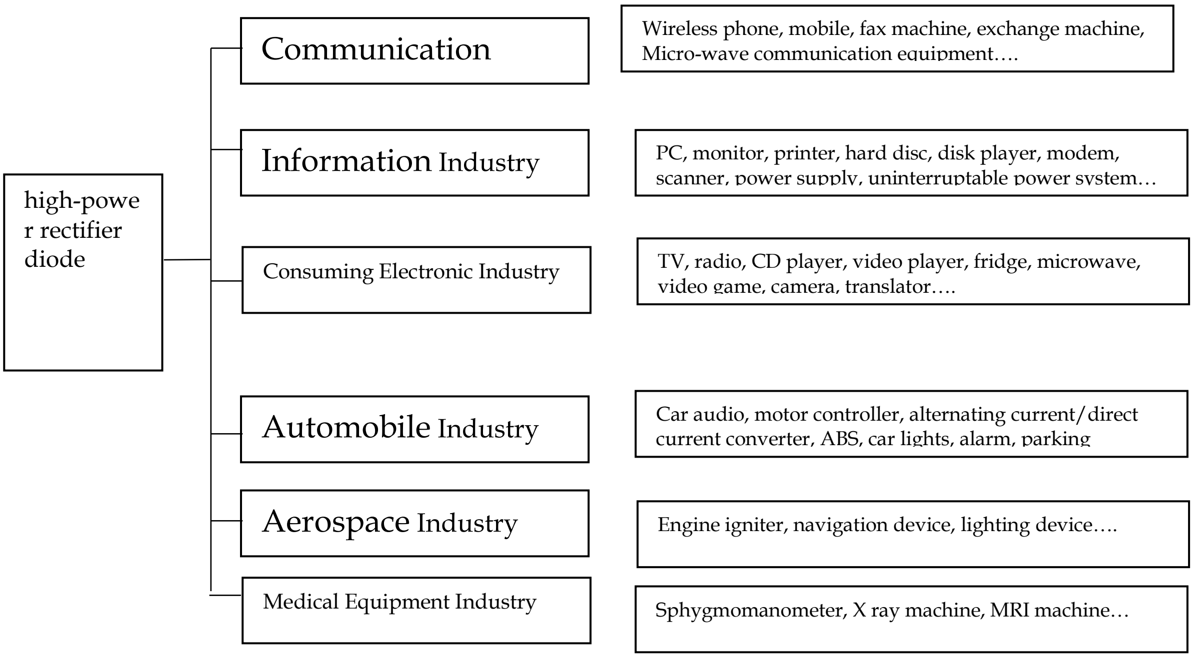


Resource: Industrial Technology Research Institute Project IEK-IT IS

The main products of the Company are automobile rectifier diode and voltage regulator, etc, particularly automobile rectifier diode in terms of product sales proportion. They are mainly for automobile generator. When the car is running, it uses the engine running to transfer parts of the kinetic energy into electricity for electronics products in the car. However, the electricity from the car generator is alternating current, and the device for storing electricity in the car is a battery, which is direct current. In order to transfer the alternating current into direct current, or be directly used by the electronics products, a rectifier diode has to be installed on the generator. The main purpose of the voltage regulator is to block out-of-specification current and pick up operation instruction from the generator.

The automobile rectifier diode produced by the Company is slightly different from the rectifier diode for general consumer electronics. Here is the comparison:

Item	Automobile rectifier diode	Consumer electronics rectifier diode
Current	25A－80A	Under 3－5A
Working environment	Consistently at 215℃ or above	Room temperature
Circuit forming	Gravity die casting with 600kg on average	Soldering



Picture IV.

Applications of high-power rectifier diode.

3. Various product development trends

   The development of OE system product depends on the finished car. With the gasoline price soaring and environmental protection awareness increasing, the application and development of the products tend to be more concerned about energy saving and carbon reduction.

4. Product competition

   The upstream and downstream of the automotive industry are closed markets for a few manufacturers. All automobile parts have to go through strict and time consuming test and verification before it could be used by automobile manufacturer. But first, the supplier has to be recognized with developing potential, so the manufacturer would provide all the specification of quality, reliability, product life, etc, for product developing and testing. The time and cost of this long process cannot be underestimated; therefore, the supplier without much interest would have retreated.

   Currently, the global automobile industry is controlled by six major groups. The development of the automobile component industry is usually driven by the automobile industry. However, because the small scale of the Taiwan automobile industry and the developing technology is mostly owned by the parent manufacturer overseas, the development of automobile center is not as well as the component manufacturer. From the perspective of global competitiveness, due to the small scale of the Taiwan automobile market, the component manufacturer has to be competitive in technology and cost to survive and develop overseas to reach a certain economic scale. Benefiting from the consistent OEM order from international manufacturer for cost concern, increasing usage of aftermarket (AM) product in North America insurance company, and fast development in China automobile market, the component manufacturer in Taiwan can constantly expanding the oversea market. The future operation looks quite promising.

   The reason that domestic manufacturer cannot invest in long-term development in the industry is because of the obstacles of substantial technology and patent. The Company's products have received recognition from automobile original equipment manufacturers over years of hard work., and currently receiving orders on a steady, regular basis. With the competitive advantages of price and service, the Company is expecting a considerable growth in the future.

5. Obstacles for new competitor

Base on the driving safety concern, all electronic parts from the original equipment manufacturers need to pass an extremely rigorous safety standard certification. The research and developing time of a general product is around six month, but the verification time takes from three months to one year. Moreover, if it is the first time cooperating with Tier 1 manufacturer, it might take up to 3 years or even longer time for reviewing qualification, verification, and sample delivering. Generally speaking, the verification process is very time consuming and expensive; therefore, it is not easy for new competitor to enter and divide the market.

The rigorous requirements on quality of automotive electronic parts from Tier 1 manufacturer are not comparable to general consumer electronic products, which are much higher. In addition to various levels of verification before the parts can be adopted, Tier 1 manufacturer will send out personnel to supervise and audit the operation status of the production line from time to time after the parts are officially adopted to make sure the consistency of the raw material and end product. Hence, the overall supply system of the upstream and downstream component manufacturers are very close. As the result, the same component parts can only be provided by two or three suppliers at most. For Tier 1 manufacturer, it takes quite some time and cost to maintain and supervise the existing suppliers. However, it would take more time and cost to give up the existing supplier and adopt the new supplier. In addition to invest more time and cost for the verification process, the impact of the new parts on the end product (the generator) cannot be estimated. Therefore, based on a conservative mind and considerations of both cost and risk, Tier 1 manufacturer doesn't usually change the component supplier. As the result, there is a low possibility for supplier being replaced.

The automobile industry is very demanding on quality system and yield rate. ISO-9001, QS-9000, and TS-16949 are basic requirements. In fact, there is hardly a defect and the acceptance for defective rate is extremely low. When in a massive production of 10 million pieces per month, it is quite difficult to keep every single piece with high reliability. The outcome cannot be comparable to the general electronics industry.

Our main customers are major corporates with annual revenue over 10 billion US dollars in Europe, America, and Japan. We must have excellent engineering, language, and sales abilities and keep frequent visits and phone calls for discussion. In this way, we can consistently receive OE order.

Having a strong logistics system and global shipping capacity, the requirement for goods supply in automobile industry is just in time (JIT). Basically, it ships out weekly and even daily at the end of the month. Medium to small corporates are not often equipped with this logistics capacity. The diode manufacturers are in small scale in general, it is difficult for them to ship out JIT.

In conclusion, the Company is safe from threat of new competitors in the short term.

(iii) Technology and R & D Overview

1. The technology level and research and development of the business:

Rectifier diode used on general electronic product is with small current between 1-15A, whereas the automobile rectifier diode is with large current over 25A. The Company's products are important parts in the automobile power system. Automobile is an all environmental product, so in addition to the parts need to meet the requirements of various extreme environments, the length of product life is one of the crucial factors (the product life of general electronic product is 3 to 5 years, but the automobile has to be durable for over 10 years). Product with bad quality or short product life could endanger the safety of the passengers. Automobile manufacturer has a strict quality verification and testing when selecting any component parts. Therefore, the Company is very cautious on product development and design to satisfy manufacturer's requirement and certification with durable, precise, professional and safe product.

In general, electronic parts are soldered on the circuit board. But because the car generator is installed next to the engine in a high temperature environment of 215℃ or above, solder can be easily oxidized and reduce the product life of the generator if automobile rectifier diode is soldered on the base plate. Therefore, the new rectifier diode for car generator is no longer soldered but directly embed with gravity die casting of 600kg on average to complete the function of soldering. There cannot be any damage on product structure and electronic characteristics of the rectifier diode.

Moreover, the electricity demand is increasing and more important due to the rapid growth in automobile electronics. The passenger cabin is getting bigger in design which causes smaller space for generator. As the result of the increased current and decreased space, the environmental temperature resistance is tougher. The temperature specification is 215℃ in the OE market. There is also a demand for 225℃ now. The temperature resistance in general AM market products is only 200℃. There is a considerable gap in between. In other words, 225℃ is a major breakthrough that involves with various material science and manufacturing technology which general AM product is incomparable. Moreover, in order to save space, the Company published 80A model on Pressfit Diodes with 13mm diameter, which is a new creation with extreme difficulty. So far, only Actron Technology can produce products with this high specification.

In summary, the Company's rectifier diode has the following characteristics:

(1) Rectifier diode with large current.
(2) Extremely high demand in product quality.
(3) Durable in high temperature.
(4) Not soldering in a traditional way, but same production quality with gravity die casting in metal plate.

The production technology and product structure of the Company product are self-developed. So far the products have received multiple patents in many countries as follow:

Item	USA	Japan	EU	ROC	China	Korea
Number of Patents	19	10	6	20	9	1

Also, there are many product patents pending for application in many countries.

2. The annual research and development expense in the most recent fiscal year:

Unit: NT$ thousand

Item	2023	2022
R&D expense	566,441	397,804
Net Operating Revenue	5,648,694	4,197,839
% in Net Operating Revenue	10.03%	9.50%

The Company is always paying extra attention to development of new products and related technologies, and will keep investing in cultivate talents to respond to the constantly changing market trend.

3. Successfully developed technology or product:
   (1) Develop various model of automobile rectifier diodes and voltage regulator.
   (2) Cross in application fields and customize special structure product for customer.
   (3) Apply derivation of research and development technology in producing voltage regulator chassis for car generator and ABS brake system – design and manufacture of the electromagnetic valve.

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

1. Short-term: develop, produce, and sell rectifier diodes for car generator and voltage regulator related product at this stage. In terms of short-term business development, it will focus on developing the market of the existing product.
2. Long-term: In terms of long-term business development, the goal is to develop various automobile electronic parts and integrate the upstream and downstream products of the existing product.

II. Market and Sales Overview

(i) Market Analysis

1. Sales (provide) areas of main product (service): Unit: NT$ thousand

Sales Area \ Year		2023 Amount	2023 %	2022 Amount	2022 %
Domestic Sales		930,348	16.47	485,509	11.57
Export Sales	America	1,710,466	30.28	1,024,453	24.40
	Europe	831,695	14.72	774,436	18.45
	Asia	2,176,185	38.53	1,913,441	45.58
	Subtotal	4,718,346	83.53	3,712,330	88.43
Total		5,648,694	100.00	4,197,839	100.00

The global automobile market is mostly located in Europe, America, and Japan, which are also the leaders of the global automotive industry and market. Almost every automobile component manufacturer's products are made in the specifications of these markets.

2. Market share

According to the data from international research institute, the production from global automobile market is from 70 to 80 millions. Due to the different designs in car alternator, the number of rectifier diodes can be six, eight, and twelve. With more demand from the maintenance market, the estimated annual demand for generator rectifier diodes is over 785 million.

The sales of the Company's products are mainly for OE new car market. The major suppliers in the product market are Bosch from Germany, Hitachi from Japan, and Actron Technology Corporation, etc, which is a oligopolistic market. The Company's products have a high market share.

3. Market supply and demand situation and future growth

The relation of the automotive semiconductor market

Type	Assembly System	Subsystem	Function
Electronic control system	Power System	Drive system, engine system, throttle system, cruise control system, alternator, etc.	Eco-friendly, dynamic performance, safety, and driving comfort.
	Chassis System	Suspension system, brake system, steering system, etc.	Controllability, acceleration, and stability.
	Body System	Airbag, collision warning and preventing system, BAWS system, night vision system, lighting system, auto-wiper system, etc.	Driving safety.
		Auto-Start-Stop system, anti-theft system with chip, alarm, etc.	Anti-theft.
		Smart rearview mirror, power door, window, seat, climate control systems, etc.	Comfort and convenience.
Car electronics	Information Communication System	Navigation system, car mobile communication, etc.	External contact.
		Electronic control unit, electronic dashboard, etc.	Monitor car condition.

Source: sorted by Topology Research Institute

Almost every new functions on automobile reply on electronic devices. Its application has applied in all systems. Generally there are two types of automobile electronic products: Electronical Control Systems and Electronical Devices. Electronical Contral Systems are used with mechanical system on cars, which is an electronic device of "electromechanical combination". Electronical Devices can be used independently on cars.

Automobile market grows with the country's economy, hence the demand for automobile generator will increase as well. According to the report from WARD'S, the demand is still increasing in the next ten years for automobile industry whether it is domestic or international market. It has a very positive impact on the Company's future development.

4. Competitive niche

(1) Received international certification, product quality is highly recognized: The Company's product is quite special in the industry. It is not easy to break into the market, and requires strict and long testing certification in order to be adopted by the automobile manufacturers. Therefore, there is not many new competitors in the market. We've been through years of hard work to receive certifications and recognition in product quality from customers for a long-term cooperation.

(2) Excellent operation team:

① Strong ability in research and development, world class solid technology.

② Excellent technology and outstanding quality.

③ Possess various core technologies and received multiple patents in many countries.

④ Employees have strong coherence and low turnover rate on average. Leading productivity in the industry.

(3) Rich development resources:

The Company has developed good relationships with the upstream suppliers and downstream generator manufacturers over the years. It helps with the internal human resources, research and develop technology, production technology, equipment and management skills for more competitiveness in the future market.

The automobile industry is a conservative and concentrative technology-intensive industry. The parts are supplied by few global manufacturers. We are the new generation in the automobile industry. We have self-developed in everything about automobile rectifier diodes from product design, material application, to research and develop production technology, even the production equipment is a result of a co-development with equipment supplier.

(4) Favorable development prospects, unfavorable factors and countermeasures:

Favorable factors:

① Fewer competitors in the market. It is not easy to break into the market, hence there is not many new competitors.

② The Company's products is pending for patents in many countries.

③ Good relationships with upstream and downstream manufacturers.

④ Advanced automated production equipment can reduce unit production costs.

Unfavorable factors and countermeasures:

① The establishing period of the Company is not very long, and need to strengthen systems and scale.

Countermeasures: actively establish systems and scales that match the automobile industry.

② Some new products are not in massive production stage yet.
Countermeasures: actively develop new customers to promote new products to reach the massive production scale.

③ Strict and long period for quality verification for automobile components.
Countermeasures: it is the special condition in automobile industry, and other manufacturers can not easily break into the market either. We have to improve the product design to pass customer's quality verification.

(ii) Main products' important functions and production process

1. Important uses of main products:
The rectifier diode of the Company is mainly for automobile. When the car is running, it uses the engine running to transfer parts of the energy into electricity for generator to supply electronics products in the car. However, the electricity from the car generator is alternating current, and the device for storing electricity in the car is a battery, which is direct current. In order to transfer the alternating current into direct current, a rectifier diode has to be installed on the generator.

2. Manufacturing process

1. Install brass screw, solder, chip, solder, brass nut

↓

2. Into the welding furnace

↓

3.Etching and cleaning

↓

4. Apply insulating glue

↓

5. Into the drying furnace for condensation

↓

6. Testing and printing

(iii)Supply status of main raw materials

Main raw materials	Domestic External Suppliers	Supply Status
Chip	Huan * Co., Ltd	Good
Brass screw	Wei * Co., Ltd	Good
Brass nut	Ding * Co., Ltd	Good
Epoxy	H-H-K Limited.	Good
Polyimide	F-A-T Co., Ltd.	Good
Solder	Hung * Co., Ltd	Good

(iv) Based on the number of customers and their purchase (sales) amount and ratio that accounted for more than 10% of the total purchase (sales) in the past two years

(1) Information of major suppliers for the recent two years

Unit: NT$ thousand

	2022				2023				As of the end of previous quarter in 2024 (Note 2)			
Item	Name (Note 1)	Amount	Annual Net Purchase〔%〕	Relationship with Issuer	Name	Amount	Annual Net Purchase〔%〕	Relationship with Issuer	Name	Amount	Annual Net Purchase as of the End of Previous Quarter of the Year〔%〕	Relationship with Issuer
1	A	353,016	18	None	B	273,247	11	subsidiary of the Company's directors	Note 2			
2	B	273,968	14	subsidiary of the Company's directors	-	-	-	-				
3	Others	1,332,341	68		Others	2,210,817	89	-				
	Net Purchase	1,959,325	100		Net Purchase	2,484,064	100	-				

Note 1: The name and purchasing amount of suppliers whose proportion of purchasing is higher than 10% of the total purchases in the last two years should be listed. However, if the contract stipulates that the name of the supplier or the object of the transaction is an individual and non-related person, it can be coded.

Note 2: Up to the date of publication of the annual report, companies listed or whose stocks have been bought and sold in the securities firm's business premises should disclose the latest financial information which has been audited and verified by the accountant

(2) Information of major customers for the recent two years

Unit: NT$ thousand

	2022				2023				As of the end of previous quarter in 2024 (Note 2)			
Item	Name (Note 1)	Amount	Annual Net Sales〔%〕	Relationship with Issuer	Name	Amount	Annual Net Sales〔%〕	Relationship with Issuer	Name	Amount	Annual Net Sales as of the End of Previous Quarter of the Year〔%〕	Relationship with Issuer
1	F	490,789	11.69	None	-	-	-	-	Note2			
	Others	3,707,050	88.31		Others	5,648,694	100	-				
	Net Sales	4,197,839	100.00		Net Sales	5,648,694	100	-				

Note 1: The name and selling amount of customers whose proportion of selling is higher than 10% of the total sales in the last two years should be listed. However, if the contract stipulates that the name of the customer or the object of the transaction is an individual and non-related person, it can be coded.

Note 2: Up to the date of publication of the annual report, companies listed or whose stocks have been bought and sold in the securities firm's business premises should disclose the latest financial information which has been audited and verified by the accountant.

5. Analysis of production value and changes in the recent two years:

Unit: thousand; NT$ thousand

Main Product	2022			2023		
	Production Capacity	Output	Output Value	Production Capacity	Output	Output Value
Automobile rectifier diode	450,000	420,000	3,500,000	900, 000	700, 000	5, 000, 000
Voltage regulator	2,000	1,800	80,000	20, 000	15, 000	900, 000
Electromagnetic valve	15,000	8,000	45,000	60, 000	45, 000	250, 000
Others	180,000	3,100	592,000	180, 000	2, 000	350, 000
Total	647,000	432,900	4,217,000	1, 160, 000	762, 000	6, 500, 000

1. Analysis of sales value and output in recent two years:

Unit: thousand; NT$ thousand

Main Product	2022				2023			
	Domestic		Export		Domestic		Export	
	Output	Output Value	Output	Output Value	Output	Output Value	Output	Output Value
Automobile rectifier diode	14,823	137,665	292,077	3,316,378	45, 316	355, 855	359, 554	4, 070, 048
Voltage regulator	1,005	56,439	392	21,948	7, 400	410, 922	5, 326	287, 059
Electromagnetic valve	0	0	6,887	179,433	0	0	7, 750	199, 225
Others	415	291,586	260	194,390	230	163, 571	210	162, 014
Total	16,243	485,690	299,616	3,712,149	52, 946	930, 348	372, 840	4, 718, 346

III. The number of employees employed in recent two years

Year		End of 2022	End of 2023	Mar 31, 2024
Number of employees	DL	617	926	936
	IDL	350	724	706
	Total	967	1,650	1,642
Average age		39.4	42.0	42.0
Average length of service		5.7	7.2	7.2
Education level distribution ratio	PhD.	0.5	0.4	0.4
	Master	10.1	14.1	13.8
	University	49.5	53.8	53.7
	High school (including the following)	39.9	31.7	32.1
Note: MOSEL VITELIC INC. has been merged since June 2023.				

IV. Disbursements for environmental protection

(i) Losses (including remedial measures), total amount of penalties (including remedies) and total expenditures (including the estimated amount of compensation, fines or penalties) due to failure in taking responsive action in the recent years or ending the publication date of this report. If it is not feasible to make a reasonable estimate, it should be clearly indicated as such: Not applicable.

V. Labor Relations

(i) Various aspects of employee welfare measures, continuing education, job training, retirement system and its implementation, as well as labor agreements, labor rights and employment protection measures:

1. Employee benefits and implementation:

(1) All employees are covered with labor and health insurance. Maternity, sickness, and medical benefits and compensation are in accordance with labor and health insurance regulations. Employees can receive NT$20,000 maternity allowance when give birth during the job tenure.

(2) Regularly held employee travel tour, birthday allowance, wedding and funeral subsidies, three major holidays gifts, etc.
In accordance with our customer's holiday, the Company has arranged a week off in August and provide allowance for employee travel. Birthday allowance of NT$500 per person, wedding and funeral subsidies of NT$3,000, and a total of 2 month salaries for three major holidays bonus.

(3) Additional bonus depends on operation result.

2. Continuing education and training and implementation:
"Annual education training plan" is arranged every year. Implement many trainings with plans for all employees to have capability to perform their jobs. The Company holds training for new and current employees while training internal instructors. With the training system and employees' continuous education, we hope to cultivate many professionals within the company and improve employee quality for the goals of fast talents training, skill improving, and experience inheriting.
The actual employee training implementation in 2023 is as follow:

Item	Total number of participants	Total hours	Expense
Annual profession	442	1,652	209,313
Regulations and certification	44	381	126,309
Quality management	212	648	41,772
General function	924	3,719	-
Management	219	1,712	1,008,047
Total	1,841	8,112	1,385,441

3. Retirement system and implementation:

(1) In other to take care of employees' retirement life and improve the labor relation, and improve work efficiency, the Company has set up Labor Retirement Reserve Supervision Committee on February 22, 2000. The Company allocates 4% of the total salary as pension to a special account in the Central Trust Bureau. For employees who chose retirement

pension system since Jul 1, 2005, 6% of the monthly salary will be allocated to a personal pension account in the Labor Insurance Bureau.

(2) Staff retirement scheme is set up in accordance with the provisions of the Labor Standards Act.

4. Labor agreements:

The labor relation has always been good with smooth communication channels since the company establishment. With discussion through labor management meetings and Staff Welfare Committee on mutual benefits between labor and employer to further understand the needs and expectation on both sides, all employees work hard in a growth and prosperity business philosophy for a better future. The Company also set up employee mailbox. All employees can provide comment or suggestion anytime through the communication channel to solve their problem timely and effectively. The Company is good in labor relation and has never suffered from any loss due to labor disputes, and expect none in the future as well.

5. Maintenance of employee rights and interests:

In addition to set up work regulations to clearly specific all labor condition to product employees' rights in accordance with the regulations, the Company also set up labor management meetings, Staff Welfare Committee, and employee complaint mailbox, etc. Employees' rights can receive fair treatment through the channels mentioned above. There is no incidents of affecting employees' rights so far.

(ii) List any loss sustained as a result of labor disputes in the most recent fiscal year, and during the current fiscal year up to the date of publication of the annual report, disclose an estimate of losses incurred to date or likely to be incurred in the future, and indicate mitigation measures being or to be taken. If the loss cannot be reasonably estimated, make a statement to that effect: No major disputes occurred.

VI. Important contracts

Type of contract	Party	Contract Duration	Content	Restrictions
loan contract	Yuanta Commercial Bank	2023/1/18~ 2026/1/18	Long term loan	None

VI. An Overview of the Company's Financial Status

I. Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years, showing the name of the certified public accountant and the auditor's opinion given thereby

(i) Condensed balance sheet and consolidated income statement

1. Condensed balance sheet - International Financial Reporting Standards (Independent)

Unit: NT$ thousand

Item \ Year		Financial information in the last 5 years: 2019	2020	2021	2022	2023	Financial information as of Mar 31, 2024 of the fiscal year (Note 1)
Current assets		2,464,078	1,940,220	2,134,213	2,014,223	2,502,750	Note 1
Long-term investment		1,952,028	2,612,220	3,140,552	3,273,095	5,458,091	
Property, plant and equipment		1,718,559	2,081,252	2,443,314	2,815,004	3,204,894	
Intangible assets		25,304	18,919	13,404	7,603	4,739	
Other assets		227,591	411,754	1,634,655	1,495,635	1,448,420	
Total assets		6,614,765	7,607,065	9,366,138	9,605,560	12,618,894	
Current liabilities	Before distribution	1,016,021	1,555,268	2,751,614	2,907,564	2,897,778	
	After distribution	1,304,287	1,765,679	3,117,442	3,273,392	Note 2	
Non-current liabilities		706,644	588,538	436,727	1,199,790	1,617,341	
Total liabilities	Before distribution	1,722,665	2,143,806	3,188,341	4,107,354	4,515,119	
	After distribution	2,010,931	2,354,217	3,554,169	4,473,182	Note 2	
Equity attributed to stockholders of the Company		4,892,100	5,463,259	6,177,797	5,498,206	8,103,775	
Share capital		915,130	914,830	914,570	914,470	1,014,475	
Capital surplus		1,939,084	1,813,037	1,747,150	1,747,491	3,317,903	
Retained earnings	Before distribution	1,832,695	1,825,944	2,088,449	2,296,734	2,665,245	
	After distribution	1,544,429	1,615,533	1,722,621	1,930,906	Note 2	
Other equity interest		205,191	909,448	1,427,628	539,511	1,106,152	
Treasury stock		0	0	0	0	0	
Non-controlling interest		0	0	0	0	0	
Total equity	Before distribution	4,892,100	5,463,259	6,177,797	5,498,206	8,103,775	
	After distribution	4,603,834	5,252,848	5,811,969	5,132,378	Note 2	

Note 1. The financial information as of the end of previous quarter has not been verified by CPAs up to the date of publication of the annual report.

Note 2.2023 earnings distribution is pending for resolution of the shareholders meeting.

2. Condensed balance sheet - International Financial Reporting Standards (Consolidated)

Unit: NT$ thousand

Item \ Year		Financial information in the last 5 years					Financial information as of Mar 31, 2024 of the fiscal year (Note 1)
		2019	2020	2021	2022	2023	
Current assets		3,236,990	2,610,735	2,757,044	2,659,653	5,211,771	Note 1
Financial assets measured at fair value through other comprehensive income		227,205	542,700	699,746	626,125	984,006	
Available-for-sale financial assets		-	-	-	-	-	
Investments Accounted for Using Equity Method		964,227	1,615,297	2,117,268	2,223,415	2,789,250	
Property, plant and equipment		2,213,779	2,548,756	2,866,804	3,212,069	4,302,105	
Goodwill		225,142	225,142	225,142	225,142	1,137,538	
Intangible assets		33,039	26,518	20,011	11,479	8,426	
Other assets		328,104	467,336	982,532	910,380	980,540	
Total assets		7,228,486	8,036,484	9,668,547	9,868,263	15,413,636	
Current liabilities	Before distribution	1,192,738	1,664,537	2,774,483	2,884,332	3,279,653	
	After distribution	1,481,004	1,874,948	3,140,311	3,250,160	Note2	
Non-current liabilities		780,808	625,454	443,345	1,201,125	2,099,733	
Total liabilities	Before distribution	1,973,546	2,289,991	3,217,828	4,085,457	5,379,386	
	After distribution	2,261,812	2,500,402	3,583,656	4,451,285	Note2	
Equity attributed to stockholders of the Company		4,892,100	5,463,259	6,177,797	5,498,206	8,103,775	
Share capital		915,130	914,830	914,570	914,470	1,014,475	
Capital surplus		1,939,084	1,813,037	1,747,150	1,747,491	3,317,903	
Retained earnings	Before distribution	1,832,695	1,825,944	2,088,449	2,296,734	2,665,245	
	After distribution	1,544,429	2,036,355	1,722,621	1,930,906	Note2	
Other equity		205,191	909,448	1,427,628	539,511	1,106,152	
Treasury stock		-	-	-	-	-	
Non-controlling interest		362,840	283,234	272,922	284,600	1,930,475	
Total equity	Before distribution	5,254,940	5,746,493	6,450,719	5,782,806	10,034,250	
	After distribution	4,966,674	5,536,082	6,084,891	5,416,978	Note2	

Note 1: The financial information as of the end of previous quarter has not been verified by CPAs up to the date of publication of the annual report.

Note 2: 2023 earnings distribution is pending for resolution of the shareholders meeting.

(ii) Condensed Income Statement and Condensed Consolidated Income Statement

1. Condensed Consolidated Income Statement - Adoption of International Financial Reporting Standards (Independent) Unit: NT$ thousand(earnings per share: NT$)

Item \ Year	Financial information in the last 5 years					Financial information as of Mar 29, 2024 of the fiscal year
	2019	2020	2021	2022	2023	
Operating revenues	2,943,341	2,586,263	3,246,501	3,536,411	4,543,849	(Note 1)
Gross profit	878,924	713,493	925,979	982,266	1,158,492	
Operating income (loss)	371,356	228,419	348,999	306,426	383,091	
Non - operating income and expenses	42,104	78,782	178,318	314,553	425,953	
Net profit before income tax	413,460	307,201	527,317	620,979	809,044	
Income from Continuing Operation before Income Tax	322,058	281,828	478,436	560,552	723,193	
Income (loss) on discontinued operations	-	-	-	-	-	
Profit (loss)	322,058	281,828	478,436	560,552	723,193	
Other comprehensive income (net)	308,684	690,918	507,516	879,993	584,858	
Total comprehensive income	630,742	972,746	985,952	(319,441)	1,308,051	
Profit attributable to the equity holders of the company	322,058	281,828	478,436	560,552	723,193	
Net profit attributable to non-controlling interests	-	-	-	-	-	
Comprehensive income attributable to the equity holders of the Company	630,742	972,746	985,952	(319,441)	1,308,051	
Comprehensive income attributable to non-controlling interests	-	-	-	-	-	
Earnings per share	4.11	3.10	5.25	6.14	7.68	

Note 1: The financial information as of the end of previous quarter has not been verified by CPAs up to the date of publication of the annual report.

2. Condensed Consolidated Income Statement - Adoption of International Financial Reporting Standards (Consolidated)

Unit: NT$ thousand (earnings per share: NT$))

Item \ Year	Financial information in the last 5 years					Financial information as of Mar 31, 2024 of the fiscal year
	2019	2020	2021	2022	2023	
Operating revenues	3,359,902	3,069,547	3,795,908	4,197,839	5,648,694	(Note 1)
Gross profit	1,004,209	840,546	1,131,730	1,205,036	1,378,018	
Operating income (loss)	370,274	219,800	422,806	395,973	307,541	
Non - operating income and expenses	-10,348	-4,068	111,314	252,393	406,846	
Net profit before income tax	359,926	215,732	534,120	648,366	714,387	
Income from Continuing Operation before Income Tax	257,203	176,875	467,967	572,176	611,762	
Income (loss) on discontinued operations	-	-	-	-	-	
Profit (loss)	257,203	176,875	467,967	572,176	611,762	
Other comprehensive income (net)	308,684	690,918	507,516	-879,993	583,840	
Total comprehensive income	565,887	867,793	975,483	-307,817	1,195,602	
Profit attributable to the equity holders of the company	322,058	281,828	478,436	560,552	723,193	
Net profit attributable to non-controlling interests	-64,855	-104,953	-10,469	11,624	-111,431	
Comprehensive income attributable to the equity holders of the Company	630,742	972,746	985,952	-319,441	1,308,051	
Comprehensive income attributable to non-controlling interests	-64,855	-104,953	-10,469	11,624	-112,449	
Earnings per share	4.11	3.10	5.25	6.14	7.68	

Note 1: The financial information as of the end of previous quarter has not been verified by CPAs up to the date of publication of the annual report.

(iii) The names of appointed certified accountants and their audit opinions in the last 5 years:

Year	Name of the Accounting Firm	Name of CPA	Audit Opinion
2019	Deloitte & Touche	Chang Chin Fu, Chiu Meng Jie	Unqualified opinion
2020	Deloitte & Touche	Cai Chen Chai, Chiu Meng Jie	Unqualified opinion
2021	Deloitte & Touche	Cai Chen Chai, Chiu Meng Jie	Unqualified opinion
2022	Deloitte & Touche	MING XIAN LIU, Chiu Meng Jie	Unqualified opinion
2023	Deloitte & Touche	MING XIAN LIU, Chiu Meng Jie	Unqualified opinion

II. Financial analysis for the past 5 fiscal years

(i) Comprehensive Analysis on Financial Information - Adoption of International Financial Reporting Standards (Independent)

Analysis Item (Note 2) \ Year		2019	2020	2021	2022	2023	As of Mar 31 2024 of the fiscal year
Financial structure (%)	Debts ratio	26.04	28.18	34.04	42.76	35.78	(Note 1)
	Long-term funds to property, plant and equipment ratio	325.78	290.78	270.72	237.94	303.32	
Solvency %	Current ratio	242.52	124.75	77.56	69.28	86.37	
	Quick ratio	199.12	98.05	55.95	42.07	56.26	
	Times interest earned	25.51	23.60	34.72	21.40	10.16	
Operating performance	Average collection turnover (times)	6.11	5.59	6.69	6.02	6.16	
	Average number of days	60	65	55	61	59	
	Inventory turnover (times)	4.97	4.64	5.00	4.12	4.36	
	Average payment turnover (times)	7.27	6.86	5.86	4.93	4.96	
	Average sales days	73	79	73	89	84	
	Property, plant and equipment turnover (times)	1.79	1.36	1.44	1.35	1.51	
	Total assets turnover (times)	0.52	0.36	0.38	0.37	0.41	
Profitability	Return on total assets	5.90	4.12	5.78	6.17	7.14	
	Return on equity (%)	7.95	5.44	8.22	9.60	10.63	
	Pre-tax net profit to paid-in capital ratio (%)	45.18	33.58	57.66	67.91	79.75	
	Net margin (%)	10.94	10.90	14.74	15.85	15.92	
	Earnings per share (NT)	4.11	3.10	5.25	6.14	7.68	
Cash flow	Cash flow ratio (%)	48.11	32.89	21.30	17.79	39.62	
	Cash flow adequacy ratio (%)	110.44	88.08	60.83	54.19	57.06	
	Cash flow reinvestment ratio (%)	1.64	1.41	3.73	1.68	6.74	
Leverage	Operating leverage	2.44	3.41	2.71	3.34	3.11	
	Financial leverage	1.05	1.06	1.05	1.11	1.30	

Reasons for variations in the financial ratios from consolidated financial statements within the last two years: (variations less than 20% can be exempted for analysis)

Comparative analysis on difference between 2022 and 2023 financial information.

1. Debts ratio, Quick ratio, Times interest earned, Cash flow reinvestment ratio：This is due to the increase in capital investment in the current period, the integration of strategic investments up and down and the issuance of cash capital increase, resulting in an increase in cash and a decrease in bank borrowings.

Note1: The financial information as of the end of previous quarter has not been verified by CPAs up to the date of publication of the annual report.

(ii) Comprehensive Analysis on Financial Information - Adoption of International Financial Reporting Standards (Consolidated)

Analysis Item (Note 2) \ Year		Financial information in the last 5 years					As of Mar 31, 2024 of the fiscal year
		2019	2020	2021	2022	2023	
Financial structure (%)	Debts ratio	27.30	28.49	33.28	41.40	34.90	(Note 1)
	Long-term funds to property, plant and equipment ratio	272.64	250.00	240.48	217.43	282.04	
Solvency %	Current ratio	271.39	156.84	99.37	92.21	158.91	
	Quick ratio	220.96	124.92	70.64	60.60	120.46	
	Times interest earned	18.09	12.47	30.07	21.20	8.64	
Operating performance	Average collection turnover (times)	5.87	5.18	6.25	5.88	6.14	
	Average number of days	62	70	58	62	59	
	Inventory turnover (times)	4.34	4.32	4.40	3.90	4.23	
	Average payment turnover (times)	7.88	7.63	7.71	7.12	7.25	
	Average sales days	84	85	83	94	86	
	Property, plant and equipment turnover (times)	1.65	1.29	1.40	1.38	1.50	
	Total assets turnover (times)	0.56	0.40	0.43	0.43	0.45	
Profitability	Return on total assets	5.60	3.89	5.57	6.00	6.31	
	Return on equity (%)	7.61	5.12	7.85	9.16	9.14	
	Pre-tax net profit to paid-in capital ratio (%)	40.46	23.58	58.40	70.90	70.42	
	Net margin (%)	9.59	9.18	12.60	13.35	12.80	
	Earnings per share (NT)	4.11	3.10	5.25	6.14	7.68	
Cash flow	Cash flow ratio (%)	32.04	29.83	18.58	17.93	32.03	
	Cash flow adequacy ratio (%)	94.45	72.15	50.75	44.32	48.39	
	Cash flow reinvestment ratio (%)	0.1	1.10	2.88	1.68	2.19	
Leverage	Operating leverage	2.67	3.98	2.81	3.25	3.60	
	Financial leverage	1.06	1.09	1.05	1.09	1.44	

Reasons for variations in the financial ratios from consolidated financial statements within the last two years: (variations less than 20% can be exempted for analysis)

Comparative analysis on difference between 2023 and 2021 financial information.

1. The changes in the main financial values for this period are due to the merger of new investment entities, resulting in the increase in various values.

Note 1: The financial information as of the end of previous quarter has not been verified by CPAs up to the date of publication of the annual report.

Note 2: The formula is as follows:

1. Financial structure
   (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. Solvency
   (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
   (1) Account receivable (including account receivable and notes receivable from operation) turnover = Net sales / the Average of account receivable (including account receivable and notes receivable from operation) balance
   (2) Days Sales Outstanding = 365 / Average Collection Turnover

(3)Average Inventory Turnover = Cost of Sales / Average Inventory
(4)Account payable (including account payable and notes payable from operation) turnover = Cost of goods sold / the average of account payable (including account payable and notes payable from operation) balance
(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
(1)Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets
(2) Return on Equity = (Net Income * (1 - Effective Tax Rate)) / Average Total Equity
(3) Pre-tax Income to Paid-in Capital Ratio: If the Company's shares are no par or not in the denomination of NT $ 10, the calculation of the ratio of the paid-in capital shall be calculated based on the equity ratio of the balance sheet attributable to the owners of the parent company.
(4) Net Margin = Net Income / Net Sales
(5) Earnings Per Share = (Net Income Attributable to Shareholders of the Parent -Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding (Note 4)

5. Cash Flow Analysis
(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) (Note 5)

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

Note 3: The calculation of the earnings per share of the preceding paragraph shall pay special attention to the following:
1. Based on the weighted average number of ordinary shares, rather than the number of shares issued at the end of the year.
2. Where there is a cash replenishment or treasury stock trading, the weighted average number of shares shall be calculated during the period of circulation.
3. Where there is a surplus to capital increase or capital surplus to capital increase, the calculation of the earnings per share for the previous year and half-year should be adjusted by the proportion of capital increase, rather than the period the capital increase is issued.
4. If the preferred shares are non-convertible accumulative shares, its annual dividend (whether or not it is issued) shall be deductible from the net income or increased to net loss after tax. If the preferred shares are non-cumulative, then in the case of having a net profit after tax, the preferred dividend should be deducted from the net profit after tax; in the case of net loss after tax, no adjustments are required

Note 4: Cash flow analysis should pay special attention to the following:
1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow of capital flows.
3. The increase in inventories shall only be credited when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory is reduced at the end of the year, then the inventory amount should be accounted at zero.
4. Cash dividends include cash dividends for common stock and special shares.。
5. Net plant property and equipment means the total amount of Property, plant and equipment before deducting accumulated depreciation.

Note 5: The issuer shall distinguish between the operating costs and operating expenses being fixed or variables.
When involved in the estimation or subjective judgments, one should pay attention to its rationality and consistency.

Note 6: If the Company's shares are no par or not in the denomination of NT $ 10, the calculation of the ratio of the paid-in capital shall be calculated based on the equity ratio of the balance sheet attributable to the owners of the parent company.

III. Audit Committee's report for the most recent year's financial statement

Actron Technology Corporation
Review Report of Audit Committee

The Board of Directors has prepared the Company's 2023 business report, financial statements, and appropriation of earnings, among which the financial statements was certified by the accountants Ming Xian Liu and Chiu Meng Chieh of Deloitte & Touche and issued a verification report. The above-mentioned business report, financial statements, and appropriation of earnings are approved by the Audit Committee, and it is considered that there is no disagreement. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

To
2024 Annual Shareholders’ Meeting

Actron Technology Corporation
Audit Committee Convener: Liu Chung Xian

IV. The company's individual financial report that has been audited by an accountant in the most recent year
Please refer to Appendix 1 of this annual report

V. The latest annual financial report
Please refer to Appendix 2 of this annual report

VI. Impact on the company's financial situation if the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report：None.

VII. A Review and Analysis of the Company's Financial Position and Financial Performance, and a Listing of Risks

I. Financial Position

Consolidated Financial Position Comparison Chart

Unit: NT$ thousand

Year / Item	2023	2022	Difference	
			Amount	%
Current assets	5, 211, 771	2, 659, 653	2, 552, 118	96
Fixed assets	4, 302, 105	3, 212, 069	1, 090, 036	34
Other assets	5, 899, 760	3, 996, 541	1, 903, 219	48
Total assets	15, 413, 636	9, 868, 263	5, 545, 373	56
Current liabilities	3, 279, 653	2, 884, 332	395, 321	14
Non-current liabilities	2, 099, 733	1, 201, 125	898, 608	75
Total liabilities	5, 379, 386	4, 085, 457	1, 293, 929	32
Share capital	1, 014, 475	914, 470	100, 005	11
Capital surplus	3, 317, 903	1, 747, 491	1, 570, 412	90
Retained earnings	2, 665, 245	2, 296, 734	368, 511	16
Total amount of shareholders' equity	8, 103, 775	5, 498, 206	2, 605, 569	47

Analysis of significant changes in assets, liabilities and in shareholders' equity in the last two years (over 20% of the previous period and the change amounted to NT $ 10 million) and its impact and future responding plan:

I. Analysis of significant changes in assets, liabilities and in shareholders' equity in the last two years (over 20% of the previous period and the change amounted to NT $ 10 million)
This period is due to the substantial increase in the value of assets and liabilities caused by the newly consolidated entities, and the increase in total shareholders' equity such as share capital and capital reserves due to the cash capital increase in this period.

II. Future responding plan: Not applicable.

II. Financial performance

Consolidated Financial Performance Comparison Chart

Unit: NT$ thousand

Item \ Year	2023	2022	Increased (Decreased) Amount	% change
Net operating revenues	5, 648, 694	4, 197, 839	1, 450, 855	35
Operating cost	4, 270, 676	2, 992, 803	1, 277, 873	43
Gross profit	1, 378, 018	1, 205, 036	172, 982	14
Operating expenses	1, 070, 477	809, 063	261, 414	32
Net operating interest	307, 541	395, 973	-88, 432	-22
Non-operating revenue and expenses	406, 846	252, 393	154, 453	61
Income from Continuing Operation before Income Tax	714, 387	648, 366	66, 021	10
Income tax expense	102, 625	76, 190	26, 435	35
Income from Continuing Operation after Income Tax	611, 762	572, 176	39, 586	7
Analysis in changes over 20% in the last two years: 1. In this period, the newly consolidated entities resulted in significant increases in revenue, costs and expenses.				

(i) Reason for the change of the company's main business content. If there is or will be significant changes in the operating policies, market situation, enconomic environment, or other internal and external factors, the facts and impact of the changes and possible impact on the Company's future financial business and the responding plan: None.

(ii) The expected sale amount and its basis, and the company's future financial performance and the plan for any possible impact:

(iii) The combined company's sales of automotive rectifier diodes in 2011 have increased significantly compared with 2011, mainly because the sales volume that has been reduced due to the impact of the epidemic has gradually recovered. In 2011, the market demand is expected to be flat, and the current production capacity of rectifier diodes can still meet the market demand

III. Cash flow

(i) Cash flow analysis for 2023: Unit: NT$ thousand

Beginning Cash Balance (1)	Annual Cash Flow from Operating Activities (2)	Annual Cash Outflow (3)	Net Cash Flow Balance (1) + (2) +(3)	Cash shortage contingency plan	
				Investment plan	Financing plan
784,443	1,050,506	1,136,014	1,920,457	-	-

(1) Operating activities: Net cash inflow is NT1,048,688 thousand dollars, mainly from the company profit.

(2) Investment activities: Net cash outflow is NT953,205 thousand dollars, mainly from the acquisition of financial assets measured at fair value through other comprehensive profit and loss and fixed asset purchases.

(3) Financing activities：Net cash inflow is NT1,040,531 thousand dollars,

Mainly due to cash inflow from dividend payment.

(ii) Insufficient Capital liquidity improvement plan:

1.Cash flow analysis: (consolidated)

Item \ Year	2023	2022	Increase (decrease) %
Cash Flow Ratio (%)	32.03	17.93	79
Cash Flow Adequacy Ratio (%)	48.40	44.32	9
Cash Re-Investment Ratio (%)	2.20	1.68	31

Increase (decrease) % analysis:

1. The increase in cash flow ratio is caused by the newly merged entities.
2. The increase in cash reinvestment ratio is due to the net cash inflow from financing activities.
3. Insufficient Capital liquidity improvement plan: not required for the current situation.

(iii) Cash flow forecast analysis for 2024: Unit: NT$ thousand

Beginning Cash Balance (1)	Annual Cash Flow from Operating Activities (2)	Annual Cash Outflow (3)	Net Cash Flow Balance (1) + (2) –(3)	Cash shortage contingency plan	
				Investment plan	Investment plan
1,920,457	548,712	264,773	1,657,684	-	-

Analysis of changes in cash flow over the next year:

1. Operating activities: Net cash inflow is NT548,712 thousand dollars, mainly from the operating activities.
2. Investment activities: Net cash outflow is NT 1,181,040 thousand dollars, mainly due to the purchase in factory equipment and machines and increase in long-term investment.
3. Financing activities: Net cash inflow is NT367,555 thousand dollars, mainly due to borrowing money from banks..
4. Cash shortage contingency plan forecast and liquidity analysis: Not applicable.

IV. Major capital expenditures during the most recent fiscal year:

(i) Major capital expenditures status and source of fund:

Unit: NT$ thousand

Project	Actual or estimated source of fund	Total fund required	Actual fund usage
			2023
Factory building	capital increased by cash	840,880	840,880
Equipment purchase	capital increased by cash	790,258	790,258
Total		1,631,138	235,279

(ii) Expected to produce benefits：　　　　　　　　　　　　Unit: NT$ thousand

Year	Item	Production (10,000 pieces / year)	Sales (10,000 pieces / year)	Sales value	Gross profit	Operating profit
2023	IGBT Module	0.1	0.1	4,851	-39,433	-39,773
2024		10	10	466,640	81,662	48,997
2025		25	25	1,120,550	208,422	129,984
2026		60	60	2,578,800	502,866	322,350
2027		100	100	4,144,500	829,900	538,785

V. Investment policy for the most recent fiscal year, the main reasons for the profits or losses, improvement plans, and investment plans for the coming year

Unit: thousand shares; %

Re-Investment Business (Note)	Investment income (loss) recognized	main reasons for the profits or losses	Improvement Plan	investment plans for the coming year
Ding-Wei Technology Co., Ltd.	69,210	Operations and profits are stable	Not applicable	NA
Smooth International Limited Corporation	3,517	Operations and profits are stable	Not applicable	NA
Smooth Autocomponent Limited	Not applicable			
Actron Technology (Qing Dao) Corporation	Not applicable			
Rec Technology Corp.	16,013	Operations and profits are stable	Not applicable	NA
Hong-Wang Investment Company	65,238	Business conditions are normal	Not applicable	NA
Big best Solutions, Inc.	(73,29)	Market demand declines	Not applicable	NA
Mosel Vitelic Inc.	(59,558)	Market demand declines	Not applicable	NA
Excelliance MOS Corporation	74,409	Operations and profits are stable	NA	NA
Mou Fu Investment Consultant Ltd.	Not applicable	Business conditions are normal	NA	NA
Bou-Der Investment, Ltd.	Not applicable	Currently in liquidation	NA	NA
DenMOS Technology Inc.	Not applicable	Business conditions are normal	NA	NA
Giant Haven Investments Ltd.	Not applicable	Business conditions are normal	NA	NA

The Company’s re-investment strategy policy is to maintain the stability of the raw material supply from the upper stream and expanding new business development while managing all invested companies for maximum profit.

VI. Analysis and evaluation of risks:

(i) The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:

1. Change in interest rate:

   The Company’s interest revenues of 2022 and 2023 are NT$6,172 thousand and NT$49,225 thousand respectively; whereas interest expenses are NT$32,092 thousand and NT$93,549 thousand. These are due to the long-term and short-term loans from financial institute for operating fund needs. The Company has a solid financial structure and loans for operating funds are low; therefore, the increase in interest rate does not have much impact for the Company’s profit and loss.

2. Change in exchange rate:

   For the assets and liabilities holding in foreign currency, the Company hedges risk by performing spot exchange, forward exchange, or derivative timely in accordance with the exchange rate trend. It will review and carefully evaluate the exchange rate fluctuations regularly to avoid risk. Because the Company only focuses on hedging risks and does not perform any foreign exchange operation that is irrelevant with the company business or for trading purpose, the fluctuations in exchange rate do not have significant impact on profit or loss.

   The Company’s exchange rate gain(loss) of 2022 and 2023 are NT$106,082 thousand and NT$(11,590) thousand, which are 2.53% and 0.09% of net operating income in each period. It shows the exchange rate strategy is well-operated.

3. Effect on inflation:

   Inflation does not have significant impact on the purchasing cost of the Company in recent year. Therefore, there is no significant impact of inflation for the cost of 2023. The company will continue to pay attention to inflation and make response measures and adjustment if necessary.

(ii) The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:

1. In accordance with the policy concern, the Company does not conduct any high-risk or highly leveraged investments.
2. The merged company conducts fund loaning to others, endorsement guarantees and derivative transactions in accordance with the regulations governing loaning of funds and making of endorsements and guarantees, derivative transactions processing procedures and

regulations of the authority while auditing regularly and making announcement. The executing unit will also conduct internal audit and monitoring with related regulations as not to cause operational risk.

(iii) Research and development work to be carried out in the future, and further expenditures expected for research and development work:

1. R&D projects for the recent year

Product	Description
Rectifier diode for automobile generator	Design for various products with high current (high power)
Components for electromechanical system of the electric vehicle	Develop related parts to meet the changes in industry trends.

2. Current status on the incomplete R&D projects
   Product development of new applications that are customized with design and specifications from customer end. Products are smoothly produced and under customer certification.
3. R&D expenses to be invested
   (1) There are production equipment and tools for related products, so it does not require more investment in equipment and tools but just minor improvement costs, salary for researchers, and lab experiment expense.
4. Product development of new applications that are customized with design and specifications from customer end.
5. Estimated time for massive production:
   Products of various modules are actively developing. Parts of the module structures or parts products are expected to be certified and shipped in 2024.
6. Major factors for successful development in the future:
   The product is a critical component for automobile that requires strict quality. There are not many domestic manufacturers in producing automobile electronic parts; therefore, not many R&D personnels resources available. It requires more time and R&D expenses to develop new products and personnel training.

(iv) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:
The Company pays close attention to domestic and international political and economic trends and changes in laws and regulations while maintaining good corresponding capability. The domestic and international significant political and legal changes has no major impact on the financial business of the Company in the recent fiscal year and up to the date of publication of the annual report.

(v) Effect on the company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response:

1. The product of the merged company is electronic component installed in the automobile generator, which is still required to supply the power for all the electronic products in the car as for the automobile design. Unless there is new energy development and mature for application that changes the designs of automobile power and its power systems, there are no obvious changes in technology or the industry at this stage.
2. In information security risk control, the information room under the jurisdiction of the General Manager's Office is in charge of the information security management. Audit room will plan the internal control procedure management and conduct internal audit regularly, and report the audit result to the Audit Committee and the Board of Directors to ensure full implementation of the information security policy and operation.
   (1) Information security policy
      ① All measures related to information operation shall ensure the confidentiality, integrity and availability to prevent breach and loss of sensitive and confidential information.
      ② Information security event or suspicious security weakness shall be reported immediately for proper investigation and treatment.
      ③ Information assets shall be properly protected and have suitable backup measure and operation to prevent damage on assets due to unauthorized operation or neglect. Backup recovering operation shall ensure the integrity and consistency of data.
      ④ The policy shall be evaluated and reviewed regularly to timely reflect on the government regulations, information technology development, and business needs for implementation of information security.
   (2) Information network structure
      ① Next-generation firewall copes with webpage security prevent system to defeat external network attack. Mandatorily deply anti-virus software and endpoint behavior identification to black malware attacks such as virus and ransomware.
      ② The Company has installed the virtual desktop structure to centralize control of endpoints, simplify the complexity of management, and enhance data storage safety while conducting documentation audit of endpoints protection and mail archive systems.
      ③ Regularly promote information security and education training to enhance employees' safety awareness.
   (3) Continuous operation of information system

With various backup mechanism through internet equipment, it establishes a virtual server and storage for offsite synchronization and backup. It works with the disaster prevention of information system and conducts drills for recovery plan to ensure the continuous operation of information system.

Information room complies with all regulations to ensure the confidentiality, integrity and availability of data. The risk evaluation result is good. Information security insurance is a new type of insurance. Until the claim conditions, scope, and relevant support can be fully evaluated, the complete information security regulations and strengthen information security prevention mechanism will be adopted.

(vi) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response:

The Company aims for steady and integrity for business principles and maintains good corporate image. We plan to enter the capital market to get more talents for the Company and bring up the capability of the operating team, and give back to shareholders and publics with our operating result to fulfill the corporate social responsibility. There is nothing that would endanger the company image.

The Company will fulfill the corporate social responsibility while pursuing the maximum benefit for the shareholders in the future.

(vii) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: None.

(viii) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken:

To cope with the industrial changes and customer needs, the merged company has actively developed the IGBT Module (Insulated Gate Bipolar Transistor) for new energy automobile and planning for factory building and equipment purchasing for production. For the estimated profit of expanding the factory, please refer to "VII. A Review and Analysis of the Company's Financial Position and Financial Performance, and a Listing of Risks".

(ix) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken:

1. Risks for centralized purchase:

   The major sales target of the merged company product is Original Equipment (OE) system manufacturer. All automobile parts and components have to go through an extremely strict procedure for quality certification by the automobile manufacturer. Once the product has been certified, there cannot be any change in the manufacturing process of the raw material supplier and related product. It will have to be re-certified for any changes; therefore, it creates a very close supply chain between the upstream and downstream manufacturers and inevitably centralized the purchase. We have a good and close relationship with the merged company due to its stable growth in revenue.

2. Risks for centralized sales：

The major sales target of the merged company product is Original Equipment (OE) system manufacturer. In the automobile industry, there are limits brands around the world. There are tens of thousands of component parts in one vehicle. Most of the components are supplied by a few Original Equipment (OE) manufacturers for quality assurance. The global automobile brands are most likely to have the same component suppliers. Therefore, the sales of the merged company are centralized due to the industrial characteristic.

Because of the special characteristic, the merged company seems like to dominate the product market. There is not much risk for centralized sales.

(x) Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: None。

(xi) Effects of, Risks Relating to and Response to the Changes in Management Rights: None。

(xii) Litigation or Non-litigation Matters in Recent Years: major litigation, non-litigation or administrative litigation matters in which the Company and its directors, supervisors, Presidents, substantive responsible persons, major shareholders with over 10% shareholdings and affiliated companies which have been judged or are still in attribution should be listed. If the results may have a significant impact on shareholders' rights and interests or securities prices, the facts of the dispute, the amount of the subject matter, the date of commencement of the litigation, the principal parties involved and the handling of the case up to the date of publication of the annual report should be disclosed: None。

(xiii) Other potential risks and corresponding measure:

1. Risk management policy

The Company's risk management policy is to prevent any possible loss under the bearable risk exposure scope in according to our operating policy. Under the premise of risk and remuneration balance, it increases shareholders' wealth and optimizes the capital allocation principle.

2. Risk management organizational structure and responsibility

The Company's responsible units for promoting various business risk managements

Responsible Unit	Business Risk Management
Board of Directors	The Board of Directors is the highest unit for risk management. The goals are to promote and implement the overall risk management in accordance with the regulations. It clearly understands the risks in the operation to ensure the effectiveness of risk management, and take the ultimate responsibility of it.

Responsible Unit	Business Risk Management
Auditing Office	The Auditing Office is an independent department under the Board of Directors. It is responsible for internal control and internal audit while supervising and providing methods and procedures to ensure effective risk management.
Environmental, Health, and Safety Office	1. Safe production management and supervision. 2. Prevent occupational hazard. 3. Labor safety and hygiene management education and implementation plan.
IT Office	Plan and construct the Company's IT management system. Responsible for internet and system information security control and prevention, and provide correct and proper operating management information to the management to reduce the risk for operation and information security.
Financial Department	1. Evaluation of financial risk. 2. Public relations of media and external contact.
Sales and Marketing Department	Control the possible changes of the business volume in the future.
Quality Assurance Department	Review the evaluation result of product quality, shipping quality inspection and review, plan and promote the quality assurance system of the Company to meet and maintain the standard and customer request, response to the customer's inquiry for quality system, and track and control the abnormal feedback from customer.
Management Department	1. Allocation and adaptability of human resources. 2. Relevant storage and transportation management. 3. Contingency plan for suppliers and raw material purchase. 4. Alternative plan for equipment purchase.
Manufacturing Department	1. Contingency measures for production environment. 2. Regulations for production contingency plan. 3. Allocation plan for human resources. 4. Contingency plan for onsite environmental safety.
Development Department	1. Control of the research and development progress. 2. Contingency measure for research and development environment. 3. Risk evaluation for new product research and development.

Subsidiary: the subsidiaries shall follow the "risk management policy" of the parent company to conduct risk evaluation and monitoring procedure, and timely feedback to the CEO of the parent company on the status of risk management.

VII. Other important matters:

(i) Targets and methods for derivative hedging tools:

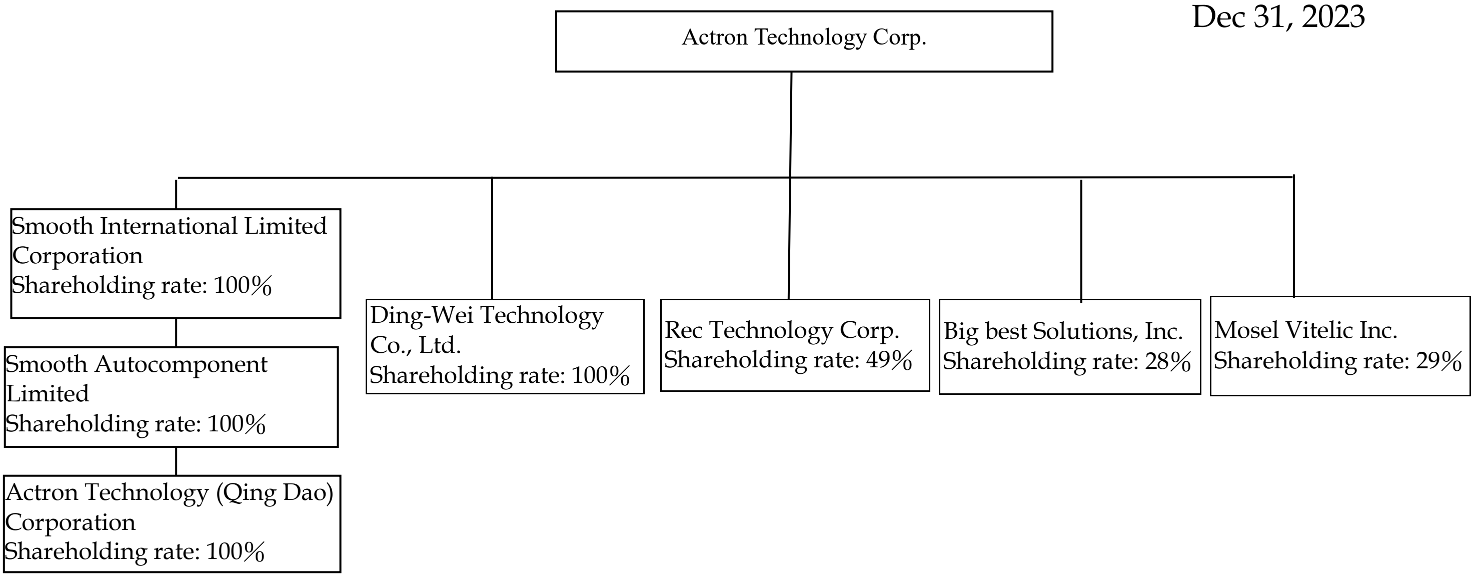
1. The Company's financial hedging strategy is to hedge most of the changes in fair value or cash flow risk. In 2023, the Company avoided the exchange rate fluctuation risk by exchange and forward exchange, but did not meet the requirement for hedge accounting. Therefore, it is classified as financial product of profit and loss at fair valued changes.
2. The Company's foreign exchange derivative transaction details from Jan 1, 2023 to Dec 31, 2023 are as follows:NA.

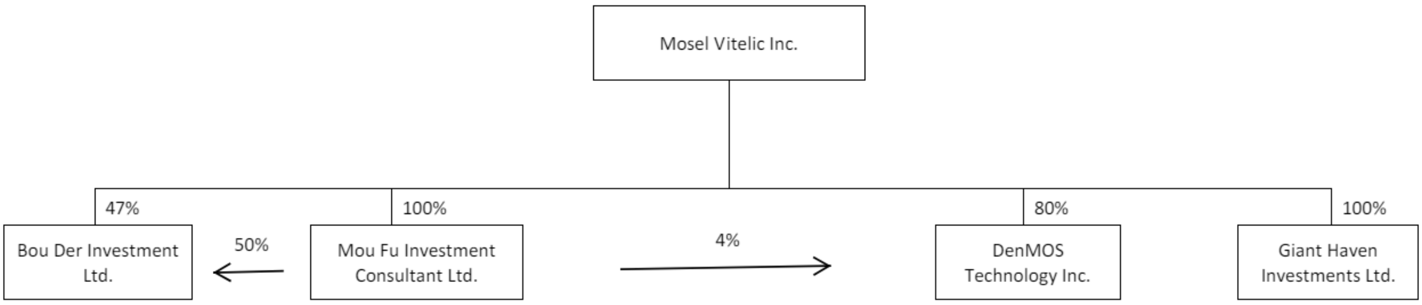
VIII. Special Disclosure

I. Information related to the company's affiliates:

1. Organizational Chart of affiliate companies

Dec 31, 2023





2. Basic Information of affiliate companies Unit: NT$ thousand

Name of Company	Date of Incorporation	Address	Paid-in Capital	Main Operating or Production item
Ding-Wei Technology Co., Ltd.	2012.10.1	No. 9, Lane 56, Section 1, Nanshan Road, Luzhu District, Taoyuan City	150,000	Diode copper shell
Smooth International Limited Corporation	2010.1.13	Datec House, Ground Flood, Thonas Trood Street, Fugalei, Apia, Samoa	363,260	Investment holding
Smooth Autocomponent Limited	2010.1.22	Flat B,Teda Building,87 Wing Lok Street, Sheung Wan, Hong Kong	363,260	Investment holding
Actron Technology (Qing Dao) Corporation	2010.4.21	No.917 Weihe Road, Economic and Technological Development Zone, Qingdao, China	363,260	Automobile component parts
Rec Technology Corp.	1999.4.28	4th Floor, No. 28, Section 2, Nankan Road, Luzhu District, Taoyuan City	172,000	Automobile component parts
Big best Solutions, Inc.	2010.10.4	3F, No.27, Likeya Road, Xiushan, Daya District, Taichung City, Central Science Park	700,000	Motor manufacture
Mosel Vitelic Inc.	1987.1.8	No. 1 Creation Rd. 1, Hsinchu Science Park, Hsinchu	1,571,567	Electronics industry
Giant Haven Investments Limited	2000.11.29	Virgin Islands	664,061	Holding Company
DenMOS Technology Inc.	2001.3.6	Hsinchu City	113,584	Sales and manufacturing of integrated circuits
Mou Fu Investment Consultant Ltd.	1996.4.20	Hsinchu County	120,120	Lease, labor dispatching service
Bou-Der Investment, Ltd.	1997.10.1	Hsinchu County	137,000	Investment holding

3. Shareholders presumed to have control and subordinate relationship with the same information: None
4. The overall relationship between business enterprises covered by the industry:
   The main business of the company and its affiliates include:
   The Company -
   Research and development, design, manufacture and sales of the automobile rectifier diode and voltage regulator.
   Affiliates -
   - Manufacturing of rectifier diode parts and production and sales of ABS brake system parts.
   - Research and development, design, manufacture and sales of the automobile camera module.
   - Research and development, design, manufacture and sales of motor.

5. Relationship between the directors, supervisors and general manager of the affiliates

Corporate Name	Title	Name or Representative	Shareholding	
			Shares or investment amount (thousand)	Shareholding rate
Ding-Wei Technology Co., Ltd.	Chairman	Actron Technology Corp. Representative – Wu Xian Chung	15,000,000 shares	100%
	Director	Actron Technology Corp. Representatives - Wu Xian Chung, Ho Bai Jan, Lu San Min		
	Supervisor	Representative – Chen Jun Ji		
Smooth International Limited Corporation	Director	Lu Min Kuang	363,260 thousand dollars	100%
Smooth Autocomponent Limited	Director	Lu Min Kuang	363,260 thousand dollars	100%
Actron Technology (Qing Dao) Corporation	Chairman	Wu Xian Chung	363,260 thousand dollars	00%
	Director	Wu Xian Chung Lu Min Kuang‘ Chang Hui Chung		
	Supervisor	Chen Jun Ji		
Rec Technology Corp.	Chairman	Actron Technology Corp. Representative - Lu Min Kuang	8,487,823 shares	49%
	Director	Actron Technology Corp. Representative – Hsieh Tai Ning, Yao Dang Liang, CAI,YAO-YU YAN,XIN Investment Co., Ltd.		
	Supervisor	WU,YU-XUAN , LI,HENG Investment Ltd.		
Big best Solutions, Inc.	Chairman	Actron Technology Corp. Representative-Lu Min Kuang	19,314,319 shares	28%
	Director	Actron Technology Corp. Representative- Wu Xian Chung		
Mosel Vitelic Inc.	Director	I-Hsien Tang Representative of Actron Technology Corporation:Tang-Liang Yao Representative of Actron Technology Corporation:Hsien-Chung Wu Representative of Actron Technology Corporation:Chien-Chih Lu Liang-Kai Wang	46,925 thousand shares	29%
	Independent director	Shao-Wen Hsieh Ching-Hsiang Lin Chen-Tu Liu Chung-Wen Lan		
Giant Haven Investments Limited	Director	Mosel Vitelic Inc. Representative: I-Hsien Tang Mosel Vitelic Inc. Representative: Jhih-Da Teng Mosel Vitelic Inc. Representative: Ya-Fei Yang	664 thousand dollars	100%
DenMOS Technology Inc.	Director	Mosel Vitelic Inc. Representative: I-Hsien Tang Mosel Vitelic Inc. Representative: Chien-Chih Lu Mosel Vitelic Inc. Representative: Jyun-Sheng Chen Mosel Vitelic Inc. Representative: Jhih-Da Teng Mosel Vitelic Inc. Representative: Tian-Min Yuan Mosel Vitelic Inc. Representative: Ming Yang Mosel Vitelic Inc. Representative: Shih-Ci Lai	9,114 thousand shares	80%
	Supervisor	Mou Fu Investment Consultant Ltd Representative: Ya-Fei Yang Mou Fu Investment Consultant Ltd Representative: Fu-Cheng Chen		
Mou Fu Investment	Director	Mosel Vitelic Inc. Representative: I-Hsien Tang Mosel Vitelic Inc. Representative: Jhih-Da Teng	12,012 thousand shares	100%

Corporate Name	Title	Name or Representative	Shareholding	
			Shares or investment amount (thousand)	Shareholding rate
Consultant Ltd.		Mosel Vitelic Inc. Representative: Tian-Min Yuan		
	Supervisor	Ya-Fei Yang		
Bou-Der Investment, Ltd.	Supervisor	Mei-ying Chiu	6,400 thousand shares	47%

3. General situation of operation of affiliated companies Unit : NT$ thousands

Enterprise Name	Capital	Total Assets	Total Liabilities	Net Value	Operatin g revenues	Operating profit	After-tax Profits and Losses in the Current Period	After-tax Earnings Per Share (NT$)
Ding-Wei Technology Co., Ltd.	150,000	312,762	46,335	266,427	656,134	77,286	60,792	4.05
Smooth International Limited Corporation	363,260	425,252	-	425,252	-	-	-6,131	-
Smooth Autocomponent Limited	363,260	425,252	-	425,252	-	-	-6,131	-
Actron Technology (Qing Dao) orporation	363,260	459,483	34,231	425,252	179,433	-7,638	-6,131	-
Rec Technology Corp.	172,000	177,052	172,000	5,052	156,401	4,987	6,503	-
Big best Solutions, Inc.	700,000	360,224	71,884	288,340	329,575	4,550	12,957	-
Mosel Vitelic Inc.	1,571,567	3,416,987	1,053,075	2,363,912	1,483,112	(195,600)	(176,711)	(1.12)
Giant Haven Investments Limited	664,061	71,436	30	71,406	-	(71)	3,098	-
Mou Fu Investment Consultant Ltd.	120,120	111,855	908	110,947	-	(192)	479	-
Bou-Der Investment, Ltd.	137,000	76,588	283	76,305	-	(293)	654	-
DenMOS Technology Inc.	113,584	139,836	7,857	131,979	66,495	(10,895)	(8,471)	-

(1) Consolidated Financial Statements of Affiliates:
The main body of the consolidated financial statements of affiliates is the same as the corporate's consolidated financial statement. Please refer to the consolidated financial statement at page 147-226 of this annual report.

(2) Report of Affiliated Companies: Not applicable

II. Private Placement Securities in the Most Recent Years: None.

III. The Shares in the Company Held or Disposed of By Subsidiaries in the Most Recent Years: None.

IV. Other Necessary Supplement: None.

V. Any Events And as of the Date of this Annual Report that Had Significant Impacts on Shareholders' Rights or Security Prices as Stated in Item 3 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan: No.

Attachment 1

2023 Standalone Financial Statements

Attachment 1

Stock Code: 8255

Actron Technology Corporation

Financial Statements with Independent Auditors' Report

For the Years Ended December 31, 2023 and 2022

Address: 1F., No. 22, Sec. 2, Nankan Rd., Luzhu Dist.,
Taoyuan City
Tel: (03)3115555

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.

Attachment 1

§Table of Contents§

Independent Auditors' Report

To the Board of Directors and Shareholders of Actron Technology Corporation:

Opinion

We have audited the accompanying balance sheets of Actron Technology Corporation (the "Company") as of December 31, 2023 and 2022, and the related statements of comprehensive income, the statements of changes in equity and cash flows for the years then ended, the related notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of the other auditors, as described in the other matter section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the Company's 2023 financial statements. The matter was addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on the matter.

Key audit matter for the Company's 2023 financial statements is stated as follows:

Sales revenue

Description of key audit matter

Manufacturing and sales of automotive electronic parts constitute the majority of the Company's sales revenue, which fluctuates with the sales to some particular customers. In consideration of the significant impact of sales revenue on financial performance, we focused on the occurrence of the Company's sales revenue from some particular customers as the key audit matter of our annual audit of this year.

The audit procedures for the matter included:

1. We understood and evaluated the accounting policies in recognition of sales revenue.
2. We understood and evaluated the effectiveness of internal control relevant to the occurrence of sales revenue.
3. We conducted the sample testing on the said particular sales revenue by examining relevant internal and external documents to prove the fact of shipping and testing for any irregularity of subsequent cash receipts to confirm the actual occurrence of the year's sales revenue.

Other Matters

As disclosed in Note 11, we did not audit the financial statements of investees accounted for using the equity method included in the aforesaid parent company only financial statements, which were audited by other auditors. Therefore, the amounts and the share of profit (loss) related to the said investments accounted for using the equity method in our opinion expressed herein are recognized solely based on the reports of the auditors. The aforementioned investments accounted for using the equity method as of December 31, 2023 and 2022, which were audited by other auditors, amounted to NT$3,342,028 thousand and $1,480,011 thousand, representing 26% and 15% of the total assets, respectively. For the years ended December 31, 2023 and 2022, the share of profit (loss) in subsidiaries, associates and joint ventures accounted for using equity method with respect to the aforementioned investees amounted to NT$7,522 thousand and $103,112 thousand, accounting for 0.6% and (32)% of the total comprehensive income, respectively.

Responsibilities of Management and those Charged with Governance for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Company to express an opinion on the 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 the matter that was of most significance in the audit of the Company's 2023 financial statements and is therefore the key audit matter. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte Taiwan

Partner Meng Chieh Chiu	Partner Ming Hsien Liu
Financial Supervisory Commission Certificate Jin-Guan-Zheng-Shen-Zi No. 1020025513	Financial Supervisory Commission Certificate Jin-Guan-Zheng-Shen-Zi No. 1100356048

February 23, 2024

Notes to Readers

The accompanying parent-company-only financial statements are intended only to present the 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 parent-company-only financial statements are those generally accepted and applied in the Republic of China.

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.

(English Translation of the Parent-Company-Only Financial Statements Originally Issued in Chinese)

Actron Technology Corporation

Balance sheets

December 31, 2023 and 2022

Unit: NT$ thousand

Code	Asset	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current asset				
1100	Cash and cash equivalents (Note 6)	$ 735,811	6	$ 441,477	5
1136	Financial assets at amortized cost - current (Note 8 and 30)	12,250	-	14,250	-
1170	Trade receivables (Note 9)	791,119	6	683,562	7
1200	Other receivables	35,166	-	26,917	-
1210	Other payables - related parties (Note 29)	2,430	-	3,487	-
130X	Inventories (Note 10)	862,407	7	690,592	7
1470	Other current assets (Note 15 and 29)	63,567	1	153,938	2
11XX	Total current assets	2,502,750	20	2,014,223	21
	non-current assets				
1517	Financial assets at fair value through other comprehensive income -non-current (Note 7)	967,094	8	626,125	7
1550	Investments accounted for using the equity method (Note 11)	5,458,091	43	3,273,095	34
1600	Property, Plant and Equipment (Note 12 and 30)	3,204,894	25	2,815,004	29
1755	Right-of-use assets (Note 13)	450	-	894	-
1780	Intangible assets (Note 14)	4,739	-	7,603	-
1840	Deferred tax assets (Note 22)	94,293	1	38,414	-
1915	Prepayments for equipment	369,517	3	587,895	6
1990	Other non-current assets (Note 15, 19 and 29)	17,066	-	242,307	3
15XX	Total non-current assets	10,116,144	80	7,591,337	79
1XXX	Total assets	$ 12,618,894	100	$ 9,605,560	100

Code	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities				
2100	Short-term borrowings (Note 16)	$ 1,350,000	11	$ 1,700,000	18
2150	Notes payable	156	-	267	-
2170	Trade payables	453,831	3	207,410	2
2180	Trade payables - related parties (Note 29)	354,342	3	349,199	4
2200	Other payables (Note 17)	370,844	3	321,703	3
2230	Current tax liabilities (Note 22)	95,378	1	101,854	1
2280	Lease liabilities - current (Note 13)	390	-	444	-
2320	Long-term borrowings - current portion (Note 16 and 30)	196,667	1	190,588	2
2399	Other current liabilities	76,170	1	36,099	-
21XX	Total current liabilities	2,897,778	23	2,907,564	30
	non-current liabilities				
2530	Corporate bonds payable (Note 18)	762,039	6	-	-
2540	Long-term borrowings (Note 16 and 30)	753,333	6	1,179,412	13
2570	Deferred tax liabilities (Note 22)	101,906	1	19,925	-
2580	Lease liabilities - non-current (Note 13)	63	-	453	-
25XX	Total non-current liabilities	1,617,341	13	1,199,790	13
2XXX	Total liabilities	4,515,119	36	4,107,354	43
	Equity (Note 20 and 24)				
	Share capital				
3110	Ordinary shares	1,014,475	8	914,470	9
3200	Capital surplus	3,317,903	26	1,747,491	18
	Retained earnings				
3310	Legal reserve	763,987	6	706,576	7
3350	Undistributed earnings	1,901,258	15	1,590,158	17
3300	Total retained earnings	2,665,245	21	2,296,734	24
	Other equity				
3410	Exchange difference on translating foreign operations	(23,206)	-	(15,365)	-
3420	Unrealized gain (loss) of financial assets at fair value through other comprehensive income	1,136,455	9	554,876	6
3490	Estimated employee compensation	(7,097)	-	-	-
3400	Total other equity	1,106,152	9	539,511	6
3XXX	Total equity	8,103,775	64	5,498,206	57
	Total liabilities and equity	$ 12,618,894	100	$ 9,605,560	100

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

(With Deloitte & Touche Auditors' Report dated February 23, 2024)

Chairman: Dang-Liang Yao Manager: Hsien-Chung Wu Accountant: Mei-Ying Chiu

(English Translation of the Parent-Company-Only Financial Statements Originally Issued in Chinese)

Actron Technology Corporation

Statements of comprehensive income

For the years ended December 31, 2023 and 2022

Unit: In thousands of New Taiwan Dollars, except that Earnings Per Share are stated in NT$

		2023		2022	
Code		Amount	%	Amount	%
4000	Net operating revenue	$ 4,543,849	100	$ 3,536,411	100
5110	Cost of sales (Note 10, 21 and 29)	(3,385,357)	(74)	(2,554,145)	(72)
5950	Gross profit	1,158,492	26	982,266	28
	Operating expenses (Note 21 and 29)				
6100	Selling and marketing expenses	(78,196)	(2)	(72,522)	(2)
6200	Administrative expenses	(250,532)	(5)	(242,591)	(7)
6300	Research and Development expenses	(446,673)	(10)	(359,411)	(10)
6450	Expected credit losses	-	-	(1,316)	-
6000	Total operating expenses	(775,401)	(17)	(675,840)	(19)
6900	Operating income	383,091	9	306,426	9
	Non-operating income and expenses (Note 21 and 29)				
7100	Interest income	16,054	-	2,832	-
7010	Other income	60,887	1	48,040	2
7020	Other gains and losses	275,816	6	70,948	2
7050	Finance costs	(88,304)	(2)	(30,444)	(1)
7070	Share of profit of investment in subsidiaries, associates and joint ventures accounted for using equity method	161,500	4	223,177	6
7000	Total non-operating income and expenses	425,953	9	314,553	9
7900	Profit before tax	809,044	18	620,979	18
7950	Income tax expense (Note 22)	(85,851)	(2)	(60,427)	(2)
8200	Net profit for the year	723,193	16	560,552	16

(to be continued)

(continued)

Code		2023 Amount	2023 %	2022 Amount	2022 %
	Other comprehensive income				
8310	Items not reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plan	($ 1,416)	-	$ 5,425	-
8316	Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	169,584	4	(174,821)	(5)
8330	Share of other comprehensive income in subsidiaries, associates and joint ventures accounted for using equity method	424,248	9	(715,734)	(20)
8349	Income tax relating to items that will not be reclassified	283	-	(1,085)	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange difference on translating foreign operations	(7,841)	-	6,222	-
8300	Other comprehensive income for the year, net of income tax	584,858	13	(879,993)	(25)
8500	Total comprehensive income for the year	$ 1,308,051	29	($ 319,441)	(9)
	Earnings per share (Note 23)				
9750	Basic	$ 7.68		$ 6.14	
9850	Diluted	$ 7.49		$ 6.08	

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

(With Deloitte & Touche Auditors' Report dated February 23, 2024)

Chairman: Dang-Liang Yao Manager: Hsien-Chung Wu Accountant: Mei-Ying Chiu

Attachment 1

(English Translation of the Parent-Company-Only Financial Statements Originally Issued in Chinese)

Actron Technology Corporation

Statements of changes in equity

For the years ended December 31, 2023 and 2022

Unit: NT$ thousand

				Retained earnings		Other equity			
Code		Share capital	Capital surplus	Legal reserve	Undistributed earnings	Exchange difference on translating foreign operations	Unrealized gain (loss) of financial assets at fair value through other comprehensive income	Estimated employee compensation	Total equity
A1	Balance on January 1, 2022	$ 914,570	$ 1,747,150	$ 659,284	$ 1,429,165	($ 21,587)	$ 1,450,903	($ 1,688)	$ 6,177,797
	Appropriation of 2021 earnings								
B1	Legal reserve	-	-	47,292	(47,292)	-	-	-	-
B5	Cash dividends	-	-	-	(365,828)	-	-	-	(365,828)
C7	Changes in equity of investment in associates and joint ventures accounted for using equity method	-	(3,995)	-	(860)	-	4,609	246	-
C17	Exercise of right of disgorgement	-	1,024	-	-	-	-	-	1,024
N1	Share-based payment transactions	-	4,032	-	-	-	-	1,122	5,154
T1	Cancellation of restricted shares	(100)	(720)	-	-	-	-	320	(500)
D1	Net income for the year ended December 31, 2022	-	-	-	560,552	-	-	-	560,552
D3	Other comprehensive income for the year ended December 31, 2022	-	-	-	14,421	6,222	(900,636)	-	(879,993)
D5	Total comprehensive income for the year ended December 31, 2022	-	-	-	574,973	6,222	(900,636)	-	(319,441)
Z1	Balance on December 31, 2022	914,470	1,747,491	706,576	1,590,158	(15,365)	554,876	-	5,498,206
	Appropriation of 2022 earnings								
B1	Legal reserve	-	-	57,411	(57,411)	-	-	-	-
B5	Cash dividends	-	-	-	(365,788)	-	-	-	(365,788)
C5	Equity components recognized for the issuance of convertible corporate bonds	-	43,937	-	-	-	-	-	43,937
E1	Capital increase in cash	100,000	1,450,000	-	-	-	-	-	1,550,000
I1	Conversion of convertible corporate bonds	5	91	-	-	-	-	-	96
M3	Disposal of investments accounted for using the equity method	-	-	-	10,980	-	(10,980)	-	-
M7	Changes in percentage of ownership interest in subsidiaries	-	5,912	-	-	-	(14)	(7,455)	(1,557)
N1	Share-based payment transactions	-	70,472	-	-	-	-	358	70,830
D1	Net income for the year ended December 31, 2023	-	-	-	723,193	-	-	-	723,193
D3	Other comprehensive income for the year ended December 31, 2023	-	-	-	126	(7,841)	592,573	-	584,858
D5	Total comprehensive income for the year ended December 31, 2023	-	-	-	723,319	(7,841)	592,573	-	1,308,051
Z1	Balance on December 31, 2023	$ 1,014,475	$ 3,317,903	$ 763,987	$ 1,901,258	($ 23,206)	$ 1,136,455	($ 7,097)	$ 8,103,775

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

(With Deloitte & Touche Auditors' Report dated February 23, 2024)

Chairman: Dang-Liang Yao

Manager: Hsien-Chung Wu

Accountant: Mei-Ying Chiu

Attachment 1

(English Translation of the Parent-Company-Only Financial Statements Originally Issued in Chinese)

Actron Technology Corporation

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

Unit: NT$ thousand

Code		2023	2022
	Cash flows from operating activities		
A10000	Net profit before tax for the year	$ 809,044	$ 620,979
A20010	Adjustments for:		
A20100	Depreciation expenses	311,063	258,280
A20200	Amortization expenses	5,165	6,411
A20300	Expected credit losses	-	1,316
A20900	Finance costs	88,304	30,444
A21200	Interest income	(16,054)	(2,832)
A21300	Dividend income	(18,000)	(18,396)
A21900	Compensation cost related to share-based payment	69,245	5,021
A22400	Share of profit of investment in subsidiaries, associates and joint ventures accounted for using equity method	(161,500)	(223,177)
A22500	Gain (loss) on disposal of property, plant and equipment	(3,979)	25,823
A23200	Gain on disposal of investments accounted for using the equity method	(672,871)	-
A23700	Impairment loss and obsolescence on inventory	79,723	1,467
A23700	Impairment loss on non-financial assets	176,884	-
A23700	Impairment losses on investments accounted for using the equity method	225,142	-
A24100	Net loss (gain) on foreign currency exchange	910	(4,417)
A30000	Net changes in operating assets and liabilities		
A31150	Trade receivables	(113,959)	(203,681)
A31180	Other receivables	(8,335)	9,229
A31190	Other payables - related parties	1,057	18,489
A31200	Inventory	(251,538)	(141,823)
A31240	Other current assets	90,362	(56,035)
A31990	Other non-current assets	(1,111)	(979)
A32130	Notes payable	(111)	106
A32150	Trade payables	255,086	40,497
A32160	Trade payables to related parties	6,972	39,225
A32180	Other payables	19,236	45,213
A32230	Other current liabilities	40,071	2,818
A33000	Net cash generated from operating activities	930,806	453,978
A33100	Interest received	16,140	2,147
A33200	Dividend received	350,418	136,950
A33300	Interest paid	(83,250)	(28,964)
A33500	Income tax paid	(65,906)	(46,960)
AAAA	Net cash inflows from operating activities	1,148,208	517,151

(to be continued)

(continued)

Code		2023	2022
	Cash flows from investing activities		
B00010	Purchases of financial assets at fair value through other comprehensive income	$ -	($ 101,200)
B00050	Disposal of financial assets at amortized cost	2,000	2,507
B01800	Acquisition of investments accounted for using the equity method	(1,491,750)	(737,299)
B02700	Purchases of property, plant and equipment	(395,374)	(317,308)
B02800	Proceeds from disposal of property, plant and equipment	4,280	3,876
B03800	Decrease in refundable deposits	48,582	39,541
B04500	Purchases of intangible assets	(2,518)	(610)
B07100	Increase in prepayments for equipment	(233,602)	(124,195)
B02000	Increase in prepayments for investments	-	(171,385)
BBBB	Net cash outflows from investing activities	(2,068,382)	(1,406,073)
	Cash flows from financing activities		
C00100	Proceeds from short-term borrowings	-	350,000
C00200	Decrease in short-term borrowings	(350,000)	-
C00600	Decrease in short-term notes and bills payable	-	(100,000)
C01200	Issuance of corporate bonds	800,740	-
C01600	Proceeds from long-term borrowings	3,510,000	1,800,000
C01700	Repayments of long-term borrowings	(3,930,000)	(1,280,000)
C04020	Repayments of the principal portion of lease liabilities	(444)	(544)
C04500	Dividend payments	(365,788)	(365,828)
C04600	Capital increase in cash	1,550,000	-
C09900	Exercise of right of disgorgement	-	1,024
C09900	Cancellation of restricted shares	-	(500)
CCCC	Net cash inflows from financing activities	1,214,508	404,152
EEEE	Net increase (decrease) in cash and cash equivalents	294,334	(484,770)
E00100	Cash and cash equivalents at the beginning of the year	441,477	926,247
E00200	Cash and cash equivalents at the end of the year	$ 735,811	$ 441,477

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

(With Deloitte & Touche Auditors' Report dated February 23, 2024)

Chairman: Dang-Liang Yao Manager: Hsien-Chung Wu Accountant: Mei-Ying Chiu

Actron Technology Corporation
Notes to financial statements
For the years ended December 31, 2023 and 2022
(Unless otherwise stated, in thousands of New Taiwan Dollars)

1. History

Actron Technology Corporation (the "Company") was established in November, 1998 in accordance with the Company Act of the Republic of China. The Company's main businesses are (1) manufacture of power generation, transmission and distribution machinery; (2) wholesale of electronic materials; (3) retail sale of electronic materials; (4) manufacture export; (5) international trade; (6) manufacture of electronic components.

The Company's shares have been listed on the Taipei Exchange since April, 2006.

The financial statements of the Company are presented in the Company's functional currency, the New Taiwan Dollar.

Since October 2023, the Company's ultimate parent company has been Sino-American Silicon Products Inc. (referred to as "Sino-American Silicon").

2. Date and procedures for approval of financial statements

The financial statements were approved by the Company's board of directors on February 23, 2024.

3. Application of new, amended and revised standards and interpretations

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

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies.

(2) IFRSs endorsed by the FSC for application starting from 2024

New, amended and revised standards and interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Lease Liability in A Sale-and-Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above new, amended and revised standards and interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee applies the amendments to IFRS16 retrospectively to sale and leaseback transactions entered into after the date of initial application.

Note 3: The initial application of the amendments is exempted from certain disclosure requirements.

As of the date the financial statements were authorized for issue, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on its assessment.

(3) New IFRSs in issue by IASB but not yet endorsed and issued into effect by the FSC

New, amended and revised standards and interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9—Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above new, amended and revised standards and interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied for annual reporting periods beginning on or after January 1, 2025. When the amendments are applied for the first time, the effect will be recognized in the retained earnings on the date of the initial application. When the Company uses a non-functional currency as the presentation currency, the effect will be adjusted with respect to the exchange differences of foreign operations under equity on the date of initial application.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. Summary of significant accounting policies

(1) Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

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

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

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date;

2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
3. Level 3 inputs are unobservable inputs for an asset or liability.

When preparing the Company's financial statements, the Company used the equity method to account for its investments in subsidiaries, associates and joint ventures. In order to match the amounts of the net income, other comprehensive income for the year and total equity in this parent company only financial statements with those attributable to the owners of the Company in the corresponding consolidated financial statements, differences between the accounting treatments for parent company only and consolidation were adjusted to the "investment accounted for using the equity method", "share of profit of investment in subsidiaries, associates and joint ventures accounted for using equity method", "share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method" and other equity accounts.

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

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets expected to be realized within 12 months after the reporting date; and
3. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current liabilities includes:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities due to be settled within 12 months after the reporting date, and
3. Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

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

(4) Foreign currency

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

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

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

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.

In preparation of the financial statements, The assets and liabilities of foreign operations (including subsidiaries that operate in countries or have a functional currency different from those of the Company), are translated into New Taiwan Dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into New Taiwan Dollars at the average rate. Exchange differences are recognized in other comprehensive income.

(5) Inventory

Inventories consist of raw materials, finished goods and work in progress and are measured at the lower of cost or net realizable value.

Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. Inventory cost is determined using the weighted-average method.

(6) Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, investments are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiaries. In addition, the Company also recognizes the changes in the Company's share of other equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity for any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and other long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company 's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit for the period.

When assessing impairment, the Company considers the cash-generating units and compares the recoverable amount and carrying amount based on the entirety of the financial statements. If the recoverable amount of the investment subsequently increases, the Company recognizes a gain as a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount, in which no impairment losses were recognized, net of amortization. Any impairment loss recognized for goodwill is not reversible in subsequent periods.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value on the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the investment on the date when control is lost is recognized in profit or loss. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Unrealized profit or loss resulting from downstream transactions between the Company and subsidiaries is eliminated in full in the financial statements. Profit and loss resulting from upstream transactions between the Company and subsidiaries and transactions between subsidiaries is recognized in the financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

(7) Investments in associates and joint ventures

An associate is an entity over which the Company has significant influence and which is not a subsidiary or a joint venture. Joint venture is a joint arrangement whereby the Company and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Company uses the equity method to account for its investments in associates and joint ventures.

Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Company’s share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company’s share of equity of associates and joint ventures in proportional to its percentage of shareholding.

Any excess of the cost of acquisition over the Company’s share of the net fair value of the identifiable assets and liabilities of an associate or a joint venture recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company ’s share of the net fair value of the identifiable assets and liabilities at the date of acquisition over the cost of acquisition is recognized immediately in profit or loss.

When an associate or a joint venture issues new shares and the Company subscribes for additional new shares of the associate and joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company’s proportionate interest in the associate and joint venture. The Company records such a difference as an adjustment to capital surplus - changes in equity of investment in associates and joint ventures accounted for using equity method and investment accounted for using the equity method. If the Company’s ownership interest is reduced due to the additional subscription of the new shares of associate and joint venture at a percentage different from its existing ownership percentage, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint venture is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

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

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

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date, and the difference between the fair value and proceeds from disposal, and the carrying amount of the associate and joint venture attributable to the retained interest is recognized in profit or loss for the current period. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required if that associate and joint venture had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company shall continue to apply the equity method without remeasuring the retained interest.

When the Company transacts with its associate and joint ventures, profits and losses resulting from the transactions with the associate are recognized in the Company's financial statements only to the extent of interests in the associate and joint venture that are not related to the Company.

(8) Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment under construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. These assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each fiscal year, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

(9) Intangible assets

1. Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis within useful lives. The estimated useful lives, residual values and amortization methods are reviewed at the end of each fiscal year, with the effects of any changes in the accounting estimates for on a prospective basis.

2. Derecognition

On derecognition of an intangible assets, the difference between the disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(10) Impairment of property, plant and equipment, right-of-use asset, and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit, less amortization or depreciation. A reversal of an impairment loss is recognized in profit or loss.

(11) Financial instruments

Financial assets and financial liabilities are recognized in the balance sheets when the Company becomes a party to the contractual provisions of the instruments.

On initial recognition of a financial asset or a financial liability, if the financial asset or financial liability is not measured at fair value through profit or loss, it is measured at fair value plus any transaction costs directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

(1) Measurement category

The Company's financial assets are classified into the following categories: financial assets at fair value through profit or loss ("FVTPL"), financial assets at amortized cost and equity instruments at fair value through other comprehensive income ("FVTOCI").

A. Financial assets at FVTPL

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividend or interest earned on the financial assets are recognized as other income and interest income. Any gains or losses arising on remeasurement are recognized in other profit or loss. Fair value is determined in the manner described in Note 28.

B. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents and trade receivables at amortized cost, are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

a. Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

b. Financial asset that has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset from the second reporting period after the impairment.

A financial asset is credit impaired when: there are significant financial difficulty of the issuer or borrower or a breach of contract; it is probable that the borrower will enter bankruptcy or other financial reorganization; or the disappearance of an active market for a financial asset due to financial difficulties.

Cash equivalents include time deposits and bonds sold under repurchase agreement with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

C. Equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments, which are not held for trading or as contingent consideration recognized by an acquirer in a business combination, as at FVTOCI.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

(2) Impairment of Financial assets

The Company measures the impairment loss based on expected credit losses("ECLs") on financial assets at amortized cost (including trade receivables) on each balance sheet date.

The Company measures a loss allowance at an amount equal to lifetime ECLs on trade receivables. For other financial assets, the Company recognizes the loss allowance for 12 months ECLs if there has not been a significant increase in credit risk since initial recognition or recognizes the loss allowance for the lifetime ECLs if such credit risk has significant increased since initial recognition.

ECLs reflect the weighted average of credit losses with the respective risks of a default occurring. 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. In contrast, lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

The Company recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

(3) Derecognition of financial assets

The Company derecognizes financial assets only when the contractual rights to the cash flows from the assets expire or when it transfers the financial assets and substantially all the risks and rewards of ownership of the assets to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss is transferred directly to retained earnings, without recycling through profit or loss.

2. Equity instruments

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

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

Repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3. Financial liabilities

(1) Subsequent measurement

The Company's all financial liabilities are measured at amortized cost using the effective interest method.

(2) Derecognition of financial Liabilities

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

(12) Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

<u>Revenue from sale of goods</u>

According to contracts, sales of goods and trade receivables are recognized as revenue on shipment or when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over setting price and rights of use, has the primary responsibility for sales to future customers and bears the risks of obsolescence.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

(13) Leases

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

1. The Company as lessor

   Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

   Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2. The Company as lessor

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

   Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

(14) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the costs of these assets, until the time when substantially all of the activities necessary to prepare the asset for its intended use or sale are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, borrowing costs are recognized in profit or loss in the period in which they are incurred.

(15) Employee benefits

1. Short-term employee benefits

   Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2. Retirement benefits

   Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

   Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including service costs for current period) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense on occurrence. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

   Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

(16) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1. Current income tax

   According to the Income Tax Law in the R.O.C, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

3. Current and deferred tax

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

(17) Share-based payment agreement

Restricted shares granted to employees

The fair value at the grant date of restricted shares is expensed over the vesting period, based on the Company's best estimates of the number of shares that are expected to ultimately vest, with a corresponding adjustment to capital surplus - other equity (unearned employee compensation). It is recognized as an expense in full at the grant date if vested immediately.

When the Company issues restricted shares, it credits other equity (unearned employee compensation) with a corresponding increase in capital surplus - restricted shares.

The Company adjusts its estimation of the number of restricted shares that are expected to ultimately vest on each balance sheet date. The effect of any change to the estimation is recognized in profit or loss where the accumulated expenses ultimately reflects the overall adjustment to its estimation with a corresponding change in capital surplus - restricted shares.

Employee stock warrants granted to employees

The fair value of equity instrument at the grant date of employee stock warrants is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares that are expected to ultimately vest, with a corresponding adjustment to capital surplus - employee stock warrants. It is recognized as an expense in full at the grant date if vested immediately.

The Company adjusts its estimation of the number of employee stock warrants expected to vest on each balance sheet date. The effect of any change to the estimation is recognized in profit or loss where the accumulated expenses ultimately reflects the overall adjustment to its estimation with a corresponding change in capital surplus - employee stock warrants.

Equity-settled share-based payment agreement for the employees of subsidiaries

The Company grants employee stock options settled with its equity instruments to the employees of subsidiaries. The stock options are regarded as a capital contribution to the subsidiaries, measured based on the fair value of the equity instruments on the grant date, and recognized as an increase in the carry amount of investments in the subsidiaries over the vesting period. A corresponding adjustment is made to the capital surplus - employee stock options.

(18) Convertible corporate bonds

The components of the compound financial instruments (convertible corporate bonds) issued by the Company are classified as financial liabilities and equity based on the substance of the contractual agreement and the definitions of a financial liability and an equity instrument at the time of initial recognition.

At the time of initial recognition, the fair value of a liability component is estimated using the prevailing market interest rate of a similar non-convertible instrument. It is measured at amortized cost calculated using the effective interest method before the conversion or maturity date. Liability components embedded in non-equity derivatives are measured at fair value.

Conversion options classified as equity are equal to the remaining amount of the fair value of the compound instruments as a whole less the fair value of the liability components determined separately. The conversion options net of the income tax effect are recognized as equity and not subsequently measured. When the conversion options are exercised, their related liability components and the amount in equity will be transferred to share capital and capital reserves - issuance premium. If the conversion option of convertible corporate bonds has not been exercised on the maturity date, the amount recognized in equity will be transferred to capital reserves - issuance premium.

The transaction cost related to the issuance of the convertible corporate bonds is amortized to the liability (included in the carrying amount of liabilities) and equity components (included in equity) of the instruments in proportion to the total proceeds.

5. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, management is required to make judgments, estimations, and assumptions about information that are not readily apparent from other sources. Actual results may differ from these estimates.

In developing critical accounting estimates, revisions to the estimates are recognized in the period in which they are made if they affect only that period; they are recognized in the period in which they are made and future periods if they affect both current and future periods. The management will continuously review estimates and underlying assumptions.

6. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and petty cash	$ 122	$ 427
Checking accounts and demand deposits	418,911	318,210
Cash equivalents		
Bonds sold under repurchase agreement	123,743	122,840
Time deposits with original maturity within three months	193,035	-
	$ 735,811	$ 441,477

The interest rate ranges for demand deposits, bonds sold under repurchase agreement and time deposits with original maturity within three months on the balance sheet date are as follows:

	December 31, 2023	December 31, 2022
Demand deposits	0% ~ 5.2%	0% ~ 3.8%
Cash equivalents		
Bonds sold under repurchase agreement	5.5%	4.10% ~ 4.35%
Time deposits with original maturity within three months	3.1% ~ 5.7%	-

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

	December 31, 2023	December 31, 2022
Domestic investments	$ 682,442	$ 493,750
Foreign investments	284,652	132,375
	$ 967,094	$ 626,125

The above investments are held for medium to long-term strategic purposes and expected to generate return over the long run. Accordingly, the management elected to designate these investments as at financial assets at fair value through other comprehensive income as it believes that recognizing the short-term fluctuations of fair value in profit or loss would not be consistent with the Company's long-term investment strategy.

8. Financial assets at amortized cost

	December 31, 2023	December 31, 2022
Current		
Time deposits with original maturity over three months	$ 12,250	$ 14,250

(1) As of December 31, 2023 and 2022, the market annual interest rate ranges for time deposits with original maturity over three months were 1.16% and 0.975% ~ 1.035%, respectively.

(2) Please refer to Note 30 for information related to investments in financial assets at amortized cost pledged as securities.

9. Trade receivables

	December 31, 2023	December 31, 2022
At amortized cost		
Gross carrying amount	$ 730,688	$ 639,906
Less: Allowance for impairment loss	(2,083)	(2,083)
	728,605	637,823
At fair value through profit or loss	62,514	45,739
	$ 791,119	$ 683,562

(1) Trade receivables at amortized cost

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The lifetime expected credit losses are estimated by reference to the past default history of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the overall economic condition and industry outlook. As of December 31, 2023 and 2022, the expected credit loss rates on trade receivables were both 0.01% ~ 100%.

The Company writes off a trade receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery, such as liquidation of the debtor; for trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss.

The aging of trade receivables was as follows:

	December 31, 2023	December 31, 2022
Not past due	$ 706,485	$ 512,827
Past due within 60 days	24,196	126,124
Past due 61 to 90 days	-	908
Past due 91 to 120 days	7	-
Past due over 121 days	-	47
Total	$ 730,688	$ 639,906

The aging of trade receivables above was based on number of past due days.

The movements of the loss allowance of trade receivables were as follows:

	2023	2022
Beginning balance	$ 2,083	$ 767
Add: Impairment loss for the period	-	1,316
Ending balance	$ 2,083	$ 2,083

(2) Trade receivables at fair value through profit or loss

The Company will sell its trade receivables to banks without recourse, and the risk and return associated to these trade receivables are mostly transferred to banks upon the sale resulting in the derecognition of these trade receivables from the balance sheet. The objective of the Company's business model is not to hold these trade receivables to collect the contractual cash flows or achieve objective by both collecting contractual cash flows and selling financial assets, so these trade receivables are measured at fair value.

10. Inventory

	December 31, 2023	December 31, 2022
Finished good	$ 351,275	$ 308,217
Work in progress	178,708	146,464
Raw materials	332,424	235,911
	$ 862,407	$ 690,592

The costs of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 were NT$3,385,357 thousand and NT$2,554,145 thousand, respectively. The impairment and obsolescence losses on inventories included in cost of goods sold were NT$79,723 thousand and NT$1,467 thousand, respectively.

11. Investments accounted for using the equity method

	December 31, 2023	December 31, 2022
Investments in subsidiaries	$ 2,668,841	$ 1,049,680
Investments in Associates	1,440,318	1,311,702
Investments in Joint Ventures	1,348,932	911,713
	$ 5,458,091	$ 3,273,095

(1) Investments in subsidiaries

	December 31, 2023	December 31, 2022
Smooth International Limited Corporation	$ 419,642	$ 423,973
Ding-Wei Technology Co., Ltd.	257,527	383,449
Rec Technology Corporation	89,962	73,949
Bigbest Solutions, Inc.	72,197	168,309
Mosel Vitelic Inc.	1,829,513	-
	$ 2,668,841	$ 1,049,680

Subsidiary	Interest of ownership and percentage of voting rights December 31, 2023	December 31, 2022
Smooth International Limited Corporation	100%	100%
Ding-Wei Technology Co., Ltd.	100%	100%
Rec Technology Corporation	49%	49%
Bigbest Solutions, Inc.	28%	28%
Mosel Vitelic Inc.	29%	-

The Company holds 28% equity of Bigbest Solutions, Inc. and is the single shareholder holding the largest portion of equity and had the ability to control the relevant activities by directing and monitoring investee's strategies on finance, operation and human resourcse. Thus, the investee is deemed as a subsidiary of the Company.

Considering its long-term operational development, the Company has increased its involvement in the supply chain by acquiring 19,000 thousand ordinary shares of Mosel Vitelic Inc. on November 28, 2022. On June 2, 2023, the Company had the de facto ability to direct the company's activities related to finance, business, and human resources by directing and monitoring its relevant strategies. Thus, Mosel Vitelic Inc. has been reclassified from an associate to a subsidiary since June 2023. Please refer to Note 25.

(2) Investments in Associates

<u>Material Associates</u>

Company Name	Main business activity	Main business location	% of Ownership and Voting Rights December 31, 2023	December 31, 2022
Mosel Vitelic Inc.	Semiconductors	Hsinchu City	-	30%
Excelliance MOS Corporation	Semiconductors	Hsinchu City	29%	-

In the Company's board of directors' meeting on January 11, 2023, approved the subscription to the ordinary shares to be issued for the cash capital increase through the private placement of Excelliance MOS Corporation, and the Company obtained 15,000 thousand ordinary shares of Excelliance MOS Corporation.

The Level 1 fair value of associate with open market price is as follow:

Company Name	December 31, 2023	December 31, 2022
Mosel Vitelic Inc.	$ -	$ 1,740,935
Excelliance MOS Corporation	$ 1,980,000	$ -

(3) The share of profit (loss) and other comprehensive income of subsidiaries and associates accounted for using the equity method in 2023 and 2022 were recognized based on investees' CPA-audited financial statements for the same periods. Some of the financial statements were not reviewed by us but by other auditors.

Both Excelliance MOS Corporation and Mosel Vitelic Inc. are listed companies in Taiwan. Their relevant financial information can be found on the Market Observation Post System, so their aggregate financial information is not disclosed.

(4) Investments in Joint Ventures

Material Joint Ventures

Company Name	Main business activity	Main business location
Hong Wang Investment Co., Ltd.	Investment	New Taipei City

	December 31, 2023	December 31, 2022
% of Ownership	30%	30%
% of Voting Rights	37%	37%

The Company uses the equity method to account for its investments in joint ventures above.

The summarized financial information below was prepared using the joint ventures' consolidated financial statements under IFRSs with adjustments for using the equity method.

Hong Wang Investment Co., Ltd.

	December 31, 2023	December 31, 2022
Cash and cash equivalents	$ 70	$ 1,405
Current asset	$ 70	$ 1,405
non-current assets	4,909,800	3,494,475
Current liabilities	(413,430)	(456,837)
Equity	$ 4,496,440	$ 3,039,043
The Company's percentage of ownership	30%	30%
Equity attributable to the Company	$ 1,348,932	$ 911,713
Carrying amount	$ 1,348,932	$ 911,713

	2023	2022
Operating revenue	$ 255,450	$ 200,400
Net profit for the period	$ 217,542	$ 194,957
Other comprehensive income	1,415,325	(2,417,325)
Total comprehensive income	$ 1,632,867	($ 2,222,368)

12. Property, plant and equipment

	Freehold Land	Building	Machinery Equipment	Transportation Equipment	Other Equipment	Property under construction	Total
Cost							
Balance on January 1, 2023	$ 405,764	$ 1,382,347	$ 1,879,577	$ 4,654	$ 338,240	$ 827,584	$ 4,838,166
Additions	-	164,360	664,471	2,400	38,287	7,959	877,477
Disposals	-	(13,421)	(29,384)	(1,674)	(11,116)	-	(55,595)
Reclassifications	-	829,873	-	-	-	(829,873)	-
Balance on December 31, 2023	$ 405,764	$ 2,363,159	$ 2,514,664	$ 5,380	$ 365,411	$ 5,670	$ 5,660,048
Accumulated depreciation and impairment							
Balance on January 1, 2023	$ -	$ 700,132	$ 1,088,352	$ 2,215	$ 232,463	$ -	$ 2,023,162
Disposals	-	(13,421)	(29,384)	(1,674)	(10,815)	-	(55,294)
Impairment losses	-	40,904	123,808	-	11,955	-	176,667
Depreciation expenses	-	67,439	209,035	739	33,406	-	310,619
Balance on December 31, 2023	$ -	$ 795,054	$ 1,391,811	$ 1,280	$ 267,009	$ -	$ 2,455,154
Net balance on December 31, 2023	$ 405,764	$ 1,568,105	$ 1,122,853	$ 4,100	$ 98,402	$ 5,670	$ 3,204,894
Cost							
Balance on January 1, 2022	$ 405,764	$ 1,368,718	$ 1,516,255	$ 6,929	$ 278,526	$ 677,005	$ 4,253,197
Additions	-	7,124	431,571	2,400	60,945	157,084	659,124
Disposals	-	-	(68,249)	(4,675)	(1,231)	-	(74,155)
Reclassifications	-	6,505	-	-	-	(6,505)	-
Balance on December 31, 2022	$ 405,764	$ 1,382,347	$ 1,879,577	$ 4,654	$ 338,240	$ 827,584	$ 4,838,166
Accumulated depreciation							
Balance on January 1, 2022	$ -	$ 638,247	$ 964,265	$ 5,979	$ 201,392	$ -	$ 1,809,883
Disposals	-	-	(38,920)	(4,532)	(1,004)	-	(44,456)
Depreciation expenses	-	61,885	163,007	768	32,075	-	257,735
Balance on December 31, 2022	$ -	$ 700,132	$ 1,088,352	$ 2,215	$ 232,463	$ -	$ 2,023,162
Net balance on December 31, 2022	$ 405,764	$ 682,215	$ 791,225	$ 2,439	$ 105,777	$ 827,584	$ 2,815,004

The Company's property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Plants	50~51 years
Mechanical and electrical equipment and engineering systems	11 years
Machinery Equipment	6 years
Transportation Equipment	6 years
Other Equipment	3~6 years

Please refer to Note 30 for information related to the property, plant and equipment pledged as security.

13. Lease arrangements

(1) Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying Amount		
Transportation Equipment	$ 450	$ 894

	2023	2022
Additions to right-of-use assets	$ -	$ 1,264
Depreciation expenses for right-of-use assets		
Transportation Equipment	$ 444	$ 545

(2) Lease liabilities

	December 31, 2023	December 31, 2022
Carrying Amount		
Current	$ 390	$ 444
Non-current	63	453
	$ 453	$ 897

Ranges of discount rate for lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Transportation Equipment	0.85%	0.85%

(3) Other lease information

	2023	2022
Expenses relating to short-term leases	$ 2,320	$ 2,313
Expenses relating to low-value asset leases	$ 130	$ 201
Total cash (outflow) for leases	($ 2,900)	($ 3,066)

The Company applies a recognition exemption for some asset leases that were short-term and low-value and does not recognize right-of-use assets and lease liabilities for such leases.

14. Intangible assets

	December 31, 2023	December 31, 2022
Carrying amount of each category		
Software	$ 4,739	$ 7,603

In consideration of future business plans and the existing need for capacity, the recoverable amount of the said asset's value in use has fallen below its carrying amount. Hence, the Company recognized an impairment loss of NT$217 thousand in other gains and losses in the consolidated statement of comprehensive income in 2023.

Amortization expenses were recognized on a straight-line basis over intangible assets' estimated useful lives as follows:

Software	5 years

15. Other assets

	December 31, 2023	December 31, 2022
Current		
Overpaid sales tax	$ 1,425	$ 39,260
Refundable deposits	53,542	53,551
Prepayments	8,600	61,127
	$ 63,567	$ 153,938
Non-current		
Refundable deposits	$ 10,252	$ 63,803
Prepayments for investments	-	171,385
Net defined benefit assets	6,814	7,119
	$ 17,066	$ 242,307

16. Borrowings

(1) Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured borrowings		
Line of credit borrowings	$ 1,350,000	$ 1,700,000

The interest rate ranges for the revolving bank loans as of December 31, 2023 and 2022 were 1.61% ~ 1.71% and 1.25% ~ 2.05%, respectively.

(2) Long-term borrowings

	December 31, 2023	December 31, 2022
Secured borrowings		
Bank loans	$ -	$ 150,000
Unsecured borrowings		
Bank loans	950,000	1,220,000
Less: portion with maturity less than 1 year	(196,667)	(190,588)
Long-term borrowings	$ 753,333	$ 1,179,412
Interest rates	1.60% ~ 1.70%	1.48% ~ 1.725%
Maturity	January 18, 2026 - January 15, 2029	November 24, 2024 - January 25, 2029

The collateral loans were secured by the Company's freehold land and buildings, please refer to Note 30 for the details. The use of fund is to replenish mid-to-long-term operating capital.

17. Other payables

	December 31, 2023	December 31, 2022
Payables for salaries and bonuses	$ 201,048	$ 207,357
Payables for annual leaves	21,009	17,622
Payables for equipment	47,422	17,300
Others	101,365	79,424
	$ 370,844	$ 321,703

18. Corporate bonds payable

	December 31, 2023	December 31, 2022
Domestic unsecured convertible corporate bonds	$ 799,900	$ -
Less: Discounts on corporate bonds	(37,861)	-
	$ 762,039	$ -

Domestic unsecured convertible corporate bonds

On August 9, 2023, the Company issued 8 thousand NTD-denominated unsecured convertible corporate bonds with a face value of NT$100 thousand each and an interest rate of 0% at 100.5% of the face value. The principal totaled NT$800,000 thousand. The issuance period is three years, starting on August 9, 2023 and ending on August 9, 2026. Yuanta Commercial Bank Co., Ltd. is the trustee of the bondholders of the convertible corporate bonds.

Unless the bondholders of the convertible corporate bonds apply for conversion to the ordinary shares of the Company or the Company repurchases the convertible corporate bonds from securities firms for cancellation, the Company will repay the convertible corporate bonds in cash on a lump sum basis within ten days after the maturity date thereof.

From the day following the expiration of three months after the date of issue of the convertible corporate bonds (November 10, 2023) to the maturity date (August 9, 2026), the bondholders may request the Company to convert the convertible corporate bonds to the ordinary shares at any time except (1) when the transfer of ordinary shares is suspended in accordance with the law; (2) during the period from 15th business day prior to the book closure date for stock grants, the book closure date for cash dividends, or the book closure date for cash capital increase subscription to the rights distribution record date; (3) from the record date for capital reduction to the day prior to the start date of the trading of new shares issued to replace old shares for the capital reduction; (4) from the start date of the cessation of conversion for the change of the face value of shares to the day prior to the start date of the trading of newly-issued shares.

August 1, 2023 was fixed as the base date for setting the conversion price of the convertible corporate bonds. The simple arithmetic mean of the closing prices of the Company's ordinary shares for either the business day, three business days, or five business days prior to the base date (excluded) is used as the base price. The base price is then multiplied by the conversion premium rate of 115.7% to calculate the conversion price (calculated and rounded up to the nearest NT$0.1). If the ex-right date or ex-dividend date is before the base date, the sample closing prices used to calculate the conversion price shall be imputed as the post-ex-right or post-ex-dividend prices; if the ex-right date or ex-dividend date falls within the period from the day the conversion is determined to the actual issue date, the conversion price shall be adjusted according to the conversion price adjustment formula. Based on the above methods, the conversion price of the convertible corporate bonds was set at NT$210 per share at issue.

Due to the issuance of ordinary shares for a cash capital increase, the conversion price shall be adjusted in accordance with the Regulations Governing the Initial Issuance and Conversion of Domestic Unsecured Convertible Corporate Bonds. As a result, the price for the initial conversion of the domestic unsecured convertible corporate bonds was adjusted from NT$210 to NT$208 on September 25, 2023.

The convertible corporate bonds include liability and equity components. The equity components are stated as capital reserves - stock warrants in equity. The effective interest rate initially recognized for the liability components was 1.8659%.

Issue proceeds (less the transaction cost and the adjustments related to income tax effects)	$	800,740
Equity components (less the transaction cost allocated to equity and the adjustments related to income tax effects)	(	43,937)
Deferred tax assets		36
Liability components on the issue date (less the transaction cost allocated to liabilities)		756,839
Interest is calculated at the effective interest rate of 1.8659%		5,296
Conversion of corporate bonds payable into ordinary shares	(	96)
Liability components as of December 31, 2023	$	762,039

19. Retirement benefit plans

(1) Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

(2) Defined benefit plan

The Company adopted the defined benefit plan under the Labor Standards Law, which is a state-managed defined contribution plan. Under this plan, pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, if the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	$ 27,282	$ 25,274
Fair value of plan assets	(34,096)	(32,393)
Net defined benefit liabilities (assets)	($ 6,814)	($ 7,119)

Movement in net defined benefit liabilities (assets):

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Balance on January 1, 2023	$ 25,274	($ 32,393)	($ 7,119)
Service cost			
Service cost for the period	-	-	-
Interest expense (income)	379	(493)	(114)
Recognized in profit or loss	379	(493)	(114)
Remeasurement			
Return on plan assets (net of amount included in net interests)	-	(213)	(213)
Actuarial loss - changes in demographic assumptions	108	-	108
Actuarial gain - changes in financial assumption	774	-	774
Actuarial gain- experience adjustments	747	-	747
Recognized in other comprehensive income	1,629	(213)	1,416
Benefits paid	(-)	-	-
Contributions from employer	-	(997)	(997)
Balance on December 31, 2023	$ 27,282	($ 34,096)	($ 6,814)
Balance on January 1, 2022	$ 29,877	($ 30,592)	($ 715)
Service cost			
Service cost for the period	-	-	-
Interest expense (income)	149	(155)	(6)
Recognized in profit or loss	149	(155)	(6)
Remeasurement			
Return on plan assets (net of amount included in net interests)	-	(2,497)	(2,497)
Actuarial loss - changes in demographic assumptions	171	-	171
Actuarial gain - changes in financial assumption	(3,377)	$ -	(3,377)
Actuarial gain- experience adjustments	278	-	278
Recognized in other comprehensive income	(2,928)	(2,497)	(5,425)
Benefits paid	(1,824)	1,824	-
Contributions from employer	-	(973)	(973)
Balance on December 31, 2022	$ 25,274	($ 32,393)	($ 7,119)

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

1. Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
2. Interest risk: A decrease in the treasury bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
3. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions on the valuation date were as follows:

The mortality rates for the year 2023 and 2022 were based on the sixth and fifth Taiwan Standard Ordinary Experience Mortality Table, respectively.

	December 31, 2023	December 31, 2022
Discount rate	1.25%	1.5%
Expected growth rate of salary	3%	3.0%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31, 2023	December 31, 2022
Discount rate		
0.25% increase	($ 774)	($ 762)
0.25% decrease	$ 805	$ 794
Expected growth rate of salary		
0.25% increase	$ 777	$ 769
0.25% decrease	($ 752)	($ 742)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31, 2023	December 31, 2022
The expected contributions to the plan for the next year	$ 1,056	$ 971
The average duration of the defined benefit obligation	11.6 years	12.3 years

20. Equity

(1) Share capital

Ordinary shares

	December 31, 2023	December 31, 2022
Number of shares authorized (in thousand shares)	300,000	300,000
Authorized share capital	$ 3,000,000	$ 3,000,000
Number of shares issued and fully paid (in thousand shares)	101,447	91,447
Share capital issued	$ 1,014,475	$ 914,470

The change in the Company's equity was mainly due to employees' resignation, the cancellation and recall of new restricted employee shares, and the resolution of the board of directors on May 3, 2023 to issue 10,000 thousand new shares at a par value of NT$10 per share for a cash capital increase. The shares were issued at a premium of NT$155 per share, and after the capital increase, the paid-in capital amounted to NT$1,014,470 thousand. The above-mentioned cash capital increase was approved and registered effectively with the Securities and Futures Bureau of the Financial Supervisory Commission on July 20, 2023, and the board of directors resolved to set September 25, 2023 as the capital increase record date. The change registration was completed in October 2023. In addition, as of December 31, 2023, the holders of the unsecured corporate bonds issued by the Company for the first time have requested to convert 480 ordinary shares at NT$208 per share. February 26, 2024 was set as the record date. The Company has not applied for a change of registration with the Ministry of Economic Affairs as of the date of approval of the release of the financial statements.

(2) Capital surplus

	December 31, 2023	December 31, 2022
Available for offsetting deficits, distributing cash or transferring to share capital (1)		
Additional paid-in capital	$ 3,182,887	$ 1,711,680
Corporate bond conversion premium	96	-
Treasury Shares	27,193	27,193
Difference between consideration and carrying amount of subsidiaries acquired or disposed	3,562	3,562
Limited to offsetting deficits		
Recognized changes in ownership interests in subsidiaries (2)	5,912	-
Changes in equity of investment in associates and joint ventures accounted for using equity method	-	-
Exercise of right of disgorgement	1,024	1,024
May not be used for any purpose		
Employee stock warrants	53,297	4,032
Equity components of the convertible corporate bonds issued by the Company	43,932	-
	$ 3,317,903	$ 1,747,491

1. Capital surplus in this category may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash or transferred to share capital, limited to a certain percentage of the Company's paid-in capital each year.
2. This type of capital surplus represents the equity transaction effects recognized due to changes in the equity of subsidiaries that the Company has not actually acquired or disposed of, or the adjustments to the capital surplus of subsidiaries recognized by the Company using the equity method. The change in 2023 was caused by the issuance of restricted shares by the subsidiary Mosel Vitelic Inc.

(3) Retained earnings and dividend policy

The Company stipulates that the Company's board of directors is authorized to adopt a special resolution to pay distributable dividends and bonuses in the form of cash, which shall be reported to the shareholders' meeting.

In accordance with the Company's amended Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside 10% of the remaining profit as legal reserve, and setting aside or reversing a special reserve in accordance with the laws and regulations. Any remaining profit together with any undistributed retained earnings from prior years shall be used by the board of directors as the basis for proposing a distribution plan for the resolution in a shareholders' meeting. In the event that whole or part of the dividend and bonus is paid in cash, the distribution can be made by a majority vote at a board of directors' meeting attended by over two-thirds of the directors and reported to the shareholders' meeting.

The Company's dividend policy is based on the Company's earnings and considerations of the future funding needs and impact of taxation on the Company and its shareholders, as well as the Company's sustainable development and the steady growth of earnings per share. The cash dividend shall not be less than 50% of the total dividend, and the distribution shall be made after the resolution by a shareholders' meeting. Please refer to Note 21 (6) Employee compensation and director remuneration for the distribution policy for employee and director remuneration as provided in the Company's Articles of Incorporation.

The amendment to the Company's Articles of Incorporation was approved by its Shareholders' Meeting on May 27, 2022. It has expressly stipulated that when the Company appropriated the special capital reserve lawfully, it shall allocate an amount of special reserve for any difference between the amount it has already allocated and the amount of special reserve equal to the "cumulative amount of net increase in fair value of investment property in a preceding period" and the "cumulative net amount of other deductions from equity in a preceding period" it is required to allocate. If there remains any insufficiency, the Company shall allocate the special reserve from the amount of the after-tax net profit for the period, plus items other than after-tax net profit for the period, that are included in the undistributed earnings of the period.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021 were as follows:

	2022	2021
Legal reserve	$ 57,411	$ 47,292
Cash dividends	$ 365,788	$ 365,828
Cash dividends per share (NT$)	$ 4	$ 4

The appropriations for cash dividends above had been resolved by the Company's board of directors' meeting on March 8, 2023 and March 9, 2022, respectively; the other proposed appropriations had been resolved by the shareholders' meeting on May 26, 2023 and May 27, 2022.

The Company's appropriation of earnings for 2023 is proposed for resolution in the board of directors' meeting on February 23, 2024.

	2023
Legal reserve	$ 73,430
Cash dividends	$ 507,237
Cash dividends per share (NT$)	$ 5

The appropriations for cash dividends above had been resolved by the Company's board of directors' meeting and pended for the resolution by the shareholders' meeting to be held on May 24, 2024.

21. Net profit from continuing operations

(1) Other income

	2023	2022
Rental income	$ 5,338	$ 5,280
Royalty income	1,692	1,818
Dividend income	18,000	18,396
Others	35,857	22,546
	$ 60,887	$ 48,040

(2) Other gains and losses

	2023	2022
Gain (loss) on disposal of property, plant and equipment	$ 3,979	($ 25,823)
Gross gains on foreign exchange	103,729	162,389
Gross losses on foreign exchange	(102,276)	(65,406)
Gain on disposal of investments accounted for using the equity method	672,871	-
Impairment loss on non-financial assets	(176,884)	-
Impairment losses on investments accounted for using the equity method	(225,142)	-
Others	(461)	(212)
	$ 275,816	$ 70,948

(3) Finance costs

	2023	2022
Interest on bank loans	$ 83,002	$ 30,436
Interest on lease liabilities	6	8
Interest on corporate bonds	5,296	-
	$ 88,304	$ 30,444

(4) Depreciation and amortization

	2023	2022
Depreciation expenses by function		
Operating cost	$ 182,384	$ 145,418
Operating expense	128,679	112,862
	$ 311,063	$ 258,280
Amortization expenses by function		
Operating cost	$ 354	$ 491
Operating expense	4,811	5,920
	$ 5,165	$ 6,411

(5) Employee benefit expenses

	2023			2022		
	Recognized in operating costs	Recognized in operating expenses	Total	Recognized in operating costs	Recognized in operating expenses	Total
Employee benefit expenses						
Salaries	$ 369,013	$ 253,471	$ 622,484	$ 320,063	$ 280,542	$ 600,605
Labor and health insurance expenses	34,880	18,731	53,611	30,750	17,445	48,195
Defined contribution plan	11,676	9,977	21,653	10,163	14,516	24,679
Defined benefit plan	(67)	(47)	(114)	(3)	(3)	(6)
Share-based payment (Note 24)	14,408	54,837	69,245	243	4,778	5,021
Directors' remuneration	-	19,200	19,200	-	20,748	20,748
Others employee benefit expenses	22,093	18,195	40,289	20,686	16,231	36,917
Total	$ 452,003	$ 374,364	$ 826,368	$ 381,902	$ 354,257	$ 736,159

1. As of December 31, 2023 and 2022, the average numbers of employees were 793 and 714, respectively, and the numbers of directors who were not an employee of the Company were 8 and 7 ,respectively, with a basis consistent with that used for employee benefit expenses.
2. The employee benefit expenses recognized for the years ended December 31, 2023 and 2022 were $1,029 thousand and $1,012 thousand, respectively.
3. The employee compensation recognized for the years ended December 31, 2023 and 2022 were $793 thousand and $857 thousand, respectively, with a (7)% change of average employee compensation.
4. Supervisors' remuneration for the year and prior year: the Company does not have supervisors, so it is not applicable.
5. The Company pays employee compensation without distinction of sex, religion, race, and etc. The Company constantly evaluate its directors and managers on their performance and achievement, and set the compensation package individually; an annual performance appraisal is given to employees as the basis for promotion, transfer, salary adjustment and bonuses.

(6) Employees' compensation and directors' remuneration

According to the Articles of Incorporation, if there is profit in a fiscal year, the Company shall accrue employees' compensation and directors' remuneration as follows; however, if there is a deficit, the Company shall set aside the amount for offsetting the deficit before the appropriation. The aforementioned profit is the net profit before taxes net of employees' compensation and directors' remuneration.

1. Employees' compensation shall not be less than 5% in the form of share dividend or cash dividend by the resolution in a board of directors' meeting. The recipients include certain qualified employees of the Company's affiliates.
2. Directors' remuneration shall be no more than 3%.

The appropriation of employees' compensation and directors' remuneration shall be reported to the shareholders' meeting.

The appropriations of employees' compensation and directors' remuneration for 2023 and 2022, which were approved by the Company's board of directors on February 23, 2024 and March 8, 2023, respectively, were as follows:

	Cash	
	2023	2022
Employees' compensation	$ 78,182	$ 85,238
Directors' remuneration	19,200	20,748

If there is a change in the amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate in the following year.

There was no difference between the actual amounts of employees' compensation and directors' remuneration paid and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021.

Information on the employees' compensation and directors' remuneration resolved by the Company's board of directors' meeting is available at the Market Observation Post System website of the Taiwan Stock Exchange.

22. Income taxes relating to continuing operations

(1) Major components of income tax recognized in profit or loss are as follows:：

	2023	2022
Current income tax		
In respect of the current year	$ 86,194	$ 90,853
Adjustment for prior year	(26,764)	(15,072)
	59,430	75,781
Deferred tax		
In respect of the current year	26,421	(15,354)
Income tax recognized in profit or loss	$ 85,851	$ 60,427

A reconciliation of accounting profit and income tax recognized in profit or loss is as follows:

	2023	2022
Profit before tax from continuing operations	$ 809,044	$ 620,979
Income before income tax Income tax calculated at the statutory rate	$ 161,809	$ 124,196

	2023	2022
Net deductible benefits	(50,566)	(45,497)
Non-taxable income	(3,600)	(3,200)
Tax surcharge on surplus retained earnings	4,972	-
Adjustment for current income tax from prior years	(26,764)	(15,072)
Income tax recognized in profit or loss	$ 85,851	$ 60,427

(2) Deferred tax assets and liabilities

The movements of deferred tax assets and liabilities were as follows:

2023

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Recognized directly in equity	Total
Deferred tax assets					
Book-tax differences of sales revenue	$ 16,135	($ 7,022)	$ -	$ -	$ 9,113
Unrealized inventory loss	3,439	15,332	-	-	18,771
Payables for annual leaves	3,524	678	-	-	4,202
Unrealized asset losses	-	27,760	-	-	27,760
Others	15,316	19,095	-	36	34,447
	$ 38,414	$ 55,843	$ -	$ 36	$ 94,293
Deferred tax liabilities					
Unrealized foreign exchange gains	$ 3,285	$ 594	$ -	$ -	$ 3,879
Defined benefit plan	1,424	222	(283)	-	1,363
Investment return by foreign operating units	15,216	703	-	-	15,919
Unrealized gains on disposal of investments	-	80,745	-	-	80,745
	$ 19,925	$ 82,264	($ 283)	$ -	$ 101,906

2022

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Recognized directly in equity	Total
Deferred tax assets					
Book-tax differences of sales revenue	$ 8,264	$ 7,871	$ -	$ -	$ 16,135
Unrealized inventory loss	3,356	83	-	-	3,439
Payables for annual leaves	3,588	(64)	-	-	3,524
Others	5,739	9,577	-	-	15,316
	$ 20,947	$ 17,467	$ -	$ -	$ 38,414
Deferred tax liabilities					
Unrealized foreign exchange gains	$ 142	$ 3,143	$ -	$ -	$ 3,285
Defined benefit plan	143	196	1,085	-	1,424
Investment return by foreign operating units	16,442	(1,226)	-	-	15,216
	$ 16,727	$ 2,113	$ 1,085	$ -	$ 19,925

(3) Income tax assessments

The income tax returns of the Company through 2021 have been assessed by the tax authorities.

23. Earnings per share

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net profit for the year

	2023	2022
Net profit attributable to owners of the parent company	$ 723,193	$ 560,552
Effect of potentially dilutive ordinary shares:		
After-tax interest on convertible corporate bonds	4,236	-
Earnings used in the computation of diluted earnings per share	$ 727,429	$ 560,552

Shares Unit: thousands of shares

	2023	2022
Weighted average number of ordinary shares outstanding in computation of basic earnings per share	94,105	91,310
Effect of potentially dilutive ordinary shares:		
Convertible corporate bonds	1,528	-
Employee stock warrants	1,013	90
Employees' compensation	508	746
Weighted average number of ordinary shares outstanding in computation of dilutive earnings per share	97,154	92,146

If the Company settles the employees' compensation in shares or cash, the Company presumed that the entire amount of employees' compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

24. Share-based payment agreement

Restricted shares

The issuance of restricted shares was resolved by the Company's shareholders' meeting on May 30, 2018 with an actual issuance of 648 thousand shares at the issue price of NT$50 per share. The Company received the approval by the FSC on December 14, 2018 with the certificate Jin-Guan-Zheng-Fa-Zi No. 1070121188 and set October 22, 2019 as the capital increase record date for the issuance of restricted shares.

Employees who have received or subscribed the restricted shares and yet fulfilled the vesting conditions are bound by the following restrictions:

(1) Employees shall not sell, pledge, transfer, grant, set guarantee or dispose of the restricted shares in any other ways.

(2) The restricted shares are eligible for the dividend distribution without any restriction within the vesting period.

(3) Prior to the fulfillment of vesting conditions, the restricted shareholders are entitled the same rights as those of common stock holders including propose, speak, and vote in a shareholders' meeting and other shareholder's rights.

(4) After issuance, restricted shares shall be immediately delivered to be under custody of trust institution. Before fulfillment of vesting conditions, employees shall not request for return of such restricted shares by any reason or method.

For those employees who fail to fulfill the vesting conditions, the Company will recall or purchase back and cancel their shares.

The vesting period for the Company's restricted shares issued in 2019 ended in October 2022.

Information of the Company's restricted shares is as follows:

	Number of shares (in thousand shares)
	2022
Beginning balance	193
Cancellation due to employee resignation for the period	(10)
Vested for the period	(183)
Ending balance	-

Employee stock warrant plan of the Company

The Company granted 3,000 thousand units of employee warrants, of which, each unit is eligible to subscribe to 1 ordinary share, in December 2022. Employees of the Company are entitled to the warrants. The term of all employee stock warrants is 6 years, and the warrant holders can exercise a specific portion of the warrants granted after 2 years after the issuance date. The exercise price of the stock warrants is 75% of the closing price of the Company's ordinary shares on the date of issuance. If any changes are made to the Company's ordinary shares, the exercise price shall be correspondingly adjusted using the specific formula.

Information on employee stock warrants is as follows:

	2023		2022	
Employee stock warrants	Unit (thousand)	Weighted average exercise price (NT$)	Unit (thousand)	Weighted average exercise price (NT$)
Outstanding at the beginning of the year	3,000	$ 115.1	-	$ -
Number of stock warrants granted in the year	-	-	3,000	115.1
Loss in the year	(50)	115.1	-	-
Number of stock warrants exercised in the year	-	-	-	-
Number of stock warrants expired in the year	-	-	-	-
Outstanding at the end of the year	2,950		3,000	
Number of stock warrants exercisable at the end of the year	-		-	
Weighted average fair value of the stock warrants granted in the year (NT$)			$ 68.09	

Information on outstanding employee stock warrants is as follows:

	December 31, 2023	December 31, 2022
Range of exercise prices (NT$)	$ 115.10	$ 115.10
Weighted average remaining term (year)	5 years	6 years

The employee stock warrants granted in December 2022 were valued using the Black-Scholes model, and the inputs used in the said model were as follows:

	December, 2022
Stock price on the grant date	NT$153.50
Exercise price	NT$115.10
Expected volatility	37.42% ~ 42.13%
Term	6 years
Expected dividend yield	0%
Risk-free rate	1.07% ~ 1.11%

Capital increase in cash - shares reserved for subscription by employees

On May 3, 2023, the Company's board of directors resolved to issue 10,000 thousand new shares for a cash capital increase, and 1,380 thousand shares were reserved for subscription by employees in accordance with the Company Act. For shares that are undersubscribed or that the employees waive their rights to subscribe for, the Chairman is authorized to contact specific persons to subscribe for them.

The compensation costs recognized for the years ended December 31, 2023 and 2022 were NT$69,245 thousand and NT$5,021 thousand, respectively.

25. Acquisition of an invested subsidiary - Acquisition of control over a business

	Major business activities	Acquisition date	All ownership interests with voting rights/ Percentage of stake acquired (%)	Transfer of consideration
Mosel Vitelic Inc.	Semiconductors	June 2, 2023	30%	$ -

The acquisition of Mosel Vitelic Inc. by the Company is oriented on its industry strategy. Please refer to Note 27 of the Company’s 2023 consolidated financial statements for a description of the acquisition of Mosel Vitelic Inc.

26. Non-cash transactions

For the years ended December 31, 2023 and 2022, the Company has conducted the following non-cash transactions from finance activities:

(1) Addition of lease liabilities from lease agreements.

(2) Reclassifications of long-term borrowings with maturity within one year.

27. Capital management

The Company manages its capital to ensure its ability to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The Company’s key management reviews its capital structure on a quarter basis. As part of this review, the key management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management, the Company may balance its overall capital structure by the means of dividend payment, issuance of new shares, shares buyback, issuance of new debts or repayment of existing debts. The Company is not subject to any externally imposed capital requirements.

28. Financial instruments

(1) Fair value of financial instruments not measured at fair value

Management of the Company considers the carrying amounts of the Company's financial assets and financial liabilities that are not measured at fair value as close to their fair values.

(2) Fair value of financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2023

	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Domestic listed shares	$ 392,000	$ -	$ -	$ 392,000
Domestic and foreign unlisted shares and investments	-	-	575,094	575,094
	$ 392,000	$ -	$ 575,094	$ 967,094

December 31, 2022

	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Domestic listed shares	$ 279,000	$ -	$ -	$ 279,000
Domestic and foreign unlisted shares and investments	-	-	347,125	347,125
	$ 279,000	$ -	$ 347,125	$ 626,125

There were no transfers between Levels 1 and 2 for the years ended December 31, 2023 and 2022.

2. Valuation techniques and inputs of measuring Level 3 fair value

Class of financial instruments	Valuation techniques and inputs
Domestic and foreign securities	Using the asset-based approach that assesses the fair value by totaling the value of each asset and liability of the target of evaluation. Using the market approach that derives the value of target from the product of the active market price of a comparable company that operates in the similar industry with similar operation and financial performance and a corresponding market multiplier.

(3) Categories of financial instruments

	December 31, 2023	December 31, 2022
Financial asset		
Financial assets mandatorily classified at fair value through profit or loss	$ 62,514	$ 45,739
Financial assets at amortized cost (Note 1)	1,575,027	1,238,452
Financial assets at fair value through other comprehensive income	967,094	626,125
Financial liability		
At amortized cost (Note 2)	4,020,355	3,722,120

Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, trade receivables, other receivables and refundable deposits.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, long-term borrowings, notes payable, accounts payable, other payables, and corporate bonds payable.

(4) Financial risk management objectives and policies

The Company's major financial instruments include equity and debt instrument investments, trade receivables, trade payables, borrowings and lease liabilities. The Company's Finance Department provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company sought to minimize the effects of these risks by using financial derivatives to hedge risk exposures. The use of financial derivatives was governed by the Company's policies approved by the board of directors, which provided written guidelines on foreign exchange risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1. Market risk

    The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (1) below) and interest rates (see (2) below). The Company engaged in a variety of derivative financial instruments to manage its exposure to foreign currency risk, including forward exchange contracts and currency swaps to hedge the exchange rate risk arising from trading.

    (1) Foreign currency risk

        The Company engaged in sales and purchases denominated in foreign currencies, which exposed the Company to foreign currency risk. The Company hedged such foreign currency risk using the forward exchange contracts and currency swaps to the extent approved by policy.

        The carrying amounts of the Company's monetary assets and monetary liabilities denominated in non-functional currencies on the balance sheet date are provided in Note 33.

        Sensitivity analysis

        The Company was mainly exposed to the risk of exchange rate fluctuation of the U.S. Dollar and Euro.

        The following table details the Company's sensitivity to a 1% increase and decrease in New Taiwan dollar (the functional currency) against each foreign currency. 1% increase or decrease is used when reporting foreign currency risk internally to key management and represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis included only outstanding foreign currency denominated monetary items. A 1% foreign exchange rate change is adjusted to the translation at the end of period. In the following table, a positive number below indicates an increase in pre-tax profit due to a 1% depreciation of the New Taiwan dollar against the foreign currency. For a 1% appreciation of the New Taiwan dollar against the foreign currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	Impact of USD		Impact of EUR	
	2023	2022	2023	2022
Profit or loss	$ 9,885 (i)	$ 8,940 (i)	$ 1,516 (ii)	$ 729 (ii)

i. It was mainly due to the Company's trade receivables and payables denominated in the U.S. Dollar that were outstanding and yet mitigated by a cash flow hedge at the end of the reporting period.

ii. It was mainly due to the Company's trade receivables and payables denominated in the Euro that were outstanding and yet mitigated by a cash flow hedge at the end of the reporting period.

The management believed the sensitivity analysis did not reflect existing foreign currency risk because the exposure to the foreign currency risk at the end of the reporting period does not fairly represent the risk exposure during the reporting period.

(2) Interest rate risk

The Company was exposed to interest rate risk because it borrowed funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31, 2023	December 31, 2022
Fair value interest rate risk		
- Financial assets	$ 504,315	$ 254,444
- Financial liabilities	1,512,492	897
Cash flow interest rate risk		
- Financial assets	307,159	317,953
- Financial liabilities	1,550,000	3,070,000

Sensitivity analysis

The sensitivity analyses below were determined based on the Company's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole reporting period. A 10 basis point increase or decrease is used when reporting interest rate risk internally to key management and represents management's assessment of the reasonably possible change in interest rate.

If interest rates had been 10 basis point higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2023 and 2022 would have decreased/increased by NT$1,243 thousand and NT$2,752 thousand, respectively.

(3) Other price risk

The Company was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than for trading purposes. The Company does not actively trade these investments. In addition, the Company designated specific team to monitor the price risk and establish the responding strategy.

Sensitivity analysis

The sensitivity analyses below were carried out based on the Company's exposure to equity price on the reporting date.

If the equity price had increased/decreased by 10%, the other comprehensive income after tax for the years ended December 31, 2023 and 2022 would have decreased/increased by NT$96,709 thousand and NT$62,613 thousand, respectively, due to an increase/decrease in the fair value of the financial assets at fair value through other comprehensive income.

2. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. As of the end of the reporting period, the Company's maximum exposure to credit risk due to the failure of a counterparty to perform its obligations was the carrying amount of financial assets recognized in the financial statements.

In the balances of accounts receivable as of December 31, 2023 and 2022, the sums of accounts receivable from group customers accounting for more than 10% of the Company's balance of accounts receivable were NT$600,415 thousand, NT$526,894 thousand, representing 76% and 77% of the said balances, respectively.

3. Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents to support its operation and minimize the impact of cash flow volatility. The Company's management monitors the use of bank loan facilities and ensures compliance with loan covenants.

The Company relies on bank loans as a significant source of liquidity. As of December 31, 2023 and 2022, the Company's unused bank facilities were set out in (2) borrowing facilities below.

(1) Liquidity and interest rate risk table

The table below summarizes the maturity profile of the Company's non-derivative financial liabilities, in which the payment terms were set, based on the earliest repayment date. The table was prepared with the undiscounted cash flows of financial liabilities that include the cash flows of interests and principles.

December 31, 2023

	On demand or less than 1 month	1~3 months	3 months~1 year	1~5 years	Over 5 years
Non derivative financial liabilities					
Non-interest bearing liabilities	$ 671,688	$ 381,552	$ 126,933	$ -	$ -
Lease liabilities	37	69	285	63	-
Debt instruments	1,197,774	201,881	162,996	1,546,578	25,000
	$1,869,499	$ 583,502	$ 290,214	$1,546,641	$ 25,000

Maturity profile of lease liabilities is as follows:

	Less than 1 year	1~5 years	5~10 years	10~15 years	15~20 years	Over 20 years
Lease liabilities	$ 390	$ 64	$ -	$ -	$ -	$ -

December 31, 2022

	On demand or less than 1 month	1~3 months	3 months~1 year	1~5 years	Over 5 years
Non derivative financial liabilities					
Non-interest bearing liabilities	$ 397,309	$ 276,051	$ 203,739	$ -	$ -
Lease liabilities	37	75	337	455	-
Debt instruments	604,174	854,055	458,080	1,084,827	125,844
	$1,001,520	$1,130,181	$ 662,156	$1,085,282	$ 125,844

Maturity profile of lease liabilities is as follows:

	Less than 1 year	1~5 years	5~10 years	10~15 years	15~20 years	Over 20 years
Lease liabilities	$ 449	$ 455	$ -	$ -	$ -	$ -

(2) Borrowing facilities

	December 31, 2023	December 31, 2022
Unsecured bank facility		
-Drawn	$ 2,300,000	$ 2,920,000
-Undrawn	2,657,000	2,610,000
	$ 4,957,000	$ 5,530,000
Secured bank facility		
-Drawn	$ -	$ 150,000
-Undrawn	150,000	-
	$ 150,000	$ 150,000

(5) Transfers of financial assets

The Company’s factored trade receivables are as follows:

Counterparty	Sales amount	Available advance amount	Advance amount used	Annual interest rate on advances received (%)
2023				
Citibank	USD 6,191	USD -	USD 6,191	6.54-7.19
	EUR 5,171	EUR -	EUR 5,171	4.97-5.22
2022				
Citibank	USD 5,628	USD -	USD 5,628	5.69-6.34
	EUR 1,463	EUR -	EUR 1,463	1.05-1.30

Pursuant to the Company’s factoring agreements, losses from commercial disputes (such as sales returns and discounts) are borne by the Company, while losses from credit risk are borne by the banks.

29. Transactions with related parties

Besides as disclosed elsewhere in the other notes, details of transactions between the Company and its related parties are disclosed below：

(1) Related parties and relationship

Related parties	Relationship with the Company
Ding-Wei Technology Co., Ltd.	Subsidiary
Rec Technology Corporation	Subsidiary
Bigbest Solutions, Inc.	Subsidiary
Smooth Autocomponent Limited	Subsidiary
Mosel Vitelic Inc.	Associate (became a subsidiary on June 2, 2023)
GlobalWafers Co., Ltd.	Sino-American Silicon's subsidiary
Sustainable Energy Solution Co., Ltd.	Sino-American Silicon's subsidiary

(2) Business transactions

Financial Statement Account	Related parties category/name	2023	2022
Sales revenue	Subsidiary	$ 4,574	$ 3,194

Financial Statement Account	Related parties category/name	2023	2022
Purchases of goods	Ding-Wei Technology Co., Ltd.	$ 681,230	$ 656,057
	Mosel Vitelic Inc.	468,324	353,016
	GlobalWafers Co., Ltd.	273,247	273,968
	Others	1,263	-
		$ 1,424,064	$ 1,283,041

Transactions above mainly comprise purchases of wafers and brass shells, the purchase price of flat wafers and brass shells was indifferent from the price of other suppliers. The payment terms were 30~90 days end of month for related party, 90 days end of month for domestic non-related parties, and T/T 50~60 days for foreign parties.

Financial Statement Account	Related parties category/name	December 31, 2023	December 31, 2022
Trade payables	Ding-Wei Technology Co., Ltd.	$ 198,650	$ 182,146
	Mosel Vitelic Inc.	86,957	91,593
	GlobalWafers Co., Ltd.	68,691	75,383
	Others	44	77
		$ 354,342	$ 349,199

(3) Balance of trade receivables - related party

Financial Statement Account	Related parties category/name	December 31, 2023	December 31, 2022
Other receivables	Subsidiary		
	Smooth Autocomponent Limited	$ 1,997	$ 2,980
	Others	433	507
		$ 2,430	$ 3,487

(4) Other transactions with related parties

Financial Statement Account	Related parties category/name	2023	2022
Other income	Subsidiary		
	Ding-Wei Technology Co., Ltd.	$ 1,680	$ 1,685
	Rec Technology Corporation	5,294	5,303
	Smooth Autocomponent Limited	1,692	2,318
	Bigbest Solutions, Inc.	809	1,560
		$ 9,475	$ 10,866

(5) Others

Financial Statement Account	Related parties category/name	2023	2022
Refundable deposits (Note)	Mosel Vitelic Inc.	$ 53,542	$ 107,101
	Sustainable Energy Solution Co., Ltd.	10,000	10,000
		$ 63,542	$ 117,101

Note: recognized as other current assets and other non-current assets.

(6) Compensation of key management personnel

	2023	2022
Short-term employee benefits	$ 76,646	$ 66,029
Share-based Payment	14,101	465
	$ 90,747	$ 66,494

The remuneration of directors and key executives was determined by the remuneration committee taking into account the performance of individuals and market trends.

30. Assets pledged as collateral or for security

The following assets were pledged as collateral for borrowings:

	December 31, 2023	December 31, 2022
Building	$ 143,120	$ 147,339
Freehold Land	107,843	107,843
Pledged time deposits (classified as financial assets at amortized cost)	12,250	14,250
	$ 263,213	$ 269,432

31. Significant contingent liabilities and unrecognized contract commitments

Except described in other notes of this financial statements, the Company had the following significant contingent liabilities and unrecognized commitments as of the end of the reporting period:

(1) Commitments related to agreements

The Company entered a contract with Mosel Vitelic Inc. (“Mosel”) to secure manufacturing capacity in July 2021 and paid a deposit of US$5.49 million. As agreed, the Company is committed to provide a certain number of orders monthly to Mosel for the following three years, and Mosel is committed to reserve its manufacturing capacity for the Company. Pursuant to the contract, in the event that the Company fails to fulfill the agreed number of orders, Mosel may refund the deposit in part.

(2) As of December 31, 2023 and 2022, the Company had contract commitments that were not recognized as property, plant and equipment amounting to NT$677,617 thousand and NT$64,267 thousand, respectively.

32. Significant subsequent events

None.

33. Significant assets and liabilities denominated in foreign currencies

The following information was aggregated by the foreign currencies other than functional currencies of the Company and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2023

	Foreign currency	Exchange rate	Carrying amount
Assets denominated in foreign currencies			
Monetary items			
USD	$ 41,363	30.705 (USD:NTD)	$ 1,270,045
EUR	4,637	33.98 (EUR:NTD)	157,567
CNY	18,119	4.327 (CNY:NTD)	78,041
Non-monetary items			
Subsidiaries accounted for using equity method			
CNY	96,982	4.327 (CNY:NTD)	419,642
Foreign investments in securities			
USD	9,271	30.705 (USD:NTD)	284,652
Liabilities denominated in foreign currencies			
Monetary items			
USD	9,170	30.705 (USD:NTD)	281,569
EUR	176	33.98 (EUR:NTD)	5,978
JPY	66,058	0.2172 (JPY:NTD)	14,348

December 31, 2022

Assets denominated in foreign currencies	Foreign currency		Exchange rate	Carrying amount	
Monetary items					
USD	$	36,908	30.71 (USD:NTD)	$	1,133,445
EUR		2,234	32.72 (EUR:NTD)		73,096
Non-monetary items					
Subsidiaries accounted for using equity method					
CNY		96,183	4.408 (CNY:NTD)		423,973
Foreign investments in securities					
USD		3,135	30.71 (USD:NTD)		99,562
Liabilities denominated in foreign currencies					
Monetary items					
USD		7,798	30.71 (USD:NTD)		239,478
EUR		7	32.72 (EUR:NTD)		219
JPY		24,851	0.232 (JPY:NTD)		5,775

The significant realized and unrealized foreign exchange gains and losses were as follows:

	2023		2022	
Functional currency	Translation from the functional currency to the presentation currency	Net foreign exchange gains or losses (amount in NTD)	Translation from the functional currency to the presentation currency	Net foreign exchange gains or losses (amount in NTD)
NTD	1 (NTD:NTD)	$ 1,453	1 (NTD:NTD)	$ 96,983

34. Separately disclosed items

(1) Information about significant transactions:

1. Financing provided to others: None.
2. Endorsements/guarantees provided: None.
3. Marketable securities held at the end of period (excluding investment in subsidiaries, associates and joint ventures): Table 1.
4. Marketable securities acquired or disposed of at costs or prices at least NT$300 million or 20% of the paid-in capital: Table 2.
5. Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None.

6. Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 3.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
9. Trading in derivative instruments: None.

(2) Information on investees: Table 4.

(3) Information on investments in mainland China:

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income for current period, return on investees recognized, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 5.
2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None.
   (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
   (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
   (3) The amount of property transactions and the amount of the resultant gains or losses.
   (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
   (5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

(6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

(4) Information of major shareholders:

List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 6.

Actron Technology Corporation

Marketable securities held at the end of period

December 31, 2023

Table 1

Unit: NT$ thousand

Name of holding company	Type and name of marketable securities	Relationship with the holding company	Financial Statement Account	At the End of the Period				Remarks
				Number of shares (in thousand shares)	Carrying amount	Percentage of ownership	Fair value	
Actron Technology Corporation	Sino-American Silicon Products Inc.	Parent	Financial assets at fair value through other comprehensive income -non-current	2,000	$ 392,000	0.34%	$ 392,000	–
	Phoenix Pioneer Technology Co., Ltd.	–	Financial assets at fair value through other comprehensive income -non-current	15,265	268,055	5.13%	268,055	–
	ANJET CORPORATION	–	Financial assets at fair value through other comprehensive income -non-current	3,108	187,934	22.41%	187,934	–
	AMED VENTURES I, L.P.	–	Financial assets at fair value through other comprehensive income -non-current	-	96,718	-	96,718	–
	Super Energy Materials Inc.	–	Financial assets at fair value through other comprehensive income -non-current	1,425	22,387	5.28%	22,387	–

Actron Technology Corporation

Aggregate purchases or sales of the same securities reaching NT$300 million or 20 percent of paid-in capital or more

2023

Table 2

Unit: unless otherwise stated, in thousands of New Taiwan Dollars

Name of company that made the purchases or sales	Type and name of marketable securities	Financial Statement Account	Counterparty	Relationship	At the beginning of the period		Purchase		Sale				At the End of the Period	
					Shares	Amount	Shares	Amount	Shares	Sale price	Carrying amount of cost	Gain or loss on disposal	Shares	Amount
Actron Technology Corporation	Privately placed ordinary shares - Excelliance MOS Corporation	Investments accounted for using the equity method	Participation in private placement	-	-	$ -	15,000,000	$ 1,491,750	-	$ -	$ -	$ -	15,000,000	$ 1,491,750

Actron Technology Corporation

Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital

2023

Table 3

Unit: NT$ thousand

Purchaser or seller	Counterparty	Relationship	Transaction Details				Abnormal transaction and reason		Notes/Trade receivables (payables)			Remarks
			Purchase/sale	Amount	As percentage to total purchase or sale	Payment terms	Unit price	Payment terms	Financial statement account	Ending balance	As percentage to total notes/trade receivables (payables)	
Actron Technology Corporation	GlobalWafers Co., Ltd.	Sino-American Silicon's subsidiary	Purchases of goods	$ 273,247	11%	60 days end of month	Note	Domestic 90 days end of month	Trade payables	$ 68,691	8%	
Actron Technology Corporation	Mosel Vitelic Inc.	Subsidiary	Purchases of goods	468,324	17%	30 days end of month	Note	Domestic 90 days end of month	Trade payables	86,957	11%	
Actron Technology Corporation	Ding-Wei Technology Co., Ltd.	Subsidiary	Purchases of goods	681,230	25%	90 days end of month	Cost markup	Domestic 90 days end of month	Trade payables	198,650	25%	

Note: There was no significant difference from other suppliers in terms of the purchase price of flat wafers.

Actron Technology Corporation

Names, locations and related information of investee companies

2023

Table 4

Unit: NT$ thousand

Investor	Investee	Location	Principle business activity	Initial investment		At the end of the period			Net income (loss) of investee company	Investment income (loss) recognized	Remarks
				Ending balance	Beginning balance	Shares	Ratio	Carrying amount			
Actron Technology Corporation	Ding-Wei Technology Co., Ltd.	Taoyuan City	Manufacturing and sale of auto components and parts	$ 306,900	$ 306,900	15,000,000	100%	$ 257,527	$ 66,350	$ 69,210	Subsidiary
Actron Technology Corporation	Smooth International Limited Corporation	Samoa	Investment	363,260	363,260	12,000,000	100%	419,642	3,517	3,517	Subsidiary
Smooth International Limited Corporation	Smooth Autocomponent Limited	Hong Kong	Investment	363,260	363,260	12,000,000	100%	419,642	3,517	Not applicable	Subsubsidiary
Actron Technology Corporation	Rec Technology Corporation	Taoyuan City	Manufacturing and sale of auto components and parts	208,102	208,102	8,487,823	49%	89,962	32,449	16,013	Subsidiary
Actron Technology Corporation	Hong Wang Investment Co., Ltd.	New Taipei City	Investment	300,000	300,000	30,000,000	30%	1,348,932	217,459	65,238	Joint venture
Actron Technology Corporation	Mosel Vitelic Inc.	Hsinchu City	Semiconductors	1,180,191	1,180,191	(Note) 46,925,459	29%	1,829,513	(175,410)	(59,558)	Subsidiary
Actron Technology Corporation	Bigbest Solutions, Inc.	Taichung City	Manufacture of motors	245,143	245,143	19,314,319	28%	72,197	(26,561)	(7,329)	Subsidiary
Actron Technology Corporation	Excelliance MOS Corporation	Hsinchu City	Semiconductors	1,491,750	-	15,000,000	29%	1,440,318	252,442	74,409	Associate

Note: Among which 468 thousand shares were ordinary shares and 29,532 thousand shares were preferred shares.

Attachment 1

Actron Technology Corporation

Information on investments in mainland China

2023

Table 5

Unit: NT$ thousand or US$ thousand

Investee	Principle business activity	Total paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of the beginning of the period	Investment flows of the period		Accumulated outflow of investment from Taiwan as of the end of the period	Net income (loss) of investee company	The Company's direct or indirect percentage of ownership	Investment income (loss) recognized for the period (Note 2)	Carrying amount at the end of the period	Accumulated inward remittance of earnings at the end of the period
					outflow	inflow						
Smooth Autocomponent Limited	Manufacture of motor parts	Authorized and paid-in capital were both USD 12,000	Note 1	$ 363,260 (USD 12,000)	$ -	$ -	$ 363,260 (USD 12,000)	$ 3,517	100%	$ 3,517	$ 419,642	$ -

Accumulated investment in Mainland China at the end of the period	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment (Note 3)
USD 12,000	$ 365,520 (USD 12,000)	$ 4,862,265

Note 1: Indirectly investment in Mainland China through companies registered in a third region.

Note 2: Recognition based on the audited financial statements.

Note 3: The Company's Investment amounts authorized by Investment Commission, MOEA: 8,103,775 (net equity) ×60%＝4,862,265.

Actron Technology Corporation

Information of major shareholders

December 31, 2023

Table 6

Name of major shareholder	Share	
	Number of shareholding	Percentage of ownership
Sino-American Silicon Products Inc.	24,935,299	24.57%

Note 1: The information on major shareholders disclosed in the table above was calculated by the Taiwan Depository & Clearing Corporation based on the number of ordinary and preference shares held by shareholders with ownership of 5% or greater, that had completed dematerialized registration and delivery (including treasury shares) as of the last business day of the current quarter. The share capital recorded in the Company's financial statements may differ from the number of shares that have completed dematerialized registration and delivery due to differences in the basis of preparation.

Attachment 1

§STATEMENTS OF MAJOR ACCOUNTING ITEMS§

Attachment 1

Actron Technology Corporation

Statement of cash and cash equivalents

December 31, 2023

Table 1 Unit: NT$ thousand

Item	Summary	Amount
Cash on hand and petty cash		$ 122
Deposits		
Demand deposits		18,817
Deposits in foreign currencies	EUR 1,034 thousand with a rate of 33.98	35,135
	JPY 16,988 thousand with a rate of 0.2172	3,690
	CNY 10,257 thousand with a rate of 4.327	44,384
	USD 10,312 thousand with a rate of 30.705	316,626
Time deposits with original maturity within three months	USD 30,000 thousand with a rate of 30.705	100,920
	EUR 2,970 thousand with a rate of 33.980	92,115
Check deposits		259
		611,946
Bonds sold under repurchase agreement	USD 4,030 thousand with a rate of 30.705	123,743
		$ 735,811

Actron Technology Corporation

Statement of trade receivables

December 31, 2023

Table 2 Unit: NT$ thousand

Client name	Summary	Amount
UK	Sales of goods	$ 161,061
UE	Sales of goods	73,416
EH	Sales of goods	70,181
AC	Sales of goods	53,359
Others (sum of individual amounts not exceed 5%)	Sales of goods	435,185
		793,202
Less: allowance for bad debt		(2,083)
		$ 791,119

Actron Technology Corporation

Statement of inventories

December 31, 2023

Table 3 Unit: NT$ thousand

Item	Cost	Net realizable value
Finished good	$ 351,275	$ 581,387
Work in progress	178,708	256,480
Raw materials	332,424	336,411
	$ 862,407	$ 1,174,278

Actron Technology Corporation

Statement of investments accounted for using the equity method

For the year ended December 31, 2023

Table 4

Unit: NT$ thousand

Company Name	Beginning balance		Increase (decrease) for the period		Gain (loss) on the investments accounted for using the equity method	Ending balance			Market value or net value	Guarantee or collateral provided
	Number of shares (in shares)	Amount	Number of shares (in shares)	Amount		Number of shares (in shares)	Percentage of ownership (%)	Amount		
Smooth International Limited Corporation	12,000,000	$ 423,973	-	($ 7,848)	$ 3,517	12,000,000	100%	$ 419,642	$ 442,856	None
Ding-Wei Technology Co., Ltd.	15,000,000	383,449	-	(195,132)	69,210	15,000,000	100%	257,527	273,565	None
Rec Technology Corporation	8,487,823	73,949	-	-	16,013	8,487,823	49%	89,962	89,962	None
Hong Wang Investment Co., Ltd.	30,000,000	911,713	-	371,981	65,238	30,000,000	30%	1,348,932	1,384,932	None
Mosel Vitelic Inc.	46,925,459	1,311,702	-	577,369	(59,558)	46,925,459	29%	1,829,513	698,921	None
Bigbest Solutions, Inc.	19,314,319	168,309	-	(88,783)	(7,329)	19,314,319	28%	72,197	72,197	None
Excelliance MOS Corporation (Note 2)	-	-	15,000,000	1,365,909	74,409	15,000,000	29%	1,440,318	923,862	None
		$ 3,273,095		$ 2,023,496 (Note 1)	$ 161,500			$ 5,458,091	$ 3,886,295	

Note 1: The increase (decrease) of NT$2,023,496 thousand in the current period was mainly due to the payment of cash dividends, the recognition of unrealized gains and losses on financial assets measured at fair value through other comprehensive income in joint ventures recognized using the equity method, the recognition of translation adjustments, the recognition of impairment losses on goodwill. etc.

Note 2: The increase (decrease) in the current period includes the cost of acquiring 15,000 thousand ordinary shares, amounting to NT$1,491,750 thousand.

Actron Technology Corporation

Statement of short-term borrowings

December 31, 2023

Table 5

Unit: NT$ thousand

Type of borrowing	Remark	Ending balance	Contract period	Range of interest rates	Borrowing facilities	Collateral or guarantee provided
Credit loans	Financial institution	$ 1,350,000	Within 1 year	1.61% ~ 1.71%	$3,007,050	—

Actron Technology Corporation

Statement of long-term borrowings

December 31, 2023

Table 6

Unit: NT$ thousand

Creditor	Contract period	Long-term borrowings with maturity within 1 year	Long-term borrowings with maturity more than 1 year	Total	Annual interest rates	Collateral or guarantee provided
Yuanta Commercial Bank	January 18, 2023 - January 18, 2026	$ 180,000	$ 270,000	$ 450,000	1.6848	—
Shanghai Commercial and Savings Bank	January 20, 2022 - January 15, 2029	-	400,000	400,000	1.6	—
	July 1, 2022 - July 1, 2027	16,667	83,333	100,000	1.7	—
		$ 196,667	$ 753,333	$ 950,000		

Actron Technology Corporation

Statement of trade payables

December 31, 2023

Table 7 Unit: NT$ thousand

Client name	Amount
M0087	$ 133,266
T1646	34,271
M0061	25,695
Others (sum of individual amounts not exceed 5%)	260,599
	$ 453,831

Actron Technology Corporation

Statement of operating revenue

For the year ended December 31, 2023

Table 8 Unit: NT$ thousand

Item	Amount
Net operating revenue	
Pressfit Diode	$ 1,578,200
Low Loss Diode	1,600,670
Ultra Low Loss Diode	642,787
48V Mosfet	524,460
Others	197,732
	$ 4,543,849

Actron Technology Corporation

Statement of operating costs

For the year ended December 31, 2023

Table 9 Unit: NT$ thousand

Item	Amount
Raw materials, beginning of the period	$ 240,068
Raw material purchased	2,730,936
Other additions	6,658
Other deductions	(3,307)
Raw materials, end of year	(336,138)
Raw materials used for the period	2,638,217
Direct labor	302,380
Manufacturing overhead	517,974
Manufacturing cost	3,458,571
Work in progress, beginning of the period	146,464
Other additions	1,639,164
Work in progress, end of the period	(178,708)
Cost of finished goods	5,065,491
Finished goods, beginning of the period	321,255
Other deductions	(1,639,191)
Finished goods, end of the period	(441,322)
Cost of sales	3,306,233
Add: Impairment loss and obsolescence on inventory	79,723
Less: income from sale of scraps	(25,437)
Less: other costs	24,838
Operating cost	$ 3,385,357

Actron Technology Corporation

Statement of manufacturing overhead

For the year ended December 31, 2023

Table 10 Unit: NT$ thousand

Item	Amount
Depreciation expense	$ 182,384
Indirect labor	98,556
Consumable expense	88,696
Utilities expense	79,288
Other expenses (sum of others not exceed 5%)	69,050
	$ 517,974

Actron Technology Corporation

Statement of selling and marketing expenses

For the year ended December 31, 2023

Table 11 Unit: NT$ thousand

Item	Amount
Salaries	$ 28,704
Shipment	20,287
Commission	6,565
Export fee	5,270
Other expenses (sum of others not exceed 5%)	17,370
	$ 78,196

Actron Technology Corporation

Statement of administrative expenses

For the year ended December 31, 2023

Table 12 Unit: NT$ thousand

Item	Amount
Salaries	$ 107,757
Depreciation expense	30,668
Utilities expense	18,371
Insurance expense	15,016
Other expenses (sum of others not exceed 5%)	78,720
	$ 250,532

Actron Technology Corporation

Statement of research and development expenses

For the year ended December 31, 2023

Table 13 | Unit: NT$ thousand

Item	Amount
Salaries	$ 204,255
Depreciation expense	97,674
Consumable expense	53,680
Other expenses (sum of others not exceed 5%)	91,064
	$ 446,673

Attachment 2

2023 Consolidated Financial Statementse

Attachment 2

Stock Code: 8255

Actron Technology Corporation and Subsidiaries

Consolidated Financial Statements with Independent Auditors' Report

For the Years Ended December 31, 2023 and 2022

Address: 1F., No. 22, Sec. 2, Nankan Rd., Luzhu Dist.,

Taoyuan City

Tel: (03)3115555

The independent auditors' review 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' review report and consolidated financial statements, the Chinese version shall prevail.

Attachment 2

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Attachment 2

Declaration of consolidation of financial statements of affiliates

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2023(From January 1, 2023 to December 31, 2023) are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards No. 10. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Hereby declare

Company Name: Actron Technology Corporation

Responsible person: Dang-Liang Yao

February 23, 2024

Independent Auditors' Report

To the Board of Directors and Shareholders of Actron Technology Corporation:

Opinion

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

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 the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. 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 Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the Group's 2023 consolidated financial statements. The matter was addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on the matter.

Key audit matter for the Group's 2023 consolidated financial statements is stated as follows:

<u>Sales revenue</u>

<u>Description of key audit matter</u>

Manufacturing and sales of automotive electronic parts constitute the majority of the Group's sales revenue, which fluctuates with the sales to some particular customers. In consideration of the significant impact of particular sales revenue on the Group's financial performance, we focused on the occurrence of its sales revenue from some particular customers as the key audit matter of our annual audit of this year.

The audit procedures for the matter included:

1. We understood and evaluated the accounting policies in recognition of sales revenue.
2. We understood and evaluated the effectiveness of internal control relevant to the occurrence of sales revenue.
3. We conducted the sample testing on the said particular sales revenue by examining relevant internal and external documents to prove the fact of shipping

and testing for any irregularity of subsequent cash receipts to confirm the actual occurrence of the year's sales revenue.

Other Matters

We did not audit the financial statements of Bigbest Solutions, Inc. and Mosel Vitelic Inc., subsidiaries included in the Group's consolidated financial statements, which were audited by other auditors. Therefore, the amounts related to Bigbest Solutions, Inc. and Mosel Vitelic Inc.'s financial statements, in our opinion expressed herein, are based solely on the audit reports of the auditors. The total assets of Bigbest Solutions, Inc. and Mosel Vitelic Inc. amounted to $3,612,308 thousand and $356,043 thousand, representing 23% and 4% of the related consolidated totals as of December 31, 2023 and 2022, respectively, and total operating revenues amounted to $676,518 thousand and $329,575 thousand, constituting 12% and 8% of the related consolidated totals for the years then ended, respectively. As disclosed in Note 12, We did not audit the financial statements of investments accounted for under the equity method included in the consolidated financial statements, which were audited by other auditors. Therefore, the related investment amounts and share of profit of associates accounted for under the equity method in the aforementioned companies in our opinion expressed herein, are recognized based solely on the reports of the other auditors. The total investments in aforementioned associates accounted for using the equity method audited by other auditors amounted to $1,440,318 thousand and $1,311,702 thousand, representing 9% and 13% of the related consolidated totals as of December 31, 2023 and 2022, respectively. The related share of profit of the aforementioned associates accounted for using the equity method amounted to $60,705 thousand and $99,537 thousand, constituting 5% and (32)% of the consolidated total comprehensive income for the years then ended, respectively.

We have audited and expressed an unqualified opinion with other matter paragraph on the parent company only financial statements of Actron Technology Corporation as of and for the years ended December 31, 2023 and 2022.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC and SIC endorsed and issued into effect by the Financial Supervisory Commission, 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards 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 auditing standards, we exercise professional judgment and 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 the 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 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 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 Group's 2023 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte Taiwan

Partner Meng Chieh Chiu	Partner Ming Hsien Liu
Financial Supervisory Commission Certificate Jin-Guan-Zheng-Shen-Zi No. 1020025513	Financial Supervisory Commission Certificate Jin-Guan-Zheng-Shen-Zi No. 1100356048

February 23, 2024

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

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

Actron Technology Corporation and Subsidiaries

Consolidated balance sheets

December 31, 2023 and 2022

Unit: NT$ thousand

Code	Asset	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current asset				
1100	Cash and cash equivalents (Note 6)	$ 1,920,457	13	$ 784,443	8
1136	Financial assets at amortized cost - current (Note 8 and 32)	966,134	6	57,346	1
1170	Trade receivables (Note 9)	1,015,016	7	823,935	8
1200	Other receivables	44,657	-	27,460	-
1220	Current tax assets	4,520	-	-	-
130X	Inventories (Note 10)	1,217,420	8	800,048	8
1470	Other current assets (Note 17 and 33)	43,567	-	166,421	2
11XX	Total current assets	5,211,771	34	2,659,653	27
	non-current assets				
1517	Financial assets at fair value through other comprehensive income -non-current (Note 7)	984,006	7	626,125	6
1535	Financial assets at amortized cost - non-current (Note 8 and 32)	18,412	-	501	-
1550	Investments accounted for using the equity method (Note 12)	2,789,250	18	2,223,415	23
1600	Property, Plant and Equipment (Note 13 and 32)	4,302,105	28	3,212,069	33
1755	Right-of-use assets (Note 14)	356,323	2	36,273	-
1805	Goodwill (Note 15)	1,137,538	7	225,142	2
1821	Intangible assets (Note 16)	8,426	-	11,479	-
1840	Deferred tax assets (Note 24)	94,515	1	38,681	-
1915	Prepayments for equipment	494,301	3	589,305	6
1990	Other non-current assets (Note 17, 21 and 33)	16,989	-	245,620	3
15XX	Total non-current assets	10,201,865	66	7,208,610	73
1XXX	Total assets	$15,413,636	100	$ 9,868,263	100

Code	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities				
2100	Short-term borrowings (Note 18)	$ 1,350,100	9	$ 1,700,010	17
2150	Notes payable	163	-	267	-
2170	Trade payables	622,185	4	298,897	3
2180	Trade payables - related parties (Note 31)	89,434	-	166,976	2
2200	Other payables (Note 19)	632,299	4	373,293	4
2230	Current tax liabilities (Note 24)	104,535	1	109,677	1
2280	Lease liabilities - current (Note 14)	16,239	-	5,311	-
2305	Guarantee deposits - current	145,487	1	-	-
2320	Current liabilities -current portion (Note 18 and 32)	196,667	1	192,099	2
2399	Other current liabilities	122,544	1	37,802	-
21XX	Total current liabilities	3,279,653	21	2,884,332	29
	non-current liabilities				
2530	Corporate bonds payable (Note 20)	762,039	5	-	-
2540	Long-term borrowings (Note 18 and 32)	753,333	5	1,179,412	12
2570	Deferred tax liabilities (Note 24)	101,906	1	19,925	-
2580	Lease liabilities - non-current (Note 14)	328,639	2	1,788	-
2640	Defined benefit liabilities - non-current, net (Note 21)	6,585	-	-	-
2645	Guarantee deposits - non-current	147,231	1	-	-
25XX	Total non-current liabilities	2,099,733	14	1,201,125	12
2XXX	Total liabilities	5,379,386	35	4,085,457	41
	Equity attributable to owners of the parent company (Note 22)				
	Share capital				
3110	Ordinary shares	1,014,475	7	914,470	9
3200	Capital surplus	3,317,903	22	1,747,491	18
	Retained earnings				
3310	Legal reserve	763,987	5	706,576	7
3350	Undistributed earnings	1,901,258	12	1,590,158	16
3300	Total retained earnings	2,665,245	17	2,296,734	23
	Other equity				
3410	Exchange difference on translating foreign operations	(23,206)	-	(15,365)	-
3420	Unrealized gain (loss) of financial assets at fair value through other comprehensive income	1,136,455	7	554,876	6
3460	Estimated employee compensation	(7,097)	-	-	-
3400	Total other equity	1,106,152	7	539,511	6
31XX	Total equity attributable to owners of the parent company	8,103,775	53	5,498,206	56
36XX	Non-controlling interests	1,930,475	12	284,600	3
3XXX	Total equity	10,034,250	65	5,782,806	59
	Total liabilities and equity	$15,413,636	100	$ 9,868,263	100

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche Auditors' Report dated February 23, 2024)

Chairman: Dang-Liang Yao　　Manager: Hsien-Chung Wu　　Accountant: Mei-Ying Chiu

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

Actron Technology Corporation and Subsidiaries

Consolidated statements of comprehensive income

For the years ended December 31, 2023 and 2022

Unit: In thousands of New Taiwan Dollars, except that Earnings Per Share are stated in NT$

Code		2023 Amount	2023 %	2022 Amount	2022 %
4000	Net operating revenue	$ 5,648,694	100	$ 4,197,839	100
5000	Cost of sales (Note 10, 23 and 31)	(4,270,676)	(75)	(2,992,803)	(71)
5900	Gross profit	1,378,018	25	1,205,036	29
	Operating expenses (Note 23)				
6100	Selling and marketing expenses	(111,364)	(2)	(88,384)	(2)
6200	Administrative expenses	(392,490)	(7)	(321,559)	(8)
6300	Research and Development expenses	(566,441)	(10)	(397,804)	(9)
6450	Expected credit losses	(182)	-	(1,316)	-
6000	Total operating expenses	(1,070,477)	(19)	(809,063)	(19)
6900	Operating income	307,541	6	395,973	10
	Non-operating income and expenses (Note 23)				
7100	Interest income	49,225	1	6,172	-
7190	Other income	57,089	1	42,459	1
7020	Other gains and losses	268,138	5	77,830	2
7050	Finance costs	(93,549)	(2)	(32,092)	(1)
7060	Share of profit of investment in associates and joint ventures accounted for using equity method	125,943	2	158,024	4
7000	Total non-operating income and expenses	406,846	7	252,393	6
7900	Profit before tax	714,387	13	648,366	16
7950	Income tax expense (Note 24)	(102,625)	(2)	(76,190)	(2)
8200	Net profit for the year	611,762	11	572,176	14

(to be continued)

(continued)

Code		2023 Amount	2023 %	2022 Amount	2022 %
	Other comprehensive income				
8310	Items not reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plan	$ 2,802	-	$ 5,425	-
8316	Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	163,896	3	(174,821)	(4)
8320	Share of other comprehensive income of associates and joint ventures accounted for using the equity method	424,700	7	(715,734)	(17)
8349	Income tax relating to items that will not be reclassified	283	-	(1,085)	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange difference on translating foreign operations	(7,841)	-	6,222	-
8300	Other comprehensive income for the year, net of income tax	583,840	10	(879,993)	(21)
8500	Total comprehensive income for the year	$ 1,195,602	21	($ 307,817)	(7)
	Net profit attributable to:				
8610	Owners of the parent company	$ 723,193	13	$ 560,552	14
8620	Non-controlling interests	(111,431)	(2)	11,624	-
8600		$ 611,762	11	$ 572,176	14
	Total comprehensive income (loss) attributable to:				
8710	Owners of the parent company	$ 1,308,051	23	($ 319,441)	(7)
8720	Non-controlling interests	(112,449)	(2)	11,624	-
8700		$ 1,195,602	21	($ 307,817)	(7)
	Earnings per share (Note 25)				
9710	Basic	$ 7.68		$ 6.14	
9810	Diluted	$ 7.49		$ 6.08	

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

(With Deloitte & Touche Auditors' Report dated February 23, 2024)

Chairman: Dang-Liang Yao Manager: Hsien-Chung Wu Accountant: Mei-Ying Chiu

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

Actron Technology Corporation and Subsidiaries

Consolidated statements of changes in equity

For the years ended December 31, 2023 and 2022

Unit: NT$ thousand

		Equity attributable to owners of the parent company								
				Retained earnings		Other equity				
Code		Ordinary shares	Capital surplus	Legal reserve	Undistributed earnings	Exchange difference on translating foreign operations	Unrealized gain (loss) of financial assets at fair value through other comprehensive income	Estimated employee compensation	Non-controlling interests	Total equity
A1	Balance on January 1, 2022	$ 914,570	$ 1,747,150	$ 659,284	$ 1,429,165	($ 21,587)	$ 1,450,903	($ 1,688)	$ 272,922	$ 6,450,719
	Appropriation of 2021 earnings									
B1	Legal reserve	-	-	47,292	(47,292)	-	-	-	-	-
B5	Cash dividend	-	-	-	(365,828)	-	-	-	-	(365,828)
C7	Changes in equity of investment in associates and joint ventures accounted for using equity method	-	(3,995)	-	(860)	-	4,609	246	-	-
C17	Exercise of right of disgorgement	-	1,024	-	-	-	-	-	-	1,024
N1	Share-based payment transactions	-	4,032	-	-	-	-	1,122	54	5,208
T1	Cancellation of restricted shares	(100)	(720)	-	-	-	-	320	-	(500)
D1	Net income for the year ended December 31, 2022	-	-	-	560,552	-	-	-	11,624	572,176
D3	Other comprehensive income for the year ended December 31, 2022	-	-	-	14,421	6,222	(900,636)	-	-	(879,993)
D5	Total comprehensive income for the year ended December 31, 2022	-	-	-	574,973	6,222	(900,636)	-	11,624	(307,817)
Z1	Balance on December 31, 2022	914,470	1,747,491	706,576	1,590,158	(15,365)	554,876	-	284,600	5,782,806
	Appropriation of 2022 earnings									
B1	Legal reserve	-	-	57,411	(57,411)	-	-	-	-	-
B5	Cash dividends	-	-	-	(365,788)	-	-	-	-	(365,788)
C5	Equity components recognized for the issuance of convertible corporate bonds	-	43,937	-	-	-	-	-	-	43,937
E1	Capital increase in cash	100,000	1,450,000	-	-	-	-	-	-	1,550,000
I1	Conversion of convertible corporate bonds	5	91	-	-	-	-	-	-	96
M3	Disposal of investments accounted for using the equity method	-	-	-	10,980	-	(10,980)	-	-	-
M7	Changes in percentage of ownership interest in subsidiaries	-	5,912	-	-	-	(14)	(7,455)	11,557	10,000
N1	Share-based payment transactions	-	70,472	-	-	-	-	358	840	71,670
O1	Acquisition of a subsidiary	-	-	-	-	-	-	-	1,747,700	1,747,700
O1	Cash dividend of subsidiaries	-	-	-	-	-	-	-	(1,773)	(1,773)
D1	Net profit (loss) for the year ended December 31, 2023	-	-	-	723,193	-	-	-	(111,431)	611,762
D3	Other comprehensive income for the year ended December 31, 2023	-	-	-	126	(7,841)	592,573	-	(1,018)	583,840
D5	Total comprehensive income for the year ended December 31, 2023	-	-	-	723,319	(7,841)	592,573	-	(112,449)	1,195,602
Z1	Balance on December 31, 2023	$ 1,014,475	$ 3,317,903	$ 763,987	$ 1,901,258	($ 23,206)	$ 1,136,455	($ 7,097)	$ 1,930,475	$ 10,034,250

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche Auditors' Report dated February 23, 2024)

Chairman: Dang-Liang Yao Manager: Hsien-Chung Wu Accountant: Mei-Ying Chiu

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

Actron Technology Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

Unit: NT$ thousand

Code		2023	2022
	Cash flows from operating activities		
A00010	Profit before tax	$ 714,387	$ 648,366
A20010	Adjustments for:		
A20100	Depreciation expenses	419,856	319,795
A20200	Amortization expenses	6,897	9,271
A20300	Expected credit losses	182	1,316
A20900	Finance costs	93,549	32,092
A21200	Interest income	(49,225)	(6,172)
A21300	Dividend income	(18,191)	(18,396)
A21900	Compensation cost related to share-based payment	71,670	5,096
A22300	Share of profit of investment in associates and joint ventures accounted for using equity method	(125,943)	(158,024)
A23200	Gain on disposal of investments accounted for using the equity method	(672,871)	-
A22500	Gain (loss) on disposal of property, plant and equipment	(4,719)	27,287
A23700	Impairment loss and obsolescence on inventory	99,486	9,555
A23700	Impairment loss on non-financial assets	176,884	-
A23700	Impairment loss on goodwill	225,142	-
A24100	Net loss (gain) on foreign currency exchange	910	(4,417)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	-	6,950
A31150	Trade receivables	(7,955)	(237,502)
A31180	Other receivables	(9,454)	9,295
A31200	Inventory	(236,739)	(74,480)
A31240	Other current assets	103,747	(48,949)
A31990	Other non-current assets	-	(979)
A32130	Notes payable	(111)	106
A32150	Trade payables	178,413	43,151
A32160	Trade payables to related parties	(19,258)	51,490
A32180	Other payables	(45,870)	54,051
A32230	Other current liabilities	39,528	(599)
A32240	Net defined benefit liabilities	(7,802)	-
A33000	Net cash generated from operating activities	932,513	668,303
A33100	Interest received	45,477	5,472
A33200	Dividend received	243,683	91,950
A33300	Interest paid	(88,473)	(30,612)
A33500	Income tax paid	(82,694)	(65,148)
AAAA	Net cash inflows from operating activities	1,050,506	669,965

(to be continued)

(continued)

Code		2023	2022
	Cash flows from investing activities		
B00010	Purchases of financial assets at fair value through other comprehensive income	$ -	($ 101,200)
B00040	Purchases of financial assets at amortized cost	(261,118)	-
B00050	Disposal of financial assets at amortized cost	-	15,575
B01800	Acquisition of investments accounted for using the equity method	(1,491,750)	(737,299)
B02200	Acquisition of a subsidiary, net of cash acquired	1,538,270	-
B02700	Purchases of property, plant and equipment	(481,653)	(338,174)
B02800	Proceeds from disposal of property, plant and equipment	5,157	3,876
B03800	Decrease in refundable deposits	19,079	39,541
B04500	Purchases of intangible assets	(3,639)	(740)
B02000	Increase in prepayments for investments	-	(171,385)
B07100	Increase in prepayments for equipment	(277,551)	(125,314)
BBBB	Net cash outflows from investing activities	(953,205)	(1,415,120)
	Cash flows from financing activities		
C00100	Proceeds from short-term borrowings	-	291,785
C00200	Decrease in short-term borrowings	(349,910)	-
C00600	Decrease in short-term notes and bills payable	-	(100,000)
C01200	Issuance of corporate bonds	800,740	-
C01600	Proceeds from long-term borrowings	3,510,000	1,800,000
C01700	Repayments of long-term borrowings	(3,931,511)	(1,286,446)
C03100	Decrease in guarantee deposits received	(59,850)	(1,100)
C04020	Repayments of the principal portion of lease liabilities	(12,145)	(6,720)
C04500	Dividend payments	(365,788)	(365,828)
C04600	Capital increase in cash	1,550,000	-
C05400	Cancellation of restricted shares	-	(500)
C05800	Change in non-controlling interests	(101,005)	-
C09900	Exercise of right of disgorgement	-	1,024
CCCC	Net cash inflows from financing activities	1,040,531	332,215
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	(1,818)	1,046
EEEE	Increase (decrease) in cash and cash equivalents	1,136,014	(411,894)
E00100	Cash and cash equivalents at the beginning of the year	784,443	1,196,337
E00200	Cash and cash equivalents at the end of the year	$ 1,920,457	$ 784,443

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

(With Deloitte & Touche Auditors' Report dated February 23, 2024)

Chairman: Dang-Liang Yao Manager: Hsien-Chung Wu Accountant: Mei-Ying Chiu

Actron Technology Corporation and Subsidiaries

Notes to consolidated financial statements

For the years ended December 31, 2023 and 2022

(Unless otherwise stated, in thousands of New Taiwan Dollars)

1. History

Actron Technology Corporation (the "Company") was established in November, 1998 in accordance with the Company Act of the Republic of China. The Company's main businesses are (1) manufacture of power generation, transmission and distribution machinery; (2) wholesale of electronic materials; (3) retail sale of electronic materials; (4) manufacture export; (5) international trade; (6) manufacture of electronic components.

The Company's shares have been listed on the Taipei Exchange since April, 2006.

The consolidated financial statements of the Company and its subsidiaries, hereto forth collectively referred to as the Group, are presented in the Company's functional currency, the New Taiwan Dollar.

Since October 2023, the Company's ultimate parent company has been Sino-American Silicon Products Inc. (referred to as "Sino-American Silicon").

2. Date and procedures for approval of financial statements

These consolidated financial statements were approved by the board of directors on February 23, 2024.

3. Application of new, amended and revised standards and interpretations

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

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

(2) IFRSs endorsed by the FSC for application starting from 2024

New, amended and revised standards and interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Lease Liability in A Sale-and-Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above new, amended and revised standards and interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee applies the amendments to IFRS16 retrospectively to sale and leaseback transactions entered into after the date of initial application.

Note 3: The initial application of the amendments is exempted from certain disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on its assessment.

(3) New IFRSs in issue by IASB but not yet endorsed and issued into effect by the FSC

New, amended and revised standards and interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9—Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above new, amended and revised standards and interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied for annual reporting periods beginning on or after January 1, 2025. When the amendments are applied for the first time, the effect will be recognized in the retained earnings on the date of the initial application. When the consolidated company uses a non-functional currency as the presentation currency, the effect will be adjusted with respect to the exchange differences of foreign operations under equity on the date of initial application.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. Summary of significant accounting policies

(1) Statement of compliance

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

(2) Basis of preparation

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

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

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

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

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets expected to be realized within 12 months after the reporting date; and
3. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current liabilities includes:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities due to be settled within 12 months after the reporting date, and
3. Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

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

(4) Basis of consolidation

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

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

Please refer to Note 11 and Table 6 for detailed information on subsidiaries, percentage of ownership and main business activity.

(5) Business combinations

The acquisition method is used for all business combinations. All costs associated with an acquisition must be expensed in the period such costs incur and services received.

Goodwill is measured as the difference between the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests, and the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree, and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests having present ownership interests in the acquiree that entitle holders to a proportionate share of the entity's net assets in the event of a liquidation are measured at the non-controlling interest's proportionate share of identifiable net assets of the acquiree recognized. Other non-controlling interests are measured at fair value.

When a business combination is achieved in stages, the Group remeasures any previously held interest at fair value at the acquisition date. Any resultant gain or loss is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized on the same basis as would be required if the Group directly disposed of those interests.

When the initial accounting for a business combination is incomplete for identifiable assets acquired and liabilities assumed by the end of the first reporting period, the amounts recognized in the financial statements for the business combination are determined provisionally. Adjustments to provisional amounts and the recognition of newly identified assets and liabilities are made within the measurement period, where they reflect new information obtained about facts and circumstances that were in existence at the acquisition date.

(6) Foreign currency

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

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

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

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.

In preparation of the consolidated financial statements, The assets and liabilities of foreign operations (including subsidiaries that operate in countries or have a functional currency different from those of the Company), are translated into New Taiwan Dollars at the exchange rates at the reporting date. The income and expenses are translated into New Taiwan Dollars at the average rate of the reporting period. Exchange differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

(7) Inventory

Inventories consist of raw materials, finished goods and work in progress and are measured at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. Inventory cost is determined using the weighted-average method.

(8) Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and which is not a subsidiary or a joint venture. A Joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group uses the equity method to account for its investments in associates and joint ventures.

Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate and joint venture. The Group also recognizes the changes in the Group's share of equity of associates and joint ventures.

Any excess of the costs of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate or a joint venture recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group 's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When an associate or a joint venture issues new shares and the Group subscribes for additional new shares of the associate or joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate or joint venture. The Group records such a difference as an adjustment to capital surplus - changes in equity of investment in associates and joint ventures accounted for using equity method and investment accounted for using the equity method. If the Group's ownership interest is reduced due to the additional subscription of the new shares of associate and joint venture at a percentage different from its existing ownership percentage, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint venture is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

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

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increased.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date, and the difference between the fair value and proceeds from disposal, and the carrying amount of the associate and joint venture attributable to the retained interest is recognized in profit or loss for the current period. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required if that associate and joint venture had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group shall continue to apply the equity method without remeasuring the retained interest.

Profits and losses resulting from the upstream or downstream transactions between the Group and a associate or joint venture, or sidestream transactions are recognized in the Group's consolidated financial statements only to the extent of interests in the associate and joint venture of entities that are not related to the Group.

(9) Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment under construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. These assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each fiscal year, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

(10) Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the acquisition date and subsequently measured at cost less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current fiscal year, that unit shall be tested for impairment before the end of the current fiscal year. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversible in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal.

(11) Intangible assets

1. Intangible assets acquired separately

   Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis within useful lives. The estimated useful lives, residual values and amortization methods are reviewed at the end of each fiscal year, with the effects of any changes in the accounting estimates for on a prospective basis.

2. Derecognition

   On derecognition of an intangible assets, the difference between the disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(12) Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit, less amortization or depreciation. A reversal of an impairment loss is recognized in profit or loss.

(13) Financial instruments

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

On initial recognition of a financial asset or a financial liability, if the financial asset or financial liability is not measured at fair value through profit or loss, it is measured at fair value plus any transaction costs directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

(1) Measurement category

The Group's financial assets are classified into the following categories: financial assets at fair value through profit or loss

("FVTPL"), financial assets at amortized cost and equity instruments at fair value through other comprehensive income ("FVTOCI").

A. Financial assets at FVTPL

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividend or interest earned on the financial assets are recognized as other income and interest income. Any gains or losses arising on remeasurement are recognized in other profit or loss. Fair value is determined in the manner described in Note 30.

B. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents and trade receivables at amortized cost, are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

a. Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.
b. Financial asset that has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset from the second reporting period after the impairment.

A financial asset is credit impaired when: there are significant financial difficulty of the issuer or borrower or a breach of contract; it is probable that the borrower will enter bankruptcy or other financial reorganization; or the disappearance of an active market for a financial asset due to financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

C. Equity instruments at FVTOCI

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

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

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

(2) Impairment of Financial assets

The Group measures the impairment loss based on expected credit losses ("ECLs") on financial assets at amortized cost (including trade receivables) on each balance sheet date.

The Group measures a loss allowance at an amount equal to lifetime ECLs on trade receivables. For other financial assets, the Group recognizes the loss allowance for 12 months ECLs if there has not been a significant increase in credit risk since initial recognition or recognizes the loss allowance for the lifetime ECLs if such credit risk has significant increased since initial recognition.

ECLs reflect the weighted average of credit losses with the respective risks of a default occurring. 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. In contrast, lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

The Company recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

(3) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss is transferred directly to retained earnings, without recycling through profit or loss.

2. Equity instruments

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

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

Repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3. Financial liabilities
   (1) Subsequent measurement

   The Group's all financial liabilities are measured at amortized cost using the effective interest method.

   (2) Derecognition of financial Liabilities

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

4. Convertible corporate bonds

   The components of the compound financial instruments (convertible corporate bonds) issued by the Company are classified as financial liabilities and equity based on the substance of the contractual agreement and the definitions of a financial liability and an equity instrument at the time of initial recognition.

   At the time of initial recognition, the fair value of a liability component is estimated using the prevailing market interest rate of a similar non-convertible instrument. It is measured at amortized cost calculated using the effective interest method before the conversion or maturity date. Liability components embedded in non-equity derivatives are measured at fair value.

   Conversion options classified as equity are equal to the remaining amount of the fair value of the compound instruments as a whole less the fair value of the liability components determined separately. The conversion options net of the income tax effect are recognized as equity and not subsequently measured. When the conversion options are exercised, their related liability components and the amount in equity will be transferred to share capital and capital reserves - issuance premium. If the conversion option of convertible corporate bonds has not been exercised on the maturity date, the amount recognized in equity will be transferred to capital reserves - issuance premium.

The transaction cost related to the issuance of the convertible corporate bonds is amortized to the liability (included in the carrying amount of liabilities) and equity components (included in equity) of the instruments in proportion to the total proceeds.

(14) Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from sale of goods

According to contracts, sales of goods and trade receivables are recognized as revenue on shipment or when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over setting price and rights of use, has the primary responsibility for sales to future customers and bears the risks of obsolescence.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

Wafer foundry services

The Group provides wafer foundry services. Service revenue is recognized as revenue in the financial reporting period in which the services are provided to the customer. Revenue from fixed-price contracts is recognized based on the proportion of services provided as of the balance sheet date to all services provided. The completion proportion of services is determined based on the proportion of the actual costs incurred to the estimated total costs. The customer pays the contract price in accordance with the agreed payment schedule. When the services provided by the Group exceed the amount payable by the customer, a contract asset is recognized. If the amount payable by the customer exceeds the services provided by the Group, a contract liability is recognized.

The Group's estimates of revenue, costs and completion rates are revised as circumstances change. Any increase or decrease in estimated revenue or costs resulting from a change in estimates is reflected in profit or loss in the period in which the circumstances leading to a revision become known to the management.

(15) Leases

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

1. The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2. The Group as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, including fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term resulting in a change in the amounts expected to be payable, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

(16) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the costs of these assets, until the time when substantially all of the activities necessary to prepare the asset for its intended use or sale are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, borrowing costs are recognized in profit or loss in the period in which they are incurred.

(17) Government Grants

Government grants are recognized when there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

(18) Employee benefits

1. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including service costs for current period) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense on occurrence. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

(19) Share-based payment agreement

Restricted shares granted to employees

The fair value at the grant date of restricted shares is expensed over the vesting period, based on the Group's best estimates of the number of shares that are expected to ultimately vest, with a corresponding adjustment to capital surplus - employee stock options and other equity (unearned employee compensation). It is recognized as an expense in full at the grant date if vested immediately.

When the Group issues restricted shares, it recognizes in other equity (unearned employee compensation) with a corresponding increase in capital surplus - restricted shares.

The Group adjusts its estimation of the number of restricted shares that are expected to ultimately vest on each balance sheet date. The effect of any change to the estimation is recognized in profit or loss where the accumulated expenses ultimately reflects the overall adjustment to its estimation with a corresponding change in capital surplus - restricted shares.

Employee stock warrants granted to employees

The fair value of equity instrument at the grant date of employee stock warrants is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares that are expected to ultimately vest, with a corresponding adjustment to capital surplus - employee stock warrants. It is recognized as an expense in full at the grant date if vested immediately.

The Company adjusts its estimation of the number of employee stock warrants expected to vest on each balance sheet date. The effect of any change to the estimation is recognized in profit or loss where the accumulated expenses ultimately reflects the overall adjustment to its estimation with a corresponding change in capital surplus - employee stock warrants.

(20) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1. Current income tax

   Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

   According to the Income Tax Act in the R.O.C, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

   Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2. Deferred tax

   Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

   Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences.

   Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

   The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

3. Current and deferred tax

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively. The current and deferred taxes arising from business combination, the effect to income taxes are treated using the accounting for business combinations.

5. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions about information that are not readily apparent from other sources. Actual results may differ from these estimates.

In developing critical accounting estimates, revisions to the estimates are recognized in the period in which they are made if they affect only that period; they are recognized in the period in which they are made and future periods if they affect both current and future periods. The management will continuously review estimates and underlying assumptions.

6. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and petty cash	$ 637	$ 800
Checking accounts and demand deposits	947,525	660,803
Cash equivalents		
Bonds sold under repurchase agreement	475,734	122,840
Time deposits with original maturity within three months	496,561	-
	$ 1,920,457	$ 784,443

The interest rate ranges for demand deposits, bonds sold under repurchase agreement and time deposits with original maturity within three months on the balance sheet date are as follows:

	December 31, 2023	December 31, 2022
Demand deposits	0% ~ 5.2%	0% ~ 3.8%
Cash equivalents		
Bonds sold under repurchase agreement	1.25% ~ 5.5%	4.10% ~ 4.35%
Time deposits with original maturity within three months	3.1% ~ 5.78%	-

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

	December 31, 2023	December 31, 2022
Domestic investments	$ 699,354	$ 493,750
Foreign investments	284,652	132,375
	$ 984,006	$ 626,125

The above investments are held for medium to long-term strategic purposes and expected to generate return over the long run. Accordingly, the management elected to designate these investments as at financial assets at fair value through other comprehensive income as it believes that recognizing the short-term fluctuations of fair value in profit or loss would not be consistent with the Group's long-term investment strategy.

8. Financial assets at amortized cost

	December 31, 2023	December 31, 2022
Current		
Time deposits with original maturity over three months and restrictions on use	$ 953,884	$ 43,096
Pledged time deposits	12,250	14,250
	$ 966,134	$ 57,346
Non-current		
Pledged time deposits	$ 18,412	$ 501

(1) As of December 31, 2023 and 2022, the market annual interest rate ranges for the aforementioned time deposits were 0.013% ~ 5.2% and 0.975% ~ 1.75%, respectively.

(2) Please refer to Note 32 for information related to investments in financial assets at amortized cost pledged as securities.

9. Trade receivables

	December 31, 2023	December 31, 2022
Trade receivables		
At amortized cost		
Gross carrying amount	$ 954,767	$ 780,279
Less: Allowance for impairment loss	(2,265)	(2,083)
	952,502	778,196
At fair value through profit or loss	62,514	45,739
	$ 1,015,016	$ 823,935

(1) Trade receivables at amortized cost

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The lifetime expected credit losses are estimated by reference to the past default history of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the overall economic condition and industry outlook. As of December 31, 2023 and 2022, the expected credit loss rates on trade receivables were both 0.01% ~ 100%.

The Group writes off a trade receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery, such as liquidation of the debtor; for trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss.

The aging of trade receivables was as follows:

	December 31, 2023	December 31, 2022
Not past due	$ 910,433	$ 653,200
Past due within 60 days	41,216	126,124
Past due 61 to 90 days	726	908
Past due 91 to 120 days	1,929	-
Past due over 121 days	463	47
Total	$ 954,767	$ 780,279

The aging of trade receivables above was based on number of past due days.

The movements of the loss allowance of trade receivables were as follows:

	2023	2022
Beginning balance	$ 2,083	$ 767
Add: Impairment loss for the period	182	1,316
Ending balance	$ 2,265	$ 2,083

(2) Trade receivables at fair value through profit or loss

The Group will sell its trade receivables at fair value through profit or loss to banks without recourse, and the risk and return associated to these trade receivables are mostly transferred to banks upon the sale resulting in the derecognition of these trade receivables from the balance sheet. The objective of the Group's business model is not to hold these trade receivables to collect the contractual cash flows or achieve objective by both collecting contractual cash flows and selling financial assets, so these trade receivables are measured at fair value.

10. Inventory

	December 31, 2023	December 31, 2022
Finished good	$ 419,173	$ 309,459
Work in progress	263,082	164,390
Raw materials	535,165	326,199
	$ 1,217,420	$ 800,048

The costs of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 were NT$4,270,676 thousand and NT$2,992,803 thousand, respectively. The impairment and obsolescence losses on inventories included in cost of goods sold were NT$99,486 thousand and NT$9,555 thousand, respectively.

11. Subsidiaries

(1) Subsidiaries included in consolidated financial statements

The entities included in these consolidated financial statements are as follows:

Investor	Subsidiary	Main business activity	% of Ownership December 31, 2023	% of Ownership December 31, 2022	Remark
The Company	Ding-Wei Technology Co., Ltd.	Manufacture of electronic components and motor parts	100%	100%	-
The Company	Smooth International Limited Corporation	Investment	100%	100%	-
Smooth International Limited Corporation	Smooth Autocomponent Limited	Investment	100%	100%	-
Smooth Autocomponent Limited	Smooth Autocomponent Limited	Manufacture of motor parts	100%	100%	-
The Company	Rec Technology Corporation	Manufacture of motor parts	49%	49%	1
The Company	Bigbest Solutions, Inc.	Manufacture of motors	28%	28%	1, 3
The Company	Mosel Vitelic Inc.	Semiconductors	29%	-	2, 3, 4
Mosel Vitelic Inc.	Giant Haven Investments Ltd. （B.V.I）	Holding company	100%	-	3
Mosel Vitelic Inc.	Mou Fu Investment Consultant Ltd.	Leasing, manpower dispatch and various services	100%	-	3
Mosel Vitelic Inc.	Bou-Der Investment, Ltd.	Investment	47%	-	3, 5, 6
Mosel Vitelic Inc.	DenMOS Technology Inc.	R&D, design, manufacturing and sale of LCD driving ICs and other application-specific ICs	80%	-	3
Mou Fu Investment Consultant Ltd.	Bou-Der Investment, Ltd.	Investment	50%	-	3, 5, 6
Mou Fu Investment Consultant Ltd.	DenMOS Technology Inc.	R&D, design, manufacturing and sale of LCD driving ICs and other application-specific ICs	4%	-	3

Note 1: The Group is the single shareholder holding the largest portion of equity and had the ability to direct the relevant activities by directing and monitoring investee’s strategies on finance, operation and human resources. Thus, the investee is deemed as a subsidiary of the Company.

Note 2: The Group acquired de facto control over the said company on June 2, 2023 and had the ability to direct the relevant activities by directing and monitoring investee’s strategies on finance, operation and human resources. Thus, the investee is deemed as a subsidiary of the Company.

Note 3: The Group’s independent auditors did not audit the financial statements, which were audited by other independent directors.

Note 4: The investee is a subsidiary with a material non-controlling interest.

Note 5: The consolidated company's total consolidated shareholding in the company amounts to 97%, so it is classified as a subsidiary.

Note 6: The subsidiary Bou-Der Investment, Ltd. obtained a dissolution approval registration letter from the competent authority on November 23, 2023, and is currently undergoing liquidation procedures.

(2) Subsidiaries not included in consolidated financial statements: None.

(3) Information on additional subsidiaries with a material non-controlling interest for the period

Subsidiary	Main business location	% of Ownership and Voting Rights Held by Non-controlling Interests	
		December 31, 2023	December 31, 2022
Mosel Vitelic Inc.	Hsinchu City	71%	-

Please refer to Table 6 for information of main business location and countries of incorporation.

The summarized financial information of Mosel Vitelic Inc. below represents amounts before intragroup eliminations:

Mosel Vitelic Inc. and its subsidiaries

	December 31, 2023
Current asset	$ 2,233,790
non-current assets	1,183,198
Current liabilities	(586,333)
non-current liabilities	(466,743)
Equity	$ 2,363,912
Equity attributable to:	
Owners of the parent company	$ 698,921
Non-controlling interests of Mosel Vitelic Inc.	1,664,991
	$ 2,363,912

	From June 2 to December 31, 2023
Operating revenue	$ 850,128
Net profit for the period	($ 131,223)
Other comprehensive income	(1,470)
Total comprehensive income	($ 132,693)
Net profit attributable to:	
Owners of the parent company	($ 38,908)
Non-controlling interests of Mosel Vitelic Inc.	(92,315)
	($ 131,223)
Total comprehensive income (loss) attributable to:	
Owners of the parent company	($ 39,359)
Non-controlling interests of Mosel Vitelic Inc.	(93,334)
	($ 132,693)

12. Investments accounted for using the equity method

	December 31, 2023	December 31, 2022
Investments in Associates	$ 1,440,318	$ 1,311,702
Investments in Joint Ventures	1,348,932	911,713
	$ 2,789,250	$ 2,223,415

(1) Investments in Associates

Material Associates

			% of Ownership and Voting Rights	
Company Name	Main business activity	Main business location	December 31, 2023	December 31, 2022
Mosel Vitelic Inc.	Semiconductors	Hsinchu City	-	30%
Excelliance MOS Corporation	Semiconductors	Hsinchu City	29%	-

Considering its long-term operational development, the Group has increased its involvement in the supply chain by acquiring 19,000 thousand ordinary shares of Mosel Vitelic Inc. on November 28, 2022. On June 2, 2023, the Group had the de facto ability to direct the company's activities related to finance, business, and human resources by directing and monitoring its relevant strategies. Thus, Mosel Vitelic Inc. has been recognized as a subsidiary in the consolidated financial statements instead of an associate since June 2023. Please refer to Notes 11 and 27 for details. In addition, the Group's board of directors' meeting on January 11, 2023, approved the subscription to the ordinary shares to be issued for the cash capital increase through the private placement of Excelliance MOS Corporation, and the Company obtained 15,000 thousand ordinary shares of Excelliance MOS Corporation.

The Level 1 fair value of associate with open market price is as follow:

Company Name	December 31, 2023	December 31, 2022
Mosel Vitelic Inc.	$ -	$ 1,740,935
Excelliance MOS Corporation	$ 1,980,000	$ -

Both Excelliance MOS Corporation and Mosel Vitelic Inc. are listed companies in Taiwan. Their relevant financial information can be found on the Market Observation Post System, so their aggregate financial information is not disclosed.

(2) Investments in Joint Ventures

Material Joint Ventures

Company Name	Main business activity	Main business location
Hong Wang Investment Co., Ltd.	Investment	New Taipei City

	December 31, 2023	December 31, 2022
% of Ownership	30%	30%
% of Voting Rights	37%	37%

The Group uses the equity method to account for its investments in joint ventures above.

The summarized financial information below was prepared using the joint ventures' consolidated financial statements under IFRSs with adjustments for using the equity method.

Hong Wang Investment Co., Ltd.

	December 31, 2023	December 31, 2022
Cash and cash equivalents	$ 70	$ 1,405
Current asset	$ 70	$ 1,405
non-current assets	4,909,800	3,494,475
Current liabilities	(413,430)	(456,837)
Equity	$ 4,496,440	$ 3,039,043
The Group's percentage of ownership	30%	30%
Equity attributable to the Group	$ 1,348,932	$ 911,713
Carrying amount	$ 1,348,932	$ 911,713

	2023	2022
Operating revenue	$ 255,450	$ 200,400
Net profit for the period	$ 217,542	$ 194,957
Other comprehensive income	1,415,325	(2,417,325)
Total comprehensive income	$ 1,632,867	($ 2,222,368)

13. Property, plant and equipment

	Freehold Land	Building	Machinery Equipment	Transportation Equipment	Other Equipment	Property under construction	Total
Cost							
Balance on January 1, 2023	$ 405,764	$ 1,606,094	$ 2,233,094	$ 7,764	$ 545,705	$ 827,584	$ 5,626,005
Additions	-	189,217	839,572	2,400	52,590	7,959	1,091,738
Disposals	-	(14,224)	(54,512)	(1,674)	(13,953)	-	(84,363)
Reclassifications	-	829,873	-	-	-	(829,873)	-
Acquisition in a business combination	24,476	3,168,786	14,345,929	550	139,107	-	17,678,848
Net exchange differences	-	(4,112)	(2,299)	(7)	(1,901)	-	(8,319)
Balance on December 31, 2023	$ 430,240	$ 5,775,634	$ 17,361,784	$ 9,033	$ 721,548	$ 5,670	$ 24,303,909
Accumulated depreciation							
Balance on January 1, 2023	$ -	$ 714,892	$ 1,336,743	$ 3,324	$ 358,977	$ -	$ 2,413,936
Disposals	-	(14,224)	(54,467)	(1,674)	(13,560)	-	(83,925)
Impairment losses	-	40,904	123,808	-	11,955	-	176,667
Depreciation expenses	-	83,873	264,931	1,073	55,687	-	405,564
Acquisition in a business combination	24,476	2,814,082	14,126,407	550	126,852	-	17,092,367
Net exchange differences	-	(340)	(1,601)	(6)	(858)	-	(2,805)
Balance on December 31, 2023	$ 24,476	$ 3,639,187	$ 15,795,821	$ 3,267	$ 539,053	$ -	$ 20,001,804
Net balance on December 31, 2023	$ 405,764	$ 2,136,447	$ 1,565,963	$ 5,766	$ 182,495	$ 5,670	$ 4,302,105
Cost							
Balance on January 1, 2022	$ 405,764	$ 1,589,216	$ 1,849,952	$ 8,033	$ 481,908	$ 677,005	$ 5,011,878
Additions	-	7,124	450,328	4,400	65,178	157,084	684,114
Disposals	-	-	(68,991)	(4,675)	(2,827)	-	(76,493)
Reclassifications	-	6,505	-	-	-	(6,505)	-
Net exchange differences	-	3,249	1,805	6	1,446	-	6,506
Balance on December 31, 2022	$ 405,764	$ 1,606,094	$ 2,233,094	$ 7,764	$ 545,705	$ 827,584	$ 5,626,005
Accumulated depreciation							
Balance on January 1, 2022	$ -	$ 648,430	$ 1,184,813	$ 7,005	$ 304,826	$ -	$ 2,145,074
Disposals	-	-	(39,065)	(4,532)	(1,733)	-	(45,330)
Depreciation expenses	-	66,296	189,907	847	55,380	-	312,430
Net exchange differences	-	166	1,088	4	504	-	1,762
Balance on December 31, 2022	$ -	$ 714,892	$ 1,336,743	$ 3,324	$ 358,977	$ -	$ 2,413,936
Net balance on December 31, 2022	$ 405,764	$ 891,202	$ 896,351	$ 4,440	$ 186,728	$ 827,584	$ 3,212,069

In consideration of future business plans and the existing need for capacity and that some plant and equipment do not meet the Group's production requirement, the Group measures the recoverable amount of such assets at value in use, and the said amount fell below the carrying amount. Thus, an impairing loss of NT$176,667 thousand was recognized under other gains and losses in the consolidated statement of comprehensive income in 2023.

The Group's property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Plants	36~56 years
Mechanical and electrical equipment and engineering systems	2~56 years
Machinery Equipment	2~20 years
Transportation Equipment	4~6 years
Other Equipment	2~21 years

Please refer to Note 32 for information related to the property, plant and equipment pledged as security.

14. Lease arrangements

(1) Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying Amount		
Land	$ 323,774	$ 29,376
Building	29,137	5,963
Transportation Equipment	1,213	934
Information equipment	2,199	-
	$ 356,323	$ 36,273

	2023	2022
Additions to right-of-use assets	$ 31,661	$ 4,069
Acquisition in a business combination	$ 303,236	$ -
Depreciation expenses for right-of-use assets		
Land	$ 7,042	$ 655
Building	6,218	6,006
Transportation Equipment	742	704
Information equipment	290	-
	$ 14,292	$ 7,365

The underlying assets of the Group's leases include lands, buildings, company vehicles and digital security cameras. Except for lease contracts for lands with durations ranging between 32 and 50 years, the durations for the remaining lease contracts generally range between 2 and 5 years. Lease contracts are negotiated on an individual basis, and their terms and conditions may vary.

Except for the additions and depreciation expenses listed above, there was no major sublease or impairment of the Group's right-of-use assets for the years ended December 31, 2023 and 2022.

(2) Lease liabilities

	December 31, 2023	December 31, 2022
Carrying Amount		
Current	$ 16,239	$ 5,311
Non-current	$ 328,639	$ 1,788

Ranges of discount rate for lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Land	2.53%	-
Building	1.51% ~ 4.35%	1.51% ~ 4.35%
Transportation Equipment	0.85% ~ 1.88%	0.85% ~ 1.81%
Other Equipment	2.53%	-

(3) Other lease information

	2023	2022
Expenses relating to short-term leases	$ 8,618	$ 10,390
Expenses relating to low-value asset leases	$ 133	$ 201
Total cash (outflow) for leases	($ 25,842)	($ 17,525)

The Group applies a recognition exemption for some asset leases that were short-term and low-value and does not recognize right-of-use assets and lease liabilities for such leases.

15. Goodwill

	2023	2022
Cost		
Beginning balance	$ 283,636	$ 283,636
Acquisition in a business combination in the year (Note 27)	1,137,538	-
	$ 1,421,174	$ 283,636
Accumulated impairment		
Beginning balance	$ 58,494	$ 58,494
Recognition in the period	225,142	-
Ending balance	$ 283,636	$ 58,494
Net at the end of the period	$ 1,137,538	$ 225,142

An assessment on the recoverable amount of goodwill was carried out by the Group in 2023, and the impairment losses on goodwill as regards Bigbest Solutions, Inc. and Ding-Wei Technology Co., Ltd. were NT$88,783 thousand and NT$136,359 thousand, respectively. The recoverable amounts for Bigbest

Solutions, Inc. and Ding-Wei Technology Co., Ltd. are based on the value in use. The impairment of Bigbest Solutions, Inc. mainly arose from the unideal profitability of some products, resulting in the recoverable amount falling below the carrying amount. The products of Ding-Wei Technology Co., Ltd. are gasoline-vehicle-specific. As the market demand for gasoline vehicles in the future is expected to decline, the cash inflow in the future is estimated to fall, resulting in the recoverable amount falling below the carrying amount.

16. Other intangible assets

	December 31, 2023	December 31, 2022
Carrying amount of each category		
Software	$ 8,426	$ 11,479

Taking into account its future business plan and the existing need for capacity, the recoverable amount of the said asset's value in use has fallen below its carrying amount, so the Group has recognized an impairment loss of NT$217 thousand under other gains and losses in the consolidated statement of comprehensive income in 2023.

17. Other assets

	December 31, 2023	December 31, 2022
Current		
Overpaid sales tax	$ 9,609	$ 47,345
Refundable deposits	-	53,551
Prepayments	33,793	64,232
Others	165	1,293
	$ 43,567	$ 166,421
Non-current		
Refundable deposits	$ 16,989	$ 67,116
Prepayments for investments	-	171,385
Net defined benefit assets	-	7,119
Long-term accounts receivable	397,055	-
Long-term advance payment	58,418	-
Less: Allowance for impairment loss	(455,473)	-
	$ 16,989	$ 245,620

With regard to the polycrystalline silicon wafer purchase and sale contracts "Original Contract" and "Supplementary Agreement" between the subsidiary Mosel Vitelic Inc. (referred to as "Mosel Vitelic") and Jiangxi LDK Solar High-Tech Co., Ltd. (referred to as "LDK"), since both parties failed to reach a consensus on the unit price of polycrystalline silicon wafers, according to the terms and conditions of the "Original Contract", Mosel Vitelic informed LDK that the Contract shall be terminated automatically on April 1, 2010 and requested LDK to return the prepayment of US$28,611 thousand (under long-term accounts receivable). With regard to the dispute over the “Original Contract” and “Supplementary Agreement”, LDK filed an arbitration proceeding with the Hong Kong International Arbitration Centre. The arbitration court was established on May 27, 2011 and made a verdict with the issuance of a final decision on June 11, 2013. For the claim filed by Mosel Vitelic against LDK and the claim filed by LDK against the Company, each party received one favorable judgment and one unfavorable judgment respectively. According to the result of the arbitration, Mosel Vitelic had not breached the “Original Contract” for the unpurchased remaining quantity; however, Mosel Vitelic should indemnify the loss for the remaining unpurchased quantity according to the “Supplementary Agreement”, pay the default fine for not providing IC wafer recovery material according to the “Original Contract” and return the material recovery amount previously paid by LDK. The total amount of these three items was US$13,532 thousand, recognized under the other losses by Mosel Vitelic. In addition, regarding the payable amount of US$2,836 thousand to LDK originally credited under accounts payable and the aforementioned total amount of the three items of US$13,532 thousand of Mosel Vitelic, after offsetting with the long-term accounts receivable of US$28,611 thousand of Mosel Vitelic from LDK, the prepayment required to be returned by LDK to Mosel Vitelic was US$12,243 thousand. Accordingly, for this case, Mosel Vitelic has retained an attorney to file a petition for compulsory execution with the Intermediate People's Court of Xinyu Municipality, Jiangxi Province, the People's Republic of China, and the Court has accepted the case and informed LDK to fulfill the obligation specified in the final decision. On December 18, 2017, LDK’ reorganizer informed Mosel Vitelic to receive the credit amount of RMB 2,093 thousand. Mosel Vitelic may choose to receive payment in installments or in the form of shares. Based on the consideration of the timing and possibility of recovering such an amount and the operational status of LDK, Mosel Vitelic chose the payment in the form of shares for LDK’s debt. However, until now, Mosel Vitelic has not received any further notice from LDK, and LDK still refuses to assist Mosel Vitelic in understanding relevant matters, such that Mosel Vitelic has not yet received the debt repayment from LDK. In addition to the legal action taken in China, Mosel Vitelic has also filed compulsory execution proceedings on the assets of LDK or creditor's right in order to protect its interest. In addition, the case has been recognized by the first instance of the court in Taiwan. Although the second instance of the court reversed the judgment of the first instance of the court, the third instance of the court also reversed the judgment of the second instance of the court. Presently, the appeal of the judgment of the first instance of the court is under review by the high court in Taiwan.

After evaluating and considering the possibility of recovering the long-term accounts receivable of NT$397,055, Mosel Vitelic impaired such an account in full in 2017.

Mosel Vitelic also made a long-term advance payment of NT$58,418 thousand to Company S and recognized a loss of NT$58,418 thousand (refer to Note 33(2)).

18. Borrowings

(1) Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured borrowings		
Line of credit borrowings	$ 1,350,100	$ 1,700,010

The interest rate ranges for the revolving bank loans as of December 31, 2023 and 2022 were 1.61% ~ 2.00% and 1.25% ~ 2.05%, respectively.

(2) Long-term borrowings

	December 31, 2023	December 31, 2022
Secured borrowings		
Bank loans (Note 32)	$ -	$ 150,000
Unsecured borrowings		
Bank loans	950,000	1,220,000
Other borrowings	-	1,511
Subtotal	950,000	1,221,511
Less: portion with maturity less than 1 year	(196,667)	(192,099)
Long-term borrowings	$ 753,333	$ 1,179,412
Range of interest rates	1.60% ~ 1.76%	1.48% ~ 10%

1. The bank loans were secured by the Group's freehold land and buildings, please refer to Note 32 for the details. The use of fund is to replenish mid-to-long-term operating capital.
2. The consolidated company signed an asset sale-leaseback financing agreement amounting to RMB 7,500 thousand with Hua Nan International Leasing Co., Ltd. in June 2019. After the agreed four-year lease term expired (in June 2023), the ownership of the assets was returned unconditionally. The implicit interest rate imputed by the Company based on the contract price was 10%.

19. Other payables

	December 31, 2023	December 31, 2022
Payables for salaries and bonuses	$ 155,836	$ 121,100
Payables for equipment	84,386	19,706
Payables for annual leaves	36,017	19,169
Employees' compensation and directors' remuneration	104,199	110,800
Others	251,861	102,518
	$ 632,299	$ 373,293

20. Corporate bonds payable

	December 31, 2023	December 31, 2022
Domestic unsecured convertible corporate bonds	$ 799,900	$ -
Less: Discounts on corporate bonds	(37,861)	-
	$ 762,039	$ -

Domestic unsecured convertible corporate bonds

On August 9, 2023, the Company issued 8 thousand NTD-denominated unsecured convertible corporate bonds with a face value of NT$100 thousand each and an interest rate of 0% at 100.5% of the face value. The principal totaled NT$800,000 thousand. The issuance period is three years, starting on August 9, 2023 and ending on August 9, 2026. Yuanta Commercial Bank Co., Ltd. is the trustee of the bondholders of the convertible corporate bonds.

Unless the bondholders of the convertible corporate bonds apply for conversion to the ordinary shares of the Company or the Company repurchases the convertible corporate bonds from securities firms for cancellation, the Company will repay the convertible corporate bonds in cash on a lump sum basis within ten days after the maturity date thereof.

From the day following the expiration of three months after the date of issue of the convertible corporate bonds (November 10, 2023) to the maturity date (August 9, 2026), the bondholders may request the Company to convert the convertible corporate bonds to the ordinary shares at any time except (1) when the transfer of ordinary shares is suspended in accordance with the law; (2) during the period from 15th business day prior to the book closure date for stock grants, the book closure date for cash dividends, or the book closure date for cash capital increase subscription to the rights distribution record date; (3) from the record date for capital reduction to the day prior to the start date of the trading of new shares issued to replace old shares for the capital reduction; (4) from the start date of the cessation of conversion for the change of the face value of shares to the day prior to the start date of the trading of newly-issued shares.

August 1, 2023 was fixed as the base date for setting the conversion price of the convertible corporate bonds. The simple arithmetic mean of the closing prices of the Company's ordinary shares for either the business day, three business days, or five business days prior to the base date (excluded) is used as the base price. The base price is then multiplied by the conversion premium rate of 115.7% to calculate the conversion price (calculated and rounded up to the nearest NT$0.1). If the ex-right date or ex-dividend date is before the base date, the sample closing prices used to calculate the conversion price shall be imputed as the post-ex-right or post-ex-dividend prices; if the ex-right date or ex-dividend date falls within the period from the day the conversion is determined to the actual issue date, the conversion price shall be adjusted according to the conversion price adjustment formula. Based on the above methods, the conversion price of the convertible corporate bonds was set at NT$210 per share at issue.

Due to the issuance of ordinary shares for a cash capital increase, the conversion price shall be adjusted in accordance with the Regulations Governing the Initial Issuance and Conversion of Domestic Unsecured Convertible Corporate Bonds. As a result, the price for the initial conversion of the domestic unsecured convertible corporate bonds was adjusted from NT$210 to NT$208 on September 25, 2023.

The convertible corporate bonds include liability and equity components. The equity components are stated as capital reserves - stock warrants in equity. The effective interest rate initially recognized for the liability components was 1.8659%.

Issue proceeds (less the transaction cost and the adjustments related to income tax effects)	$ 800,740
Equity components (less the transaction cost allocated to equity and the adjustments related to income tax effects)	(43,937)
Deferred tax assets	36
Liability components on the issue date (less the transaction cost allocated to liabilities)	756,839
Interest is calculated at the effective interest rate of 1.8659%	5,296
Conversion of corporate bonds payable into ordinary shares	(96)
Liability components as of December 31, 2023	$ 762,039

21. Retirement benefit plans

(1) Defined contribution plan

The Company of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Employees of the Group's subsidiaries in Mainland China are covered as participants of the state-managed pension plan. Such subsidiaries have to contribute a certain percentage of salaries to the pension plan as fund. The Group is only responsible to contribute certain amount of fund to the state-managed pension plan.

(2) Defined benefit plan

The Company of the Group adopted the defined benefit plan under the Labor Standards Act, which is a state-managed defined contribution plan. Under this plan, pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, if the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	$ 236,504	$ 25,274
Fair value of plan assets	(229,919)	(32,393)
Net defined benefit liabilities (assets)	$ 6,585	($ 7,119)

Movement in net defined benefit liabilities (assets):

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Balance on January 1, 2023	$ 25,274	($ 32,393)	($ 7,119)
Service cost			
Service cost for the period	187	-	187
Interest expense (income)	2,026	(1,966)	60
Settlement of gains and losses	(334)	282	(52)
Recognized in profit or loss	1,879	(1,684)	195
Remeasurement			
Return on plan assets (net of amount included in net interests)	-	(1,355)	(1,355)
Actuarial loss - changes in demographic assumptions	108	-	108
Actuarial gain - changes in financial assumption	5,727	-	5,727
Actuarial gain- experience adjustments	(7,282)	-	(7,282)
Recognized in other comprehensive income	(1,447)	(1,355)	(2,802)
Benefits paid	(6,316)	6,316	-
Contributions from employer	-	(7,997)	(7,997)
Business combinations	217,114	(192,806)	24,308
Balance on December 31, 2023	$ 236,504	($ 229,919)	$ 6,585
Balance on January 1, 2022	$ 29,877	($ 30,592)	($ 715)
Service cost			
Service cost for the period	-	-	-
Interest expense (income)	149	(155)	(6)
Recognized in profit or loss	149	(155)	(6)
Remeasurement			
Return on plan assets (net of amount included in net interests)	-	(2,497)	(2,497)
Actuarial loss - changes in demographic assumptions	171	-	171
Actuarial gain - changes in financial assumption	(3,377)	-	(3,377)
Actuarial gain- experience adjustments	(278)	-	(278)
Recognized in other comprehensive income	(2,928)	(2,497)	(5,425)
Benefits paid	(1,824)	1,824	-
Contributions from employer	-	(973)	(973)
Balance on December 31, 2022	$ 25,274	($ 32,393)	($ 7,119)

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

1. Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the

return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2. Interest risk: A decrease in the treasury bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
3. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions on the valuation date were as follows:

The mortality rates for the year 2023 and 2022 were based on the sixth and fifth Taiwan Standard Ordinary Experience Mortality Table, respectively.

	December 31, 2023	December 31, 2022
Discount rate	1.25%	1.5%
Expected growth rate of salary	3%	3%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31, 2023	December 31, 2022
Discount rate		
0.25% increase	($ 5,706)	($ 762)
0.25% decrease	$ 5,898	$ 794
Expected growth rate of salary		
0.25% increase	$ 5,696	$ 769
0.25% decrease	($ 5,541)	($ 742)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31, 2023	December 31, 2022
The expected contributions to the plan for the next year	$ 13,416	$ 971
The average duration of the defined benefit obligation	9.5~11.6 years	12.3 years

22. Equity

(1) Share capital

Ordinary shares

	December 31, 2023	December 31, 2022
Number of shares authorized (in thousand shares)	300,000	300,000
Authorized share capital	$ 3,000,000	$ 3,000,000
Number of shares issued and fully paid (in thousand shares)	101,447	91,447
Share capital issued	$ 1,014,475	$ 914,470

The change in the Company's equity was mainly due to employees' resignation, the cancellation and recall of new restricted employee shares, and the resolution of the board of directors on May 3, 2023 to issue 10,000 thousand new shares at a par value of NT$10 per share for a cash capital increase. The shares were issued at a premium of NT$155 per share, and after the capital increase, the paid-in capital amounted to NT$1,014,470 thousand. The above-mentioned cash capital increase was approved and registered effectively with the Securities and Futures Bureau of the Financial Supervisory Commission on July 20, 2023, and the board of directors resolved to set September 25, 2023 as the capital increase record date. The change registration was completed in October 2023. In addition, as of December 31, 2023, the holders of the unsecured corporate bonds issued by the Company for the first time have requested to convert 480 ordinary shares at NT$208 per share. February 26, 2024 was set as the record date. The Company has not applied for a change of registration with the Ministry of Economic Affairs as of the date of approval of the release of the consolidated financial statements.

(2) Capital surplus

	December 31, 2023	December 31, 2022
Available for offsetting deficits, distributing cash or transferring to share capital (1)		
Additional paid-in capital	$ 3,182,887	$ 1,711,680
Corporate bond conversion premium	96	
Treasury Shares	27,193	27,193
Difference between consideration and carrying amount of subsidiaries acquired or disposed	3,562	3,562
Limited to offsetting deficits		
Recognized changes in ownership interests in subsidiaries (2)	5,912	-
Changes in equity of investment in associates and joint ventures accounted for using equity method	-	-
Exercise of right of disgorgement	1,024	1,024
May not be used for any purpose		
Employee stock warrants	$ 53,297	$ 4,032
Equity components of the convertible corporate bonds issued by the Company	43,932	-
	$ 3,317,903	$ 1,747,491

1. Capital surplus in this category may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash or transferred to share capital, limited to a certain percentage of the Company's paid-in capital each year.
2. This type of capital surplus represents the equity transaction effects recognized due to changes in the equity of subsidiaries that the Company has not actually acquired or disposed of, or the adjustments to the capital surplus of subsidiaries recognized by the Company using the equity method. The change in 2023 was caused by the issuance of restricted shares by the subsidiary Mosel Vitelic Inc.

(3) Retained earnings and dividend policy

The Company stipulates that the Company's board of directors is authorized to adopt a special resolution to pay distributable dividends and bonuses in the form of cash, which shall be reported to the shareholders' meeting.

In accordance with the Company's amended Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside 10% of the remaining profit as legal reserve, and setting aside or reversing a special reserve in accordance with the laws and regulations. Any remaining profit together with any undistributed retained earnings from prior years shall be used by the board of directors as the basis for proposing a distribution plan for the resolution in a shareholders' meeting. In the event that whole or part of the dividend and bonus is paid in cash, the distribution can be made by a majority vote at a board of directors' meeting attended by over two-thirds of the directors and reported to the shareholders' meeting.

The Company's dividend policy is based on the Company's earnings and considerations of the future funding needs and impact of taxation on the Company and its shareholders, as well as the Company's sustainable development and the steady growth of earnings per share. The cash dividend shall not be less than 50% of the total dividend, and the distribution shall be made after the resolution by a shareholders' meeting. Please refer to Note 23(6) "Employees' compensation and directors' remuneration" for the policy on the distribution of employees' compensation and directors' remuneration as stipulated in the Company's Articles of Incorporation.

The amendment to the Company's Articles of Incorporation was approved by its Shareholders' Meeting on May 27, 2022. It has expressly stipulated that when the Company appropriated the special capital reserve lawfully, it shall allocate an amount of special reserve for any difference between the amount it has already allocated and the amount of special reserve equal to the "cumulative amount of net increase in fair value of investment property in a preceding period" and the "cumulative net amount of other deductions from equity in a preceding period" it is required to allocate. If there remains any insufficiency, the Company shall allocate the special reserve from the amount of the after-tax net profit for the period, plus items other than after-tax net profit for the period, that are included in the undistributed earnings of the period.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021 were as follows:

	2022	2021
Legal reserve	$ 57,411	$ 47,292
Cash dividends	$ 365,788	$ 365,828
Cash dividends per share (NT$)	$ 4	$ 4

The appropriations for cash dividends above had been resolved by the Company's board of directors' meeting on March 8, 2023 and March 9, 2022, respectively; the other proposed appropriations had been resolved by the shareholders' meeting on May 26, 2023 and May 27, 2022.

The Company's appropriation of earnings for 2023 is proposed for resolution in the board of directors' meeting on February 23, 2024.

	2023
Legal reserve	$ 73,430
Cash dividends	$ 507,237
Cash dividends per share (NT$)	$ 5

The appropriations for cash dividends above had been resolved by the Company's board of directors' meeting and pended for the resolution by the shareholders' meeting to be held on May 24, 2024.

(4) Non-controlling interests

	2023	2022
Beginning balance	$ 284,600	$ 272,922
Net profit (loss) for the period	(111,431)	11,624
Other comprehensive income for the year		
Unrealized gain (loss) of financial assets at fair value through other comprehensive income	(3,977)	-
Remeasurement of defined benefit plan	2,959	-
Restricted shares	840	54
Acquisition of a subsidiary	1,747,700	-
Cash dividend of subsidiaries	(1,773)	-
Adjustment for changes in subsidiary equity accounted for using equity method	11,557	-
Ending balance	$ 1,930,475	$ 284,600

23. Profit before tax

(1) Other income

	2023	2022
Dividend income	$ 18,191	$ 18,396
Others	38,898	24,063
	$ 57,089	$ 42,459

(2) Other gains and losses

	2023	2022
Gain (loss) on disposal of property, plant and equipment	$ 4,719	($ 27,287)
Net loss (gain) on foreign currency exchange	(5,166)	106,082
Gain on disposal of investments accounted for using the equity method	672,871	-
Impairment loss on non-financial assets	(176,884)	-
Impairment loss on goodwill	(225,142)	-
Others	(2,260)	(965)
	$ 268,138	$ 77,830

(3) Finance costs

	2023	2022
Interest on bank loans	$ 83,307	$ 31,878
Interest on lease liabilities	4,946	214
Interest on corporate bonds	5,296	-
	$ 93,549	$ 32,092

(4) Depreciation and amortization

	2023	2022
Depreciation expenses by function		
Operating cost	$ 264,681	$ 186,645
Operating expense	155,175	133,150
	$ 419,856	$ 319,795
Amortization expenses by function		
Operating cost	$ 793	$ 960
Operating expense	6,104	8,311
	$ 6,897	$ 9,271

(5) Employee benefit expenses

	2023	2022
Post-employment benefits		
Defined contribution plan	$ 38,914	$ 29,142
Defined benefit plan	195	(6)
	39,109	29,136
Share-based Payment	71,670	5,096
Others employee benefits	1,265,596	869,511
Total employee benefit expenses	$ 1,376,375	$ 903,743
Summary by function		
Operating cost	$ 817,466	$ 487,404
Operating expense	558,909	416,339
	$ 1,376,375	$ 903,743

(6) Employees' compensation and directors' remuneration

According to the Articles of Incorporation, if there is profit in a fiscal year, the Company shall accrue employees' compensation and directors' remuneration as follows; however, if there is a deficit, the Company shall set aside the amount for offsetting the deficit before the appropriation. The aforementioned profit is the net profit before taxes net of employees' compensation and directors' remuneration.

1. Employees' compensation shall not be less than 5% in the form of share dividend or cash dividend by the resolution in a board of directors' meeting. The recipients include certain qualified employees of the Company's affiliates.
2. Directors' remuneration shall be no more than 3%.

The appropriation of employees' compensation and directors' remuneration shall be reported to the shareholders' meeting.

The appropriations of employees' compensation and directors' remuneration for 2023 and 2022, which were approved by the Company's board of directors on February 23, 2024 and March 8, 2023, respectively, were as follows:

	2023	2022
	Cash	Cash
Employees' compensation	$ 78,182	$ 85,238
Directors' remuneration	$ 19,200	$ 20,748

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate in the following year.

There was no difference between the actual amounts of employees' compensation and directors' remuneration paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

Information on the employees' compensation and directors' remuneration resolved by the Company's board of directors' meeting is available at the Market Observation Post System website of the Taiwan Stock Exchange.

24. Income tax

(1) Major components of income tax recognized in profit or loss are as follows:

	2023	2022
Current income tax		
In respect of the current year	$ 97,768	$ 106,125
Tax surcharge on surplus retained earnings	5,155	617
Adjustment for prior year	(26,764)	(15,280)
	76,159	91,462
Deferred tax		
In respect of the current year	26,466	(15,272)
Income tax recognized in profit or loss	$ 102,625	$ 76,190

A reconciliation of accounting profit and income tax recognized in profit or loss is as follows:

	2023	2022
Profit before tax	$ 714,387	$ 648,366
Income tax calculated using the income before income tax at the statutory rate (20%)	$ 142,877	$ 129,673
Net deductible benefits	(37,140)	(29,603)
Non-taxable income	(3,600)	(3,200)
Tax surcharge on surplus retained earnings	5,155	617
Unrecognized loss carryforwards/ deductible temporary differences	21,837	(4,474)
Effects of different tax rate applied by subsidiaries in other tax jurisdictions	($ 443)	($ 317)
Adjustment for current income tax from prior years	(26,764)	(15,280)
Elimination of investment profit by foreign operating units	703	(1,226)
Income tax recognized in profit or loss	$ 102,625	$ 76,190

(2) Deferred tax assets and liabilities

The movements of deferred tax assets and liabilities were as follows:

2023

Deferred tax assets	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Recognized directly in equity	Ending balance
Book-tax differences of sales revenue	$ 16,135	($ 7,022)	$ -	$ -	$ 9,113
Unrealized inventory loss	3,546	15,287	-	-	18,833
Payables for annual leaves	3,684	678	-	-	4,362
Unrealized asset losses	-	27,760	-	-	27,760
Others	15,316	19,095	-	36	34,447
	$ 38,681	$ 55,798	$ -	$ 36	$ 94,515

Deferred tax liabilities	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Recognized directly in equity	Ending balance
Unrealized foreign exchange gains	$ 3,285	$ 594	$ -	$ -	$ 3,879
Defined benefit plan	1,424	222	(283)	-	1,363
Investment return by foreign operating units	15,216	703	-	-	15,919
Unrealized gains on disposal of investments	-	80,745	-	-	80,745
	$ 19,925	$ 82,264	($ 283)	$ -	$ 101,906

2022

Deferred tax assets	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Recognized directly in equity	Ending balance
Book-tax differences of sales revenue	$ 8,264	$ 7,871	$ -	$ -	$ 16,135
Unrealized inventory loss	3,545	1	-	-	3,546
Payables for annual leaves	3,748	(64)	-	-	3,684
Others	5,739	9,577	-	-	15,316
	$ 21,296	$ 17,385	$ -	$ -	$ 38,681

Deferred tax liabilities	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Recognized directly in equity	Ending balance
Unrealized foreign exchange gains	$ 142	$ 3,143	$ -	$ -	$ 3,285
Defined benefit plan	143	196	1,085	-	1,424
Investment return by foreign operating units	16,442	(1,226)	-	-	15,216
	$ 16,727	$ 2,113	$ 1,085	$ -	$ 19,925

(3) Information on unused loss carryforwards

As of December 31, 2023, the loss carryfowards of subsidiaries were as follows:

Unused balance	Expiry year
$ 1,028,253	2024
926,553	2025
593,487	2026
315,025	2027
163,873	2028
522,970	2029
78,988	2030
304,876	2031
177,092	2032
$ 4,111,117	

The loss carryforwards above were not recognized in deferred tax assets.

(4) Income tax assessments

The income tax returns of the Company and its domestic subsidiaries through 2021 have been assessed by the tax authorities.

25. Earnings per share

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net profit for the year

	2023	2022
Net profit attributable to owners of the parent company	$ 723,193	$ 560,552
Effect of potentially dilutive ordinary shares:		
After-tax interest on convertible corporate bonds	4,236	-
Earnings used in the computation of diluted earnings per share	$ 727,429	$ 560,552

Shares Unit: thousands of shares

	2023	2022
Weighted average number of ordinary shares outstanding in computation of basic earnings per share	94,105	91,310
Effect of potentially dilutive ordinary shares:		
Convertible corporate bonds	1,528	-
Employee stock warrants	1,013	90
Employees' compensation	508	746
Weighted average number of ordinary shares outstanding in computation of dilutive earnings per share	97,154	92,146

If the Group settles the employees' compensation in shares or cash, the Group presumed that the entire amount of employees' compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. Share-based payment agreement

(1) The Company's restricted shares

The issuance of restricted shares was resolved by the Company's shareholders' meeting on May 30, 2018 with an actual issuance of 648 thousand shares at the issue price of NT$50 per share. The Company received the approval by the FSC on December 14, 2018 with the certificate Jin-Guan-Zheng-Fa-Zi No. 1070121188 and set October 22, 2019 as the capital increase record date for the issuance of restricted shares.

Employees who have received or subscribed the restricted shares and yet fulfilled the vesting conditions are bound by the following restrictions:

1. Employees shall not sell, pledge, transfer, grant, set guarantee or dispose of the restricted shares in any other ways.
2. The restricted shares are eligible for the dividend distribution without any restriction within the vesting period.
3. Prior to the fulfillment of vesting conditions, the restricted share holders are entitled the same rights as those of common stock holders including propose, speak, and vote in a shareholders' meeting and other shareholder's rights.
4. After issuance, restricted shares shall be immediately delivered to be under custody of trust institution. Before fulfillment of vesting conditions, employees shall not request for return of such restricted shares by any reason or method.

For those employees who fail to fulfill the vesting conditions, the Company will recall or purchase back and cancel their shares.

The vesting period for the Company's restricted shares issued in 2019 ended in October 2022.

Information of the Company's restricted shares is as follows:

	Number of shares (in thousand shares)
	2022
Beginning balance	193
Cancellation due to employee resignation for the period	(10)
Vested for the period	(183)
Ending balance	-

(2) Mosel Vitelic Inc.'s share-based Payment

1. The share-based payment agreement of Mosel Vitelic Inc. in 2023 is as follows:

Type of agreement	Grant date	Fair value (NT$)	Grant quantity	Agreed price	Contract period	Vesting conditions
Restricted share plan (Note 1)	December 11, 2023	34.65	1,000 thousand shares	-	3 years	(Note 2)

Note 1: Restricted shares issued by the Company shall not be transferred during the vesting period. However, their voting rights are not restricted. If an employee resigns or passes away not due to an occupational disaster before the vested conditions are met, the Company will take back his or her shares at the issue price and cancel them.

Note 2: 30% of the restricted shares will be vested immediately after one year and two years of service following the grant date, respectively, and the remaining 40% will be vested after three years of service. If an employee's performance in any of the three years from the grant date fails to meet the Company's performance conditions, the Company will take back the unvested shares from the employee at the issue price in the current year.

2. The details of the above share-based payment agreement are as follows:

	Number of shares (in thousand shares)
	2023
Beginning balance	-
Current grant (Note)	1,000
Vested for the period	-
Ending balance	1,000

Note: The restricted shares granted in the current period are measured based on the closing price of the stock on December 11, 2023, the grant date.

3. The Company's board of directors adopted a resolution on March 7, 2023 to issue 1,000,000 restricted shares. The record date for the issuance was set on December 11, 2023. The subscription price per share was NT$10. Before meeting the vesting conditions, employees are not allowed to transfer the restricted shares and are not entitled to share allotment and dividends. All the other rights and obligations for this issuance of ordinary shares are the same as those for the other issued ordinary shares.

(3) Employee stock warrant plan of the Company

The Company granted 3,000 thousand units of employee warrants, of which, each unit is eligible to subscribe to 1 ordinary share, in December 2022. Employees of the Company are entitled to the warrants. The term of all employee stock warrants is 6 years, and the warrant holders can exercise a specific portion of the warrants granted after 2 years after the issuance date. The exercise price of the stock warrants is 75% of the closing price of the Company's ordinary shares on the date of issuance. If any changes are made to the Company's ordinary shares, the exercise price shall be correspondingly adjusted using the specific formula.

Information on employee stock warrants is as follows:

	2023		2022	
Employee stock warrants	Unit (thousand)	Weighted average exercise price (NT$)	Unit (thousand)	Weighted average exercise price (NT$)
Outstanding at the beginning of the year	3,000	$ 115.1	-	$ -
Number of stock warrants granted in the year	-	-	3,000	115.1
Loss in the year	(50)	115.1	-	-
Number of stock warrants exercised in the year	-	-	-	-
Number of stock warrants expired in the year	-	-	-	-
Outstanding at the end of the year	2,950		3,000	
Number of stock warrants exercisable at the end of the year	-		-	
Weighted average fair value of the stock warrants granted in the year (NT$)			$ 68.09	

Information on outstanding employee stock warrants is as follows:

	December 31, 2023	December 31, 2022
Range of exercise prices (NT$)	$ 115.10	$ 115.10
Weighted average remaining term (year)	5 years	6 years

The employee stock warrants granted in December 2022 were valued using the Black-Scholes model, and the inputs used in the said model were as follows:

	December, 2022
Stock price on the grant date	NT$153.50
Exercise price	NT$115.10
Expected volatility	37.42~42.13%
Term	6 years
Expected dividend yield	0%
Risk-free rate	1.07% ~ 1.11%

(4) Shares reserved for subscription by employees in the Company’s cash capital increase

On May 3, 2023, the Company's board of directors resolved to issue 10,000 thousand new shares for a cash capital increase, and 1,380 thousand shares were reserved for subscription by employees in accordance with the Company Act. For shares that are undersubscribed or that the employees waive their rights to subscribe for, the Chairman is authorized to contact specific persons to subscribe for them.

(5) The compensation costs recognized for the years ended December 31, 2023 and 2022 were NT$71,670 thousand and NT$5,021 thousand, respectively.

27. Business combination

(1) Acquisition of a subsidiary

	Major business activities	Acquisition date	All ownership interests with voting rights/ Percentage of stake acquired (%)	Transfer of consideration
Mosel Vitelic Inc.	Semiconductors	June 2, 2023	30%	$ -

The acquisition of Mosel Vitelic Inc. by the Group is oriented on its industry strategy.

(2) Transfer of consideration

	Mosel Vitelic Inc.
Cash	$ -

(3) Assets acquired and liabilities assumed on the acquisition date

	Mosel Vitelic Inc.
Current asset	
Cash and cash equivalents	$ 1,538,270
Financial assets at amortized cost－current	647,674
Trade receivables	246,189
Inventory	280,107
Other current assets	41,566
non-current assets	
Financial assets at fair value through other comprehensive income	22,600
Financial assets at amortized cost－ non-current	17,907
Property, plant and equipment	586,481
Right-of-use assets	303,236
Other non-current assets	200,110
Current liabilities	
Trade payables	(153,540)
Other payables	(419,988)
Lease liabilities - current	(6,963)
Guarantee deposits - current	(184,677)
Other current liabilities	(45,220)
Current liabilities	
Net defined benefit liabilities	(24,308)
Lease liabilities - non-current	(311,327)
Guarantee deposits - non-current	(250,937)
Non-controlling interests	(26,366)
Fair value of identifiable net assets acquired	$ 2,460,814

(4) Non-controlling interests

The non-controlling interests of Mosel Vitelic Inc., representing 70% of the total ownership interests, were measured at the non-controlling interests' proportionate share of identifiable net assets of the said company on the acquisition date.

(5) Goodwill arising in a business combination

	Mosel Vitelic Inc.
Transfer of consideration	$ -
Add: Non-controlling interests (70% of Mosel Vitelic Inc.'s total ownership interests)	1,721,334
Add: Acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree	1,877,018
Less: Fair value of identifiable net assets acquired	(2,460,814)
Goodwill arising in a business combination	$ 1,137,538

The goodwill arising in the acquisition of Mosel Vitelic Inc. includes control premium, estimated synergy, revenue growth, future market growth and the value of employees of Mosel Vitelic Inc. However, the said benefits did not qualify as identifiable intangible assets, so recognitions were not made separately.

In addition, the previously-held equity interest in the acquiree before the acquisition date was remeasured at fair value and deemed disposed of, so a gain of NT$672,871 thousand on the disposal of an associate was recognized under other gains and losses.

(6) Acquisition of a subsidiary, net of cash acquired

	Mosel Vitelic Inc.
Cash and cash equivalents acquired	$ 1,538,270

(7) Effects of a business combination on business performance

Since the acquisition date, the business performance of the acquiree is as follows:

	Mosel Vitelic Inc.
Operating revenue	$ 850,128
Net profit for the period	($ 131,223)

If the business combination had occurred on the first date of the fiscal year in which the acquisition occurred, the consolidated company's pro forma operating revenue and pro forma net profit in 2023 would have been NT$6,077,588 thousand and NT$579,979 thousand, respectively. These amounts do not reflect the actual revenue and business performance of the Group if such a business combination had been completed at the beginning of the year of the acquisition and shall not be applied in any projection of its future business performance.

28. Non-cash transactions

For the years ended December 31, 2023 and 2022, the Group has conducted the following non-cash transactions from finance activities:

(1) Addition of lease liabilities from lease agreements.

(2) Reclassifications of long-term borrowings with maturity within one year.

29. Capital management

The Group manages its capital to ensure its ability to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The Group's key management reviews its capital structure on a quarter basis. As part of this review, the key management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management, the Group may balance its overall capital structure by the means of dividend payment, issuance of new shares, shares buyback, issuance of new debts or repayment of existing debts. The Group is not subject to any externally imposed capital requirements.

30. Financial instruments

(1) Fair value of financial instruments not measured at fair value

Management of the Group considers the carrying amounts of the Group's financial assets and financial liabilities that are not measured at fair value as close to their fair values.

(2) Fair value of financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2023

	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Domestic listed shares	$ 392,000	$ -	$ -	$ 392,000
Domestic and foreign unlisted shares and investments	-	-	592,006	592,006
	$ 392,000	$ -	$ 592,006	$ 984,006

December 31, 2022

	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Domestic listed shares	$ 279,000	$ -	$ -	$ 279,000
Domestic and foreign unlisted shares and investments	-	-	347,125	347,125
	$ 279,000	$ -	$ 347,125	$ 626,125

There were no transfers between Levels 1 and 2 for the years ended December 31, 2023 and 2022.

2. Valuation techniques and inputs of measuring Level 3 fair value

Class of financial instruments	Valuation techniques and inputs
Domestic and foreign securities	Using the asset-based approach that assesses the fair value by totaling the value of each asset and liability of the target of evaluation. Using the market approach that derives the value of target from the product of the active market price of a comparable company that operates in the similar industry with similar operation and financial performance and a corresponding market multiplier.

(3) Categories of financial instruments

	December 31, 2023	December 31, 2022
Financial asset		
Financial assets mandatorily classified at fair value through profit or loss	$ 62,514	$ 45,739
Financial assets at amortized cost (Note 1)	3,912,866	1,767,913
Financial assets at fair value through other comprehensive income	984,006	626,125
Financial liability		
At amortized cost (Note 2)	4,993,790	3,658,405

Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, trade receivables, other receivables and refundable deposits.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, long-term borrowings (including those due within one year), notes payable, accounts payable, other payables, corporate bonds payable, and guarantee deposits received.

(4) Financial risk management objectives and policies

The Group’s major financial instruments include equity and debt instrument investments, trade receivables, trade payables, borrowings and lease liabilities. The Group’s Finance Department provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using financial derivatives to hedge risk exposures. The use of financial derivatives was governed by the Group’s policies approved by the board of directors, which provided written guidelines on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1. Market risk

The Group’s activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (1) below) and interest rates (see (2) below). The Group engaged in a variety of derivative financial instruments to manage its exposure to foreign currency risk, including forward exchange contracts and currency swaps to hedge the exchange rate risk arising from trading.

(1) Foreign currency risk

The Group engaged in sales and purchases denominated in foreign currencies, which exposed the Group to foreign currency risk. The Group hedged such foreign currency risk using the forward exchange contracts and currency swaps to the extent approved by policy.

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in nonfunctional currencies (including the monetary items denominated in nonfunctional currencies eliminated in the consolidated financial statements) on the balance sheet date are provided in Note 35.

Sensitivity analysis

The Group was mainly exposed to the risk of exchange rate fluctuation of the U.S. Dollar and Euro.

The following table details the Group's sensitivity to a 1% increase and decrease in New Taiwan dollar (the functional currency) against each foreign currency. 1% increase or decrease is used when reporting foreign currency risk internally to key management and represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis included only outstanding foreign currency denominated monetary items. A 1% foreign exchange rate change is adjusted to the translation at the end of period. In the following table, a positive number below indicates an increase in pre-tax profit due to a 1% depreciation of the New Taiwan dollar against the foreign currency. For a 1% appreciation of the New Taiwan dollar against the foreign currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	Impact of USD		Impact of EUR	
	2023	2022	2023	2022
Profit or loss	$ 15,988 (i)	$ 9,447 (i)	$ 1,514 (ii)	$ 727 (ii)

i. It was mainly due to the Company's trade receivables and payables denominated in the U.S. Dollar that were outstanding and yet mitigated by a cash flow hedge at the end of the reporting period.

ii. It was mainly due to the Company's trade receivables and payables denominated in the Euro that were outstanding and yet mitigated by a cash flow hedge at the end of the reporting period.

The management believed the sensitivity analysis did not reflect existing foreign currency risk because the exposure to the foreign currency risk at the end of the reporting period does not fairly represent the risk exposure during the reporting period.

(2) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31, 2023	December 31, 2022
Fair value interest rate risk		
- Financial assets	$ 1,585,708	$ 300,853
- Financial liabilities	1,856,918	8,609
Cash flow interest rate risk		
- Financial assets	1,335,377	798,129
- Financial liabilities	1,550,100	3,070,010

Sensitivity analysis

The sensitivity analyses below were determined based on the Company's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole reporting period. A 10 basis point increase or decrease is used when reporting interest rate risk internally to key management and represents management's assessment of the reasonably possible change in interest rate.

If interest rates had been 10 basis point higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2023 and 2022 would have decreased/increased by NT$215 thousand and NT$2,272 thousand, respectively.

(3) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities. Equity investments are held for strategic rather than for trading purposes. The Group does not actively trade these investments. In addition, the Group designated specific team to monitor the price risk and establish the responding strategy.

Sensitivity analysis

The sensitivity analyses below were carried out based on the Company's exposure to equity price on the reporting date.

If the equity price had increased/decreased by 10%, the other comprehensive income after tax for the years ended December 31, 2023 and 2022 would have decreased/increased by NT$98,401 thousand and NT$62,613 thousand, respectively, due to an increase/decrease in the fair value of the financial assets at fair value through other comprehensive income.

2. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As of the end of the reporting period, the Group's maximum exposure to credit risk due to the failure of a counterparty to perform its obligations was the carrying amount of financial assets recognized in the consolidated financial statements.

In the balances of accounts receivable as of December 31, 2023 and 2022, the sums of accounts receivable from group customers accounting for more than 10% of the Company's balance of accounts receivable were NT$600,415 thousand, NT$526,894 thousand, representing 59% and 64% of the said balances, respectively.

3. Liquidity risk

The Group manages and maintains sufficient cash and cash equivalents to support its operation and minimize the impact of cash flow volatility. The Group's management monitors the use of bank loan facilities and ensures compliance with loan covenants.

The Group relies on bank loans as a significant source of liquidity. As of December 31, 2023 and 2022, the Group's unused bank facilities were set out in (2) borrowing facilities below.

(1) Liquidity and interest rate risk table

The table below summarizes the maturity profile of the Group's non-derivative financial liabilities, in which the payment terms were set, based on the earliest repayment date. The table was prepared with the undiscounted cash flows of financial liabilities that include the cash flows of interests and principles.

December 31, 2023

	On demand or less than 1 month	1~3 months	3 months~1 year	1~5 years	Over 5 years
Non derivative financial liabilities					
Non-interest bearing liabilities	$ 744,252	$ 461,053	$ 138,776	$ -	$ -
Lease liabilities	2,058	5,543	17,041	89,235	351,508
Debt instruments	1,397,774	1,881	163,067	1,546,578	25,000
	$ 2,144,084	$ 468,477	$ 318,884	$1,635,813	$ 376,508

Maturity profile of lease liabilities is as follows:

	Less than 1 year	1~5 years	5~10 years	10~15 years	15~20 years	Over 20 years
Lease liabilities	$24,642	$89,235	$79,889	$79,889	$79,889	$111,841

December 31, 2022

	On demand or less than 1 month	1~3 months	3 months~1 year	1~5 years	Over 5 years
Non derivative financial liabilities					
Non-interest bearing liabilities	$ 300,543	$ 318,358	$ 220,532	$ -	$ -
Lease liabilities	573	1,147	3,813	1,833	-
Debt instruments	605,381	855,855	458,862	1,084,827	125,844
	$ 906,497	$1,175,360	$ 683,207	$1,086,660	$ 125,844

Maturity profile of lease liabilities is as follows:

	Less than 1 year	1~5 years	5~10 years	10~15 years	15~20 years	Over 20 years
Lease liabilities	$ 5,533	$ 1,833	$ -	$ -	$ -	$ -

(2) Borrowing facilities

	December 31, 2023	December 31, 2022
Unsecured bank facility		
-Drawn	$ 2,300,100	$ 2,921,521
-Undrawn	3,021,950	2,653,479
	$ 5,052,050	$ 5,575,000
Secured bank facility		
-Drawn	$ -	$ 150,000
-Undrawn	150,000	-
	$ 150,000	$ 150,000

(5) Transfers of financial assets

The Group's factored trade receivables are as follows:

Counterparty	Sales amount		Available advance amount		Advance amount used		Annual interest rate on advances received (%)
2023							
Citibank	USD	6,191	USD	-	USD	6,191	6.54-7.19
	EUR	5,171	EUR	-	EUR	5,171	4.97-5.22
2022							
Citibank	USD	5,628	USD	-	USD	5,628	5.687-6.337
	EUR	1,463	EUR	-	EUR	1,463	1.05-1.3

Pursuant to the Group's factoring agreements, losses from commercial disputes (such as sales returns and discounts) are borne by the Group, while losses from credit risk are borne by the banks.

31. Transactions with related parties

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated upon consolidation and are not disclosed in this note. Besides as disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

(1) Related parties and relationship

Related parties	Relationship with the Group
GlobalWafers Co., Ltd.	Sino-American Silicon's subsidiary
Sustainable Energy Solution Co., Ltd.	Sino-American Silicon's subsidiary
Mosel Vitelic Inc.	Associate (became a subsidiary on June 2, 2023)

(2) Business transactions

Financial Statement Account	Related parties category/name	2023	2022
Purchases of goods	GlobalWafers Co., Ltd.	$ 273,247	$ 273,968
	Mosel Vitelic Inc.	204,265	353,016
		$ 477,512	$ 626,984

The transactions listed above mainly comprise purchases of flat wafers, and there was no significant difference from other suppliers in terms of the purchase price of flat wafers. The payment terms were 30~90 days end of month for related party, 90 days end of month for domestic non-related parties, and T/T 50~60 days for foreign parties.

Financial Statement Account	Related parties category/name	December 31, 2023	December 31, 2022
Trade payables	GlobalWafers Co., Ltd.	$ 89,434	$ 75,383
	Mosel Vitelic Inc.	-	91,593
		$ 89,434	$ 166,976

(3) Others

Financial Statement Account	Related parties	December 31, 2023	December 31, 2022
Refundable deposits (Note)	Mosel Vitelic Inc.	$ -	$ 107,101
	Sustainable Energy Solution Co., Ltd.	10,000	10,000
		$ 10,000	$ 117,101

Note: recognized as other current assets and other non-current assets.

(4) Compensation of key management personnel

	2023	2022
Short-term employee benefits	$ 81,354	$ 71,527
Post-employment benefits	108	108
Share-based Payment	19,168	465
	$ 100,630	$ 72,100

The remuneration of directors and key executives was determined by the remuneration committee taking into account the performance of individuals and market trends.

32. Assets pledged as collateral or for security

The following assets were pledged as collateral for borrowings:

	December 31, 2023	December 31, 2022
Freehold Land	$ 107,843	$ 107,843
Building	143,120	147,339
Machinery Equipment	-	24,080
Pledged time deposits (classified as financial assets at amortized cost)	30,662	14,751
	$ 281,625	$ 294,013

33. Significant contingent liabilities and unrecognized contract commitments

Except described in other notes of this financial statements, the Group had the following significant contingent liabilities and unrecognized commitments as of the end of the reporting period:

(1) As of December 31, 2023 and 2022, the Group had the contract commitments that was not recognized as property, plant and equipment amounting to NT$776,997 thousand and NT$64,267 thousand, respectively.

(2) The subsidiary Mosel Vitelic Inc. entered into a procurement contract with Company S, and, as agreed, S Company shall be committed to supplying the Company a total of 121,500 thousand pieces of solar wafers within the contract period while the Company shall make a certain amount of prepayment. However, both parties have not agreed on a substitute for the said transaction model. As of December 31, 2023, the Company has prepaid US$112 thousand (NT$3,573 thousand) and NT$54,845 thousand in total with the accumulated impairment of NT$58,418 thousand. In addition, in light of different market conditions between the current solar power industry and that of the time when the contract was entered into, both parties terminated all orders and prepayments in connection to the original contract.

(3) The subsidiary Mosel Vitelic Inc. entered into several wafer foundry agreements that guaranteed manufacturing capacity with various clients, and it has provided specific amounts of manufacturing capacity to these clients as agreed.

34. Significant subsequent events

None.

35. Significant assets and liabilities denominated in foreign currencies

The following information was aggregated by the foreign currencies other than functional currencies of the entities in the Group and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2023

	Foreign currency	Exchange rate		Carrying amount
Financial asset				
Monetary items				
USD	$ 73,619	30.705	(USD:NTD)	$ 2,260,486
USD	263	7.0827	(USD:CNY)	8,061
EUR	4,637	33.98	(EUR:NTD)	157,567
JPY	38,171	0.2172	(JPY:NTD)	8,291
CNY	18,147	4.327	(CNY:NTD)	78,521
Non-monetary items				
Foreign investments in securities				
USD	9,271	30.705	(USD:NTD)	284,652
Financial liability				
Monetary items				
USD	21,771	30.705	(USD:NTD)	668,469
USD	42	7.0827	(USD:CNY)	1,297
EUR	176	33.98	(EUR:NTD)	5,978
JPY	66,058	0.2172	(JPY:NTD)	14,348

December 31, 2022

	Foreign currency	Exchange rate		Carrying amount
Financial asset				
Monetary items				
USD	$ 106	6.9646	(USD:CNY)	$ 3,258
USD	38,907	30.71	(USD:NTD)	1,194,847
EUR	2,234	32.72	(EUR:NTD)	73,096
CNY	1,327	4.408	(CNY:NTD)	5,848
Non-monetary items				
Foreign investments in securities				
USD	4,169	30.71	(USD:NTD)	132,375
Financial liability				
Monetary items				
USD	$ 8,213	30.71	(USD:NTD)	$ 252,225
USD	40	6.9646	(USD:CNY)	1,217
EUR	14	32.72	(EUR:NTD)	446
CNY	17	4.408	(CNY:NTD)	77
JPY	24,851	0.2324	(JPY:NTD)	5,775

The significant realized and unrealized foreign exchange gains and losses were as follows:

	2023		2022	
Functional currency	Translation from the functional currency to the presentation currency	Net foreign exchange gains or losses (amount in NTD)	Translation from the functional currency to the presentation currency	Net foreign exchange gains or losses (amount in NTD)
CNY	4.396 (CNY:NTD)	($ 69)	4.397 (CNY:NTD)	($ 198)
NTD	1 (NTD:NTD)	(5,097)	1 (NTD:NTD)	106,280
		($ 5,166)		$ 106,082

36. Separately disclosed items

(1) Information about significant transactions:

1. Financing provided to others: None.
2. Endorsements/guarantees provided: None.
3. Marketable securities held at the end of period (excluding investment in subsidiaries, associates and joint ventures): Table 1.
4. Marketable securities acquired or disposed of at costs or prices at least NT$300 million or 20% of the paid-in capital: Table 2.
5. Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 3.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4.
9. Trading in derivative instruments: None.
10. Others: Intercompany relationships and significant intercompany transactions: Table 5.

(2) Information on investees: Table 6.

(3) Information on investments in mainland China:

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income for current period, return on investees recognized, carrying amount of the investment at the end of the period,

repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7.

2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None.
   (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
   (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
   (3) The amount of property transactions and the amount of the resultant gains or losses.
   (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
   (5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
   (6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

(4) Information of major shareholders:

List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 8.

37. Segment information

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance was focused on each type of products sold or services rendered. The Group's reportable segments were as follows:

Taiwan business segment

Mainland China Qingdao segment

Taiwan Mosel Vitelic segment

(1) Segment revenue and operating result

Analysis on revenue and operating result from continuing operations of the Company and its subsidiaries by reportable segments is as follows:

	Segment revenue		Segment profit or loss	
	2023	2022	2023	2022
Taiwan business segment	$ 5,225,080	$ 4,192,545	$ 465,143	$ 383,711
Mainland China Qingdao segment	200,064	179,433	1,457	(7,637)
Taiwan Mosel Vitelic segment	850,128	-	(149,432)	-
Others	325,585	485,976	763	9,537
Total from continuing operations	6,600,857	4,857,954	317,931	385,611
Less: eliminations between operating segments	(952,163)	(660,115)	(10,390)	10,362
Revenue or profit or loss from transactions between operating segments and external customers	$ 5,648,694	$ 4,197,839	307,541	395,973
Interest income			49,225	6,172
Other income			57,089	42,459
Other gains and losses			268,138	77,830
Finance costs			(93,549)	(32,092)
Share of profit of investment in associates and joint ventures accounted for using equity method			125,943	158,024
Profit before tax			$ 714,387	$ 648,366

Segment profit represented the profit before tax earned by each segment without other income, other gains and losses, finance costs, and share of profit or loss of associates and joint ventures accounted for using the equity method. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

(2) Revenue from major products

Analysis on revenue from major products of continuing operations is as follows:

	2023	2022
Sales of Pressfit Diode	$ 1,578,200	$ 1,754,099
Sales of Low Loss Diode	1,600,670	1,425,877
Sales of Ultra Low Loss Diode	642,787	-
Revenue from wafer industry	1,014,584	-
Others	812,453	1,017,863
	$ 5,648,694	$ 4,197,839

(3) Geographic information

The Group operations in two major areas - Taiwan and Mainland China.

The revenue from external customers of the Group's continuing operations segmented into operating regions and the non-current assets segmented into geographical locations of the assets are as follows:

	Revenue from external customers		non-current assets	
	2023	2022	December 31, 2023	December 31, 2022
China	$ 713,086	$ 496,315	$ 292,299	$ 313,330
Korea	1,165,951	641,434	-	-
Taiwan	930,348	485,509	4,512,533	3,499,522
Mexico	869,712	628,810	-	-
France	496,381	196,420	-	-
Czech Republic	112,172	137,224	-	-
Hungary	223,142	221,208	-	-
India	297,148	253,487	-	-
Others	840,754	1,137,432	-	-
	$ 5,648,694	$ 4,197,839	$ 4,804,832	$ 3,812,852

Non-current assets are exclusive of assets classified as financial instruments and deferred tax assets.

(4) Information on Major Customers (Single customer contributing 10% or more to the Group's revenue):

	2023	2022
Customer A	Note	$ 490,789

Note: In 2023, no single customer accounted for more than 10% of the Group's operating revenue.

Actron Technology Corporation and Subsidiaries

Marketable securities held at the end of period

December 31, 2023

Table 1

Unit: NT$ thousand

Name of holding company	Type and name of marketable securities	Relationship with the holding company	Financial Statement Account	At the End of the Period				Remarks
				Number of shares (in thousand shares)	Carrying amount	Percentage of ownership	Fair value	
Actron Technology Corporation	Sino-American Silicon Products Inc.	Parent	Financial assets at fair value through other comprehensive income -non-current	2,000	$ 392,000	0.34%	$ 392,000	–
	Phoenix Pioneer Technology Co., Ltd.	–	Financial assets at fair value through other comprehensive income -non-current	15,265	268,055	5.13%	268,055	–
	ANJET CORPORATION	–	Financial assets at fair value through other comprehensive income -non-current	3,108	187,934	22.41%	187,934	–
	AMED VENTURES I, L.P.	–	Financial assets at fair value through other comprehensive income -non-current	-	96,718	-	96,718	–
	Super Energy Materials Inc.	–	Financial assets at fair value through other comprehensive income -non-current	1,425	22,387	5.28%	22,387	–
Mosel Vitelic Inc.	ProMOS Technologies Inc.	–	Financial assets at fair value through other comprehensive income -non-current	603	11,244	1.34%	11,244	–
	Aplus Flash Technology,Inc.	–	Financial assets at fair value through other comprehensive income -non-current	1,492	-	5.28%	-	–
	Pacific Resources Corporation	–	Financial assets at fair value through other comprehensive income -non-current	37	3,875	4.88%	3,875	–
	Soft Device Inc.	–	Financial assets at fair value through other comprehensive income -non-current	7,518	-	-	-	–
	Pegasus Wireless Corp.	–	Financial assets at fair value through other comprehensive income -non-current	1,815	-	-	-	–
	NewMedia Networking Corp.	–	Financial assets at fair value through other comprehensive income -non-current	1,600	-	-	-	–
	Aumos Technologies Inc.	–	Financial assets at fair value through other comprehensive income -non-current	1,365	-	16,24%	-	–
Mou Fu Investment Consultant Ltd.	ProMOS Technologies Inc.	–	Financial assets at fair value through other comprehensive income -non-current	32	604	0.07%	604	–
	Advanced Flash Memory Card Technology Co., Ltd.	–	Financial assets at fair value through other comprehensive income -non-current	340	-	0.41%	-	–
	E-Soft Technologies, Inc.	–	Financial assets at fair value through other comprehensive income -non-current	201	1,183	2.37%	1,183	–

(to be continued)

Attachment 2

(continued)

Name of holding company	Type and name of marketable securities	Relationship with the holding company	Financial Statement Account	At the End of the Period				Remarks
				Number of shares (in thousand shares)	Carrying amount	Percentage of ownership	Fair value	
	Harbinger III Venture Capital Corp.	—	Financial assets at fair value through other comprehensive income -non-current	-	$ 6	0.56%	$ 6	—
	Virtual Silicon Technology, Inc.	—	Financial assets at fair value through other comprehensive income -non-current	224	-	-	-	—
	Wavesat Inc.	—	Financial assets at fair value through other comprehensive income -non-current	44	-	-	-	—

Actron Technology Corporation and Subsidiaries

Aggregate purchases or sales of the same securities reaching NT$300 million or 20 percent of paid-in capital or more

2023

Table 2

Unit: unless otherwise stated, in thousands of New Taiwan Dollars

Name of company that made the purchases or sales	Type and name of marketable securities	Financial Statement Account	Counterparty	Relationship	At the beginning of the period		Purchase		Sale				At the End of the Period	
					Shares	Amount	Shares	Amount	Shares	Sale price	Carrying amount of cost	Gain or loss on disposal	Shares	Amount
Actron Technology Corporation	Privately placed ordinary shares - Excelliance MOS Corporation	Investments accounted for using the equity method	Participation in private placement	-	-	$ -	15,000,000	$ 1,491,750	-	$ -	$ -	$ -	15,000,000	$ 1,491,750

Attachment 2

Actron Technology Corporation and Subsidiaries

Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital

2023

Table 3

Unit: NT$ thousand

Purchaser or seller	Counterparty	Relationship	Transaction Details				Abnormal transaction and reason		Notes/Trade receivables (payables)			Remarks
			Purchase/sale	Amount	As percentage to total purchase or sale	Payment terms	Unit price	Payment terms	Financial statement account	Ending balance	As percentage to total notes/trade receivables (payables)	
Actron Technology Corporation	GlobalWafers Co., Ltd.	Sino-American Silicon's subsidiary	Purchases of goods	$ 273,247	11%	60 days end of month	Note 2	Domestic 90 days end of month	Trade payables	$ 68,691	8%	
Actron Technology Corporation	Mosel Vitelic Inc.	Subsidiary	Purchases of goods	468,324	17%	30 days end of month	Note 2	Domestic 90 days end of month	Trade payables	86,957	11%	Notes 1 and 3
Actron Technology Corporation	Ding-Wei Technology Co., Ltd.	Subsidiary	Purchases of goods	681,230	25%	90 days end of month	Cost markup	Domestic 90 days end of month	Trade payables	198,650	25%	Note 1
Ding-Wei Technology Co., Ltd.	Actron Technology Corporation	Parent	Sale	681,230	100%	90 days end of month	Cost markup	Domestic 90 days end of month	Trade receivables	198,650	100%	Note 1
Mosel Vitelic Inc.	Actron Technology Corporation	Parent	Sale	468,324	32%	30 days end of month	Note 2	Domestic 90 days end of month	Trade payables	86,875	41%	Notes 1 and 3

Note 1: This is a transaction between parent company and its subsidiary and has been eliminated upon consolidation.

Note 2: There was no significant difference from other suppliers in terms of the purchase price of flat wafers.

Note 3: Purchases from and sales to Mosel Vitelic Inc. before the combination were not eliminated since Mosel Vitelic Inc. was not an entity included in the consolidated financial statements.

Attachment 2

Actron Technology Corporation and Subsidiaries

Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital

December 31, 2023

Table 4

Unit: NT$ thousand

Company recognizes the receivables	Counterparty	Relationship	Balance of trade receivables - related party		Average turnover ratio	Overdue		Amount collected in subsequent period	Allowance for impairment loss
			Financial statement account	Ending balance		Amount	Action taken		
Ding-Wei Technology Co., Ltd.	Actron Technology Corporation	Parent	Trade receivables	$ 198,650	3.58	$ -	-	$ 53,811	$ -

Note: eliminated upon consolidation.

Attachment 2

Actron Technology Corporation and Subsidiaries

Intercompany relationships and significant intercompany transactions

2023

Table 5

Unit: NT$ thousand

Serial No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial statement account	Amount	Transaction terms	As percentage to total revenue or total assets (Note 3)
0	Actron Technology Corporation	Smooth Autocomponent Limited	1	Other receivables	$ 1,997	60 days end of month	0%
0	Actron Technology Corporation	Smooth Autocomponent Limited	1	Other income	1,692	60 days end of month	0%
0	Actron Technology Corporation	Ding-Wei Technology Co., Ltd.	1	Trade payables	198,650	90 days end of month	1%
0	Actron Technology Corporation	Ding-Wei Technology Co., Ltd.	1	Cost of sales	681,230	90 days end of month	12%
0	Actron Technology Corporation	Ding-Wei Technology Co., Ltd.	1	Other income	1,680	90 days end of month	0%
0	Actron Technology Corporation	Rec Technology Corporation	1	Sales revenue	4,574	60 days end of month	0%
0	Actron Technology Corporation	Rec Technology Corporation	1	Other income	5,294	60 days end of month	0%
0	Actron Technology Corporation	Bigbest Solutions, Inc.	1	Cost of sales	1,263	60 days end of month	0%
0	Actron Technology Corporation	Mosel Vitelic Inc.	1	Trade payables	86,957	30 days end of month	1%
0	Actron Technology Corporation	Mosel Vitelic Inc.	1	Cost of sales	264,235	30 days end of month	5%
0	Actron Technology Corporation	Mosel Vitelic Inc.	1	Refundable deposits	53,542	According to contract terms	0%
1	Mosel Vitelic Inc.	DenMOS Technology Inc.	1	Trade receivables	5,706	According to general sales conditions	0%
1	Mosel Vitelic Inc.	DenMOS Technology Inc.	1	Sales revenue	38,324	According to general sales conditions	0%

Note 1: Intercompany transactions between the parent company and subsidiaries shall be indicated by number as described below:

1. The parent company is coded “0”.
2. The subsidiaries are coded consecutively beginning from "1".

Note 2: The relationship between the transaction parties can be classified into three categories below, and it shall be indicated by number:

1. No. 1 represents the transactions from parent company to subsidiary.
2. No. 2 represents the transactions from subsidiary to parent company.
3. No. 3 represents the transactions between subsidiaries.

Note 3: In the calculation of ratio of transaction amount to total consolidated revenue or total assets, for assets or liabilities, the ratio of ending balance to the total assets shall be used; for profit or loss, the ratio between interim accumulated amount to the total revenue shall be used.

Note 4: All transactions above were eliminated upon consolidation.

Actron Technology Corporation and Subsidiaries

Names, locations and related information of investee companies

2023

Table 6

Unit: NT$ thousand

Investor	Investee	Location	Principle business activity	Initial investment		At the end of the period			Net income (loss) of investee company	Investment income (loss) recognized	Remarks
				Ending balance	Beginning balance	Shares	Ratio	Carrying amount			
Actron Technology Corporation	Ding-Wei Technology Co., Ltd.	Taoyuan City	Manufacturing and sale of auto components and parts	$ 306,900	$ 306,900	15,000,000	100%	$ 257,527	$ 66,350	$ 69,210	Subsidiary
Actron Technology Corporation	Smooth International Limited Corporation	Samoa	Investment	363,260	363,260	12,000,000	100%	419,642	3,517	3,517	Subsidiary
Smooth International Limited Corporation	Smooth Autocomponent Limited	Hong Kong	Investment	363,260	363,260	12,000,000	100%	419,642	3,517	Not applicable	Subsubsidiary
Actron Technology Corporation	Rec Technology Corporation	Taoyuan City	Manufacturing and sale of auto components and parts	208,102	208,102	8,487,823	49%	89,962	32,449	16,013	Subsidiary
Actron Technology Corporation	Hong Wang Investment Co., Ltd.	New Taipei City	Investment	300,000	300,000	30,000,000 (Note)	30%	1,348,932	217,459	65,238	Joint venture
Actron Technology Corporation	Mosel Vitelic Inc.	Hsinchu City	Semiconductors	1,180,191	1,180,191	46,925,459	29%	1,829,513	(175,410)	(59,558)	Subsidiary
Actron Technology Corporation	Bigbest Solutions, Inc.	Taichung City	Manufacture of motors	245,143	245,143	19,314,319	28%	72,197	(26,561)	(7,329)	Subsidiary
Actron Technology Corporation	Excelliance MOS Corporation	Hsinchu City	Semiconductors	1,491,750	-	15,000,000	29%	1,440,318	252,442	74,409	Associate
Mosel Vitelic Inc.	DenMOS Technology Inc.	Hsinchu City	R&D, design, manufacturing and sale of LCD driving ICs and other application-specific ICs	291,820	291,820	9,113,722	80%	102,855	(8,471)	Not applicable	Subsubsidiary
Mosel Vitelic Inc.	Mou Fu Investment Consultant Ltd.	Hsinchu County	Leasing, manpower dispatch and various services	2,313,124	2,313,124	12,011,900	100%	110,947	479	Not applicable	Subsubsidiary
Mosel Vitelic Inc.	Bou-Der Investment, Ltd.	Hsinchu County	Professional investment	1,264,372	1,264,372	6,399,501	47%	35,643	654	Not applicable	Subsubsidiary
Mosel Vitelic Inc.	Giant Haven Investments Ltd.(BVI)	British Virgin Islands	General investment	664,061	664,061	1,900	100%	71,406	3,098	Not applicable	Subsubsidiary
Mosel Vitelic Inc.	Integrated Memory Technologies, Inc.	United States	Flash memory design house	44,753	44,753	2,500,000	23%	-	-	Not applicable	Associate
Mou-Fu Investment Consultant., Ltd.	Bou-Der Investment, Ltd.	Hsinchu County	Professional investment	1,356,365	1,356,365	6,839,233	50%	38,096	654	Not applicable	Subsubsidiary
Mou-Fu Investment Consultant., Ltd.	DenMOS Technology Inc.	Hsinchu City	R&D, design, manufacturing and sale of LCD driving ICs and other application-specific ICs	25,863	25,863	471,281	4%	5,475	(8,471)	Not applicable	Subsubsidiary
Giant Haven Investments Ltd. (BVI)	Third Dimension Semiconductor, Inc.	United States	Power IC design	314,640	314,640	49,182,884	43%	-	3,602	Not applicable	Associate

Note: Among which 468 thousand shares were ordinary shares and 29,532 thousand shares were preferred shares.

Attachment 2

Actron Technology Corporation and Subsidiaries

Information on investments in mainland China

2023

Table 7

Unit: NT$ thousand or US$ thousand

Investee	Principle business activity	Total paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of the beginning of the period	Investment flows of the period		Accumulated outflow of investment from Taiwan as of the end of the period	Net income (loss) of investee company	The Company's direct or indirect percentage of ownership	Investment income (loss) recognized for the period (Note 2)	Carrying amount at the end of the period	Accumulated inward remittance of earnings at the end of the period
					outflow	inflow						
Smooth Autocomponent Limited	Manufacture of motor parts	Authorized and paid-in capital were both USD 12,000	Note 1	$ 363,260 (USD 12,000)	$ -	$ -	$ 363,260 (USD 12,000)	$ 3,517	100%	$ 3,517	$ 419,642	$ -

Accumulated investment in Mainland China at the end of the period	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment (Note 3)
USD 12,000	$ 365,520 (USD 12,000)	$ 4,862,265

Note 1: Indirectly investment in Mainland China through companies registered in a third region.

Note 2: Recognition based on the audited financial statements.

Note 3: The Company's Investment amounts authorized by Investment Commission, MOEA: 8,103,775 (net equity) ×60%＝4,862,265.

Actron Technology Corporation

Information of major shareholders

December 31, 2023

Table 8

Name of major shareholder	Share	
	Number of shareholding	Percentage of ownership
Sino-American Silicon Products Inc.	24,935,299	24.57%

Note 1: The information on major shareholders disclosed in the table above was calculated by the Taiwan Depository & Clearing Corporation based on the number of ordinary and preference shares held by shareholders with ownership of 5% or greater, that had completed dematerialized registration and delivery (including treasury shares) as of the last business day of the current quarter. The share capital recorded in the Company's consolidated financial statements may differ from the number of shares that have completed dematerialized registration and delivery due to differences in the basis of preparation.

Actron Technology Corporation

Chairman: Yao Dang Liang