

LITON TECHNOLOGY CORP.

2023 ANNUAL SHAREHOLDERS MEETING MINUTES

Meeting Time : 9:00 a.m., 30 June 2023 (Friday)

Location : 9, Chung Lung 2Rd., Chung-Hsing Industrial Zone, Tung-Lo Township, Miao-Li County, Taiwan (The Company's 3F Meeting Room)

Type of meeting : Physical Meeting

Shareholders present : Total shares represented by shareholders present in person or by proxy amounted 86,333,035 shares (including 58,198,152 electronic vote), accounting for 60.83% of the total issued shares of the Company after deducting the shares without voting rights (1,300,000 shares), which amount to 141,919,606 shares.

Attendees : Director TSUN-HSIN KO, Independent Director YEN-CHUNG TSOU, CPA MING-HUNG CHEN and Lawyer YEN-TZU CHANG.

Chairperson : TE-CHUAN WU

Recorder : HUI-CHUAN CHIU

I. Call the Meeting to Order: The number of attendees has reached the statutory requirement. In accordance with the law, the chairperson called the meeting to order.

II. Chairperson Remarks: Omitted.

III. Management Presentation

- (I) 2022 Business Report (Please refer to Attachment 1)
- (II) 2022 Audit Committee's Review Report (Please refer to Attachment 2)
- (III) 2022 Distribution Report of employee compensation and director's remuneration.
(Please refer to the Handbook)
- (IV) Report of Loaning of Funds to Others and Making of Endorsement/ Guarantees.
(Please refer to the Handbook)\
- (V) Report of Buyback of the Company's Shares. (Please refer to the Handbook)
- (VI) Issuance of Unsecured Domestic Convertible Bonds. (Please refer to the Handbook)
- (VII) 2022 The Implement of Private Placements with Certificates.

IV. Proposed Resolutions

Report No.1: 2022 Business Report and Financial Statements.

(Proposed by the Board of Directors)

- Explanation: 1. The Company's 2022 Parent Company Only Financial Statements and Consolidated Financial Statements have been audited by the CPAs of Ernst & Young Taiwan, MING-HUNG CHEN and WEN-PI YEN. The audit report, along with the business report, has been submitted to the Audit Committee for review and a written audit report has been issued.
2. For the business report, audit report and the preceding financial statements, please refer to Attachment 1 and Attachment 3.
3. Proposed for adoption.

Resolution: The voting results for this proposal are as follows. Shares represented at the time of voting: 86,333,035

Voting Results	% of the total represented share present
Votes in favor: 86,080,892 (including 57,967,009 electronic votes)	99.70%
Votes against: 172,889 (including 172,889 electronic votes)	0.20%
Votes invalid: 0	0.00%
Votes abstained: 79,254 (including 58,254 electronic votes)	0.09%

After the voting by attending shareholders, this proposal has been passed as proposed.

Report No.2: Proposal for Distribution of 2022 Profits.

(Proposed by the Board of Directors)

- Explanation: 1. The Company 2022 profit distribution table, please refer to Attachment 4.
2. The net income after tax for 20232 was NT\$503,342,230. In accordance with the law, NT\$50,520,571 will be allocated to the legal reserve and NT\$43,132,993 will be allocated to the special reserve. After taking into account the undistributed earnings from the beginning of the period, it is proposed to distribute a cash dividend of NT\$248,359,311 to the shareholders. Based on the outstanding shares of 141,919,606 (Taking into account the transfer of 185,000 treasury shares to employees and deducting the repurchase of treasury shares for the 7th time, amounting to 1,300,000 shares.), the proposed dividend per share is NT\$1.75. Once approved by the shareholders at the upcoming shareholders meeting, it is planned to authorize the Chairman to determine the ex-dividend date and payment date, as well as other relevant matters regarding the dividend distribution.
3. If there are any changes in the dividend yield due to fluctuations in the outstanding shares resulting from changes in the company's share capital, it is proposed to seek authorization from the shareholders at the shareholders

meeting to empower the Chairman to handle such adjustments.

4. The cash dividends for this distribution will be calculated and rounded down to the nearest whole dollar, with any fractional amounts less than one dollar being disregarded. The total amount of fractional dividends, in descending order of decimal numbers, will be adjusted according to the account numbers from front to back until it matches the total cash dividend distribution amount.
5. Proposed for adoption.

Resolution: The voting results for this proposal are as follows. Shares represented at the time of voting: 86,333,035

Voting Results	% of the total represented share present
Votes in favor: 86,090,160 (including 57,976,277 electronic votes)	99.71%
Votes against: 186,621 (including 186,621 electronic votes)	0.21%
Votes invalid: 0	0.00%
Votes abstained: 56,254 (including 35,254)	0.06%

After the voting by attending shareholders, this proposal has been passed as proposed.

V. Discussion

Description: Proposal for a cash offering by private placement.

(Proposed by the Board of Directors)

Explanation: 1. In order to meet the operational growth needs and strengthen the Company's financial structure, as well as to diversify and enhance the flexibility of fundraising channels, it is proposed to the shareholders' meeting to authorize the Board of Directors to, based on market conditions and the Company's funding requirements, raise medium- to long-term funds through private placement of common shares in accordance with the Article of Association, relevant laws, and the following principles. The following is an explanation of the methods, content, and principles for the Board of Directors to handle the private placement of securities:

(1) The private placement of shares in this offering is limited to a maximum of 13,000,000 common shares with a par value of NT\$10 per share. In accordance with Article 43-6 of the Securities and Exchange Act and the "Directions for Public Companies Conducting Private Placement of Securities", the following information shall be provided:

A. Basis and rationale for price determination:

(a) The issuance price for this offering will be no lower than 80% of the higher of the following two reference prices and shall not be lower than the par value of NT\$10 per share:

i. The simple average closing price of the common shares of the TWSE listed or TPEX listed company for either the 1, 3, or 5 business days before the price determination date, after adjustment for any

- distribution of stock dividends, cash dividends or capital reduction.
- ii. The simple average closing price of the common shares of the TWSE listed or TPEX listed company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.
- (b) The actual issuance price of the private placement common shares will be based on a reference price of not less than 80% and shall not be lower than the par value of NT\$10 per share. The specific pricing date and the actual private placement price will be determined by the Board of Directors within the range defined by the shareholder meeting resolution. The determination will take into account the circumstances of the specific parties involved and the market conditions at a later date.
 - (c) Rationale for price determination: The determination of the aforementioned price is based on the reference to the Company's stock price and complies with the provisions of the "Directions for Public Companies Conducting Private Placement of Securities." It takes into account the three-year transfer restriction on private placement securities and is considered reasonable.
- B. The method, purpose, necessity, and expected benefits of selecting specific individuals:
- (a) The method and purpose of candidate selection:

The target of this private placement is limited to specific individuals who meet the requirements stipulated in Article 43-6 of the Securities and Exchange Act. They must be strategic investors who can generate benefits for the long-term development, competitiveness, and existing shareholder equity of the Company. However, we currently do not have any confirmed candidates. The specifics regarding the selection of specific individuals will be handled by the Board of Directors, and we plan to seek authorization from the shareholders' meeting for this purpose.
 - (b) The necessity and expected benefits of candidate selection:

In order to meet the operational development needs of the Company, we aim to attract strategic investors through this recruitment process. The selection of candidates will prioritize those who can contribute to the Company's future operations. We will focus on individuals or entities that can assist in market development, product sales, and technical collaborations, while also contributing to the Company's profitability and positively impacting shareholder equity. Strategic investors who meet these criteria will be considered.
- C. Essential reason for conducting private placement:
- (a) Reasons for not conducting a public offering: Considering the expedient and efficient nature of private placement, it is deemed advantageous for achieving the objective of attracting strategic

investors. Moreover, the three-year transfer restriction on privately placed securities ensures a long-term cooperative relationship between the company and strategic investors. Additionally, authorizing the Board of Directors to conduct private placements based on the actual operational needs of the company will enhance the flexibility and agility of our fundraising efforts.

(b) The quota for private placement: Offering is limited to a maximum of 13,000,000 common shares.

(c) Expected benefits to be achieved: The purpose of the private placements of this financing plan is to repay loans and enhancing working capital to improve financial structure. The private placement plan is expected to be implemented in two tranches within one year from the resolution of the shareholders' meeting. The intended use of funds and the expected achievements for each tranche of the private placement are as follows:

Projected transaction tranche	Expected the number of shares of the private placements	Purpose of the private placements	Expected benefits to be achieved
1st	6,500,000 shares	Repaying loans and enhancing working capital to improve financial structure	Repaying loans and enhancing working capital to reduce interest burden, improve financial structure, and enhance operational efficiency of the company.
2nd	6,500,000 shares	Repaying loans and enhancing working capital to improve financial structure	Repaying loans and enhancing working capital to reduce interest burden, improve financial structure, and enhance operational efficiency of the company.

(2) The rights and obligations of the privately placed common shares in this offering are generally the same as those of the common shares already issued by the Company. However, the transfer of privately placed common shares shall be subject to the provisions of Article 43-8 of the Securities and Exchange Act within three years from the delivery date. After the expiration of three years from the delivery date of the privately placed common shares, the Company intends to comply with the relevant regulations of the Securities and Exchange Act and apply to the competent authority for the public offering of the privately placed common shares and their listing on the stock exchange.

(3) The main details of the proposed private placement of common shares include the actual number of shares to be issued, the issuance conditions, the amount of the private placement, the reference date for the capital increase, the planned projects, the expected timeline and anticipated benefits, as well as any other matters not yet specified. In the future, if there are any modifications due to changes in regulatory requirements or objective environmental factors, the Board of Directors intends to seek authorization from the shareholders' meeting to proceed in accordance

with the relevant regulations.

- (4) In addition to the authorized scope mentioned above, it is proposed to seek authorization from the shareholders' meeting for the chairman of the board or the designated person to represent the company in signing, negotiating, and amending all contracts and documents related to the private placement of common shares. Furthermore, the chairman of the board is authorized to handle all other matters related to the private placement of common shares that may arise.

2. Proposed for resolution

Resolution: The voting results for this proposal are as follows. Shares represented at the time of voting: 86,333,035

Voting Results	% of the total represented share present
Votes in favor: 86,096,829 (including 57,982,946 electronic votes)	99.72%
Votes against: 186,922 (including 186,922 electronic votes)	0.21%
Votes invalid: 0	0.00%
Votes abstained: 49,284 (including 28,284 electronic votes)	0.05%

After the voting by attending shareholders, this proposal has been passed as proposed.

VI. Election

Description: Proposal for a by-election of one independent director (Proposed by the Board of Directors)

Explanation: 1. The Company's independent director, CHENG-MING OU has resigned from his position on 29 June 2023 due to personal reasons. In accordance with the Articles of Incorporation, it is proposed to elect one independent director through candidate nomination at the upcoming shareholders' meeting.

2. The newly appointed independent director shall assume office immediately after being elected at the shareholders' meeting and serve the remaining term of the previous director. The term from 30 June 2023 to 26 August 2024.

3. The upcoming shareholders' meeting will in accordance with Election of Directors Procedure.

4. The Company's candidates for the election of independent directors, please refer to Attachment 5.

5. The Company's Election of Directors Procedure, please refer to the Handbook.

Election Results:

Candidate list is as follows:

Position	ID Number	Name	Number of Elected Seats
Independent director	N22146****	LI-HUA HUANG	78,547,438

VII. Other matters

Description: Proposal of Release of the Prohibition on Directors from Participation in Competitive Business. (Proposed by the Board of Directors)

Explanation: 1. In accordance with Article 209 of the Company Act: “A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”

2. In order to leverage the expertise and relevant experience of the Company's directors, it is hereby proposed to the shareholders' meeting to lift the restrictions on the newly appointed director's competition activities in accordance with the law.

3. Details of the proposal of release of the prohibition on directors from participation in competitive business, please refer to Attachment 6.

Resolution: The voting results for this proposal are as follows. Shares represented at the time of voting: 86,333,035

Voting Results	% of the total represented share present
Votes in favor: 86,086,910 (including 57,973,027 electronic votes)	99.71%
Votes against: 182,865 (including 182,865 electronic votes)	0.21%
Votes invalid: 0	0.00%
Votes abstained: 63,260 (including 42,260 electronic votes)	0.07%

After the voting by attending shareholders, this proposal has been passed as proposed.

VI. Questions and Motion: After consulting all attending shareholders, there were no motions being proposed.

VII. Adjournment: The chairperson announced adjournment at 9:28, 30 June 2023.

There were no shareholders raising questions during this shareholders' meeting.

2022 Business Report

We would like to express our gratitude to all shareholders and directors for full support. It is through the collective efforts of our dedicated team that the company has been able to operate successfully in challenging circumstances. Since the outbreak of the pandemic, the global economy has faced its most challenging period in 2022. To cope with the impact of the pandemic over past 3 years, many countries worldwide have implemented expansive monetary policies, including zero or even negative interest rates, along with significant currency issuance, leading to abundant liquidity and driving up asset prices. Furthermore, the global surge in oil, natural gas, and food prices due to the Russia-Ukraine conflict has pushed global inflation to historic highs. These two primary factors have significantly impacted the consumer market, causing a substantial contraction in demand. The passive component market has also been strongly impacted, with most electrode foil companies operating at a utilization rate below 60% in the fourth quarter. Liton, with a smaller proportion in the consumer electronics market, has experienced relatively less impact overall. Its subsidiary, Ruyuan Lidong Electronic Technology Co., Ltd., has adopted proactive strategies by developing cost-effective customized products and actively pursuing opportunities in the low, medium, and high-end market segments. We will continue to invest in research and development to improve our processes and enhance the quality and grade of our products. We will also adjust our production and marketing strategies to increase the added value of our products and create value for our shareholders. We would like to express our gratitude to all our dedicated employees for their relentless efforts, as well as the unwavering support and trust of our shareholders and directors. We hereby present the financial results for the 2022 and provide an outlook for the operational performance in 2023 as follow:

I. 2022 Business Report

(I) Implementation Results of Business Plan

In the 2022, the Company achieved a net operating revenue of NT\$1,755,439 thousand and net income before tax of NT\$573,221 thousand. This represents a 10.05% growth in operating revenue and an 8.90% growth in net income before tax compared to 2021, where the net operating revenue was NT\$1,595,151 thousand and the net income before tax was NT\$526,374 thousand.

In 2022, the Company recorded a consolidated operating revenue of NT\$3,844,248 thousand, which represents a decrease of NT\$344,126 thousand or 8.22% compared to the consolidated operating revenue of NT\$4,188,374 thousand in 2021. The net income after tax for 2022 was NT\$ 572,952 thousand, showing a decrease of NT\$3,432 thousand or 0.59% compared to the net income after tax of NT\$576,384 thousand in 2021.

(II) Budget Execution Status: The Company did not disclose financial forecasts for 2022. Here is the actual operational performance for the year as shown in the following table:

Unit: NT\$ thousands

Item	2022 (Individual)	2022 (Consolidated)
Operating revenue, net	1,755,439	3,844,247
Operating cost, net	(1,489,853)	(2,880,206)
Unrealized Profit on Intercompany Sales	(1,877)	-
Gross profit	263,709	964,041
Operating expense	(74,502)	(313,821)
Non-operating incomes and expenses	384,014	49,242
Net income (loss) before tax	573,221	699,462
Net income (loss) after tax	503,342	572,952
Comprehensive income	548,338	627,381

(III) Financial Income and Expenditure and Profitability Analysis

1. Individual

Unit: NT\$ thousands ; %

Item	2022	2021
Net cash generated by operating activities	138,774	128,607
Net cash used in investing activities	(7,815)	(19,704)
Net cash (used in) generated by financing activities	(92,268)	39,034
Return on assets (%)	12.11	13.40
Return on shareholders' equity (%)	16.95	19.18
Operating profit to paid-in capital ratio (%)	13.23	11.60
Net income before tax to paid-in capital ratio (%)	40.02	37.27
Net profit margin (%)	28.67	30.51
Basic EPS (NT\$)	3.52	3.45
Diluted EPS (NT\$)	3.29	3.18

2. Consolidated

Unit: NT\$ thousands ; %

Item	2022	2021
Net cash generated by operating activities	968,076	369,176

Net cash used in investing activities	(461,070)	(512,025)
Net cash (used in) generated by financing activities	(382,266)	173,664
Return on assets (%)	10.41	11.86
Return on shareholders' equity (%)	15.97	18.78
Operating profit to paid-in capital ratio (%)	45.48	49.14
Net income before tax to paid-in capital ratio (%)	48.92	49.52
Profit ratio (%)	14.90	13.76
Basic EPS (NT\$)	3.52	3.45
Diluted EPS (NT\$)	3.29	3.18

II. Research and Development Achievements in 2022

1. Improved corrosion foil dispersion to below 3%.
2. Research and development under 10Vf foil for solid capacitor process.

III. 2023 Summary Business Plan

(I) Business Policy

1. Production line improvement plan - advancing energy-saving processes, assessing phosphoric acid recovery technology.
2. Chemical process development - improve features, cut down cost, Differentiation.
3. Etched Aluminum Foils - development of high-volume foil, improvement feature of dispersion.
4. Management System Enhancement - Management IT digitization, maintenance of qualification certificate for a high-tech enterprise.
5. Progressing greenhouse gas inventory and product carbon footprint verification in all factories.

(II) Sales Plan

1. Low pressure formed foil
 - A. International market
 - a. Continuously leverage the competitive advantage of subsidiary Lidong Advanced Electric Foil products to promote the expansion of the market share replacing Japanese foils and strengthen strategic cooperation with high-quality customers in niche products.
 - b. Sustain the advantage in the high-end customer market share, aligning with customers' utilization of advanced products, and deepen and broaden the market presence in the high-quality customer segment.
 - c. Maintain the focus on targeting new customers and exploring new application markets for products.
 - B. Domestic market
 - a. Stabilize the order stability with key domestic customers,

increase production line utilization, and improve gross profit margin.

- b. Continuously expand the sales proportion of polymer solid capacitors and vehicle dedicated capacitor to enhance the market share of niche products.
 - c. Utilize the competitive advantages of Lidong Electronic Foil's niche products and Linton formed foil's superior product quality to develop a sales strategy for expanding the customer market and achieve the company's goal of full production and sales utilization.
2. Medium and high pressure formed foil
 - A. Achieve full capacity utilization in the line of medium and high pressure formed, effectively improving market share and gross profit targets.
 - B. Focus on customer orders and sales in high-value application markets to enhance product competitiveness effectively (catering to demands for long lifespan, high capacity, and high strength).
 - C. Continuously strive to increase market share among high-end customers in Europe, America, and Japan.
 3. Guide foil and lead-out bar
 - A. Our main objective is to expand in the Japanese market and continue to leverage our sales advantages in the European and American markets, while maintaining a high gross profit margin.
 - B. We aim to increase our sales proportion to first-tier domestic customers.
 - C. Coupled with high-end precision cutting process, we aim to maintain our leading position as a high-quality lead frame brand both domestically and internationally.

(III) R&D Plan

1. Achieving a specific volume above $27\mu\text{F}/\text{cm}^2$ for LY12 specification with 64Vf ratio.
2. Above low pressure 130Vf research and development of process optimization for long-term hydration resistance.

(IV) Projected Revenue Growth for the Year 2023.

IV. The Impact of the External Competitive Environment, Regulatory Environment, and Macroeconomic Conditions

(I) External competitive environment

In 2022, global inflation became a hot topic, particularly in European and American countries, experiencing the highest inflation levels in nearly 40 years. To address high inflation, the Federal Reserve implemented seven interest rate hikes, raising the benchmark interest rate from 0% to 0.25% at the beginning of the year to 4.25% to 4.5%, making it the steepest interest rate hike in history. The sharp interest rate hikes have significant impacts on global economic growth, capital markets, and exchange rates. According to the IMF's analysis and projections at the end of 2022, the global GDP growth rates for 2022 and 2023 are estimated to be 3.2% and 2.7% respectively. The United Nations released the "World Economic Situation and Prospects 2023" report, which predicts a further decline in global economic growth in 2023, from around 3% in 2022 to 1.9%, indicating a less optimistic outlook. Under the impact of the COVID-19 pandemic, the Ukraine crisis, high inflation rates, and climate change, the global economy suffered significant setbacks in 2022. In 2023, the world economy continues to face pressures and is expected to experience one of the lowest growth rates in decades.

The deceleration of global economic growth affects not only developed countries but also has implications for developing nations. Many countries will face the risk of economic recession in 2023. In 2022, the growth momentum of developed economies such as the United States and the European Union noticeably weakened. It is projected that in 2023, the economic growth rates of the United States and the European Union will slow down to 0.4% and 0.2% respectively. Japan is expected to experience a growth rate of 1.5%, while the economies of the United Kingdom and Russia are projected to contract by 0.8% and 2.9% respectively. In 2023, the East Asian region is expected to achieve an economic growth rate of 4.4%, primarily driven by China's government optimizing its pandemic prevention policies and implementing favorable economic measures. China's economic growth is projected to accelerate in 2023, although the unresolved issues in the real estate sector pose ongoing risks. The global economic growth and business outlook are generally pessimistic, leading to a decline in demand and a trend of decreasing prices in the passive component market. In the coming year, the market is expected to be challenging, with supply surpassing demand, posing intense competitive challenges for electrode foil manufacturers.

(II) Regulatory environment

With the comprehensive reopening of COVID-19 restrictions in Europe and the United States, there has been a turning point in the pandemic situation worldwide in 2022. The focus has shifted from strict measures such as widespread screening, contact tracing, and lockdowns to a more controlled approach. In the initial stages of reopening, countries experienced a rapid increase in infection cases, leading to some level of panic. However, after a quarter of testing, most countries have achieved a state of herd immunity, with a significant decrease in the proportion of severe cases, China also announced the easing of its "zero-COVID" policy towards the end of 2022. Starting from December 8th, the transition from first-tier cities to nationwide was implemented. Initially, people were hesitant to go out, and there was a frenzy of panic buying of medical supplies. However, within a month, the panic subsided, and the isolation policies at entry and exit ports were lifted. Although the virus is not completely eradicated, its virulence and transmission capacity have significantly decreased. The Chinese National Health Commission has announced that COVID-19 has been reclassified as a Class B infectious disease, indicating that this wave of the pandemic has officially become part of history. Measures such as personnel quarantine, logistics restrictions, closure of stores and attractions, factory shutdowns, and city lockdowns, which were once frightening terms, no longer threaten people's lives. Undoubtedly, this is a major positive factor for the struggling economy. Although there are still many unfavorable factors to be resolved, and the economy cannot immediately recover to pre-pandemic growth rates, it is evident that the economic recovery is gradually gaining momentum.

(III) Macroeconomic conditions

In the overall pessimistic economic environment, we need to be prepared for the slowdown or even recession in global economic growth. Starting from 2023, as the pace of interest rate hikes by the Federal Reserve gradually slows down, the pressure of capital outflows from Asian financial markets may alleviate. The global financial markets' trajectory depends on the long-term interest rate trends in the United States, and currently, the US economy is experiencing stagflation. Based on the latest economic data, there is a possibility that the Eurozone and the UK may face negative growth in 2023. As China gradually optimizes its epidemic control measures, the pent-up consumer demand that has been suppressed for three years is being released. This can be observed through the high consumption levels in sectors such as

dining, hotels, air travel, and tourist attractions during the Chinese New Year period. Over the past five years, consumer spending in China has contributed more to GDP than investment and exports. The recovery of consumer spending is also an important driving force for China's economic revival. The transition from traditional energy sources to renewable energy is an inevitable trend. In order to achieve the "dual carbon" goals, it is essential to vigorously develop clean energy. Looking at the industry outlook, new energy vehicles, photovoltaics, wind power, and energy storage are still expected to be high-growth sectors in the future. During the economic recovery phase, there are both challenges and opportunities. Although the demand for consumer electronics, computers, and household appliances remains weak, the Industrial field, new energy vehicles, charging stations, photovoltaic inverters, smart grids, and other markets continue to grow due to the strong drive of energy-saving and carbon reduction policies. We should not be overly pessimistic, but we need to approach the situation with caution.

Chairman: TE-CHUAN WU

President: TSUN-HSIN KO

Accounting Supervisor: KUO-CHUAN WANG

(Attachment 2)



苗栗縣銅鑼鄉北中興工業區中隆二路9號
9, Chung-Lung 2nd, Chung-Hsing Ind. District, TEL : 886-37-222899
Tung Lo Shiang, Miaoli Hsien, Taiwan, R.O.C. .FAX : 886-37-229213

Audit Committee's Review Report

The board of directors has prepared the Company's 2022 Business Report, Financial Statements, Consolidated Financial Statements and profit distribution table. The CPAs of Ernst& Young Taiwan, MING-HUNG CHEN and WEN-PI YEN were retained to audit LITON TECHNOLOGY CORP. 's Financial Statements and Consolidated Financial Statements and has issued an audit report. For the preceding the Business Report, Financial Statements, Consolidated Financial Statements and proposal of statement of appropriation of earnings have been reviewed and determined to be correct and accurate by the Audit Committee members of LITON TECHNOLOGY CORP. According to relevant requirements of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Best regards,

2023 shareholders meeting of LITON TECHNOLOGY CORP.

Convener of the audit committee YEN-CHUNG TSOU

22 March 2023

Independent Auditors' Report Translated from Chinese

To Liton Technology Corp.

Opinion

We have audited the accompanying consolidated balance sheets of Liton Technology Corp. and its subsidiaries (the "Group") as of 31 December 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2022 and 2021, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2022 and 2021, and their consolidated financial performance and cash flows for the years ended 31 December 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by 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 generally accepted in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

1. Valuation for inventories

As of 31 December 2022, the Group's net inventories amounted to NT\$1,029,755 thousand. Net inventories accounted for 17% of consolidated total assets. The losses of write-downs and slow-moving inventories are caused by valuation for finished goods. Based on valued amounts for inventories which was considered material in the consolidated statements, and as the uncertainty due to fast-changing technology, the assessment of the inventory valuation require significant management judgement. We therefore determined this a key audit matter.

Our audit procedures included, but not limited to, observing inventory counts to ensure quantities and status; checking the unit cost of inventory; evaluating the reasonableness of accounting policy of loss allowance; sampling and testing the accuracy of inventory aging intervals; investigating whether manufactured goods had properly classified by level of inventories and valued with each level. We also assessed the adequacy of disclosures related to inventory in Notes 5 and 6 to the Group's consolidate financial statements.

2. Impairment of accounts receivable

As of 31 December 2022, the gross accounts receivable and loss allowance by the Group amounted to NT\$824,514 thousand and NT\$11,330 thousand, respectively. The net accounts receivable accounted for 13% of consolidated total assets, which was considered material to the Group. The collection of accounts receivable is a key factor in the working capital management of the Group. As the measurement of expected credit loss involves making judgment, analysis and estimates, and the result will affect the net account receivable, we therefore determined this a key audit matter.

Our audit procedures included, but not limited to, understanding and testing of the effectiveness of the Group internal control related to the management of customer credit risk and accounts receivable collection; assessing the reasonableness of loss allowance policy, including understanding related information to evaluate expected credit loss ratio according to historical experience, current market and future economic outlook expected; recalculating the reasonableness of loss allowance based on trading

conditions; evaluating individually the reasonableness of the impairment of accounts receivable longer aging and significant overdue amounts ; recalculating the reasonableness of non-individual significant customers (cohort assessment) based on accounting policy of loss allowance ; sampling and testing accounts receivable letter and reviewed its collection in subsequent period. We also assessed the adequacy of disclosures related to accounts receivable in Notes 5 and 6 to the Group's consolidate financial statements.

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 requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the ability to continue as a going concern of the Group, 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 audit committee or supervisors, are responsible for overseeing the financial reporting process of the Group.

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group.
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 ability to continue as a going concern of the Group. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or

when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other

We have audited and expressed an unqualified opinion on the parent company only financial statements of Liton Technology Corp. as of and for the years ended 31 December 2022 and 2021.

/s/ Ming-Hung Chen

/s/ Wen-Bi Yen

Ernst & Young, Taiwan

22 March 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations 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 accepted and applied in the Republic of

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
LITON TECHNOLOGY CORP.
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of 31 December	
		2022	2021
Current assets			
Cash and cash equivalents	4, 6(1)	\$458,832	\$420,141
Financial assets at fair value through profit or loss, current	4, 12	1,189	3,083
Notes receivable, net	4, 6(12)	6,592	6,426
Accounts receivable, net	4, 6(2), 6(12)	274,346	340,384
Accounts receivables-related parties, net	4, 6(2), 6(12), 7	354,545	237,901
Other receivables	4, 7	17,579	9,001
Inventories	4, 6(3)	287,104	208,053
Prepayment		11,646	7,051
Other current assets		576	612
Total current assets		1,412,409	1,232,652
Non-current assets			
Financial assets at fair value through other comprehensive income, non-current	4, 6(4)	2,876,733	2,540,158
Property, plant and equipment	4, 6(5), 8	189,486	190,079
Right-of-use assets	4, 6(13)	257	770
Intangible assets	4	1,345	1,523
Deferred tax assets	4, 6(17)	1,713	101
Net defined benefit assets, non-current	4, 6(9)	6,884	3,885
Other non-current assets		7,521	11,433
Total non-current assets		3,083,939	2,747,949
Total assets		\$4,496,348	\$3,980,601

(continued)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
LITON TECHNOLOGY CORP.
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As of 31 December	
		2022	2021
Current liabilities			
Short-term loans	4, 6(6)	\$580,570	\$449,514
Short-term notes and bills payable	4, 6(7)	89,981	\$59,957
Financial liabilities at fair value through profit or loss, current	4, 12	1,700	900
Contract liabilities, current	4, 6(11)	2	17
Accounts payable	4	14,400	36,084
Accounts payables-related parties	7	83,571	31,865
Other payables		60,355	58,773
Current tax liabilities	4, 6(17)	54,042	34,612
Lease liabilities, current	4, 6(13)	260	516
Long-term liabilities, current portion	4, 6(8)	-	5,026
Other current liabilities	4	204	194
Total current liabilities		885,085	677,458
Non-current liabilities			
Bonds payable	4, 6(8)	488,952	481,777
Deferred tax liabilities	4, 6(17)	1,377	878
Lease liabilities, non-current	4, 6(13)	-	260
Other current liabilities, non-current		4	310
Total non-current liabilities		490,333	483,225
Total liabilities		1,375,418	1,160,683
Equity attributable to the parent company	4, 6(10)		
Capital			
Common stock		1,432,196	1,430,048
Certificate of entitlement to new shares from convertible bond		-	775
Subtotal		1,432,196	1,430,823
Additional Paid-in Capital		579,882	577,355
Retained earnings			
Legal reserve		209,160	160,481
Special reserve		190,800	203,129
Unappropriated earnings		896,692	642,389
Subtotal		1,296,652	1,005,999
Other components of equity			
Exchange differences on translation of foreign operations		(146,164)	(189,297)
Unrealized gains or losses on financial assets at fair value through other comprehensive income		(1,503)	(1,503)
Subtotal		(147,667)	(190,800)
Treasury shares		(40,133)	(3,459)
Total equity		3,120,930	2,819,918
Total liabilities and equity		\$4,496,348	\$3,980,601

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
LITON TECHNOLOGY CORP.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the years ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	For the years ended 31 December	
		2022	2021
Operating revenues	4, 6(11), 7	\$1,755,439	\$1,595,151
Operating costs	6(3), 6(14), 7	(1,489,853)	(1,370,015)
Gross profit		265,586	225,136
Unrealized intercompany profit	7	(8,902)	(7,025)
Realized intercompany profit	7	7,025	3,975
Gross profit		263,709	222,086
Operating expenses			
Sales and marketing expenses	6(14)	(11,988)	(11,886)
General and administrative expenses	6(14)	(58,144)	(42,079)
Research and development expenses	6(14)	(4,176)	(4,920)
Expected credit (losses) gains	6(12)	(194)	637
Subtotal		(74,502)	(58,248)
Operating income		189,207	163,838
Non-operating income and expenses			
Other income	4, 6(15)	20,698	5,101
Other gains and losses	6(15)	84,581	8,871
Financial costs	6(15)	(12,500)	(9,672)
Share of profit or loss of subsidiaries, associates and joint ventures	4, 6(4)	291,235	358,236
Subtotal		384,014	362,536
Income before income tax		573,221	526,374
Income tax expense	4, 6(17)	(69,879)	(39,694)
Net income		503,342	486,680
Other comprehensive income	6(16), 6(17)		
Items that may not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plans		2,329	135
Income tax related to items that may not to be reclassified subsequently		(466)	(27)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	6(4)	43,133	12,329
Total other comprehensive income, net of tax		44,996	12,437
Total comprehensive income		\$548,338	\$499,117
Earnings per share (NTD)	4, 6(18)		
Earnings per share-basic		\$3.52	\$3.45
Earnings per share-diluted		\$3.29	\$3.18

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

LITON TECHNOLOGY CORP.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the Years Ended 31 December 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Capital			Retained Earnings			Other components of equity			Treasury shares	Total equity
	Common Stock	Certificate of entitlement to new shares from convertible bond	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)	Exchange Differences on Translation of Foreign Operations	Unrealized Gains or Losses on Financial Assets at Fair Value Through Other Comprehensive Income			
Balance as of 1 January 2021	\$1,363,635	\$ -	\$429,722	\$133,071	\$212,939	\$323,201	\$(201,626)	\$(1,503)	\$(3,459)	\$2,255,980	
Appropriation and distribution of 2020 retained earnings											
Legal reserve				27,410		(27,410)				-	
Cash dividends						(150,000)				(150,000)	
Special reserve					(9,810)	9,810				-	
Net income in 2021						486,680				486,680	
Other comprehensive income, net of tax in 2021						108	12,329			12,437	
Total comprehensive income	-	-	-	-	-	486,788	12,329	-	-	499,117	
Bonds converted to stock	66,413	775	147,633							214,821	
Balance as of 31 December 2021	\$1,430,048	\$775	\$577,355	\$160,481	\$203,129	\$642,389	\$(189,297)	\$(1,503)	\$(3,459)	\$2,819,918	
Balance as of 1 January 2022	\$1,430,048	\$775	\$577,355	\$160,481	\$203,129	\$642,389	\$(189,297)	\$(1,503)	\$(3,459)	\$2,819,918	
Appropriation and distribution of 2021 retained earnings											
Legal reserve				48,679		(48,679)				-	
Cash dividends						(214,552)				(214,552)	
Special reserve					(12,329)	12,329				-	
Net income in 2022						503,342				503,342	
Other comprehensive income, net of tax in 2022						1,863	43,133			44,996	
Total comprehensive income	-	-	-	-	-	505,205	43,133	-	-	548,338	
Acquisition of treasury shares									(36,674)	(36,674)	
Bonds converted to stock	2,148	(775)	2,527							3,900	
Balance as of 31 December 2022	\$1,432,196	\$ -	\$579,882	\$209,160	\$190,800	\$896,692	\$(146,164)	\$(1,503)	\$(40,133)	\$3,120,930	

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
LITON TECHNOLOGY CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December	
	2022	2021
Cash flows from operating activities:		
Net income before tax	\$573,221	\$526,374
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Income and expense adjustments:		
Depreciation	7,730	7,308
Amortization	882	856
Expected credit loss (income)	194	(637)
Net gain (loss) of financial assets/liabilities at fair value through profit or loss	2,694	(222)
Interest expense	12,500	9,672
Interest income	(1,104)	(209)
Dividends income	(90)	(50)
Share of profit of subsidiaries, associates and joint ventures	(291,235)	(358,236)
Unrealized intercompany loss	1,877	3,050
Property, plant and equipment transferred to expenses	-	198
Gain(loss) from market value decline, obsolete and slow-moving of inventories	1,561	(211)
Other item	(4,084)	(3,837)
Changes in operating assets and liabilities:		
(Increase) decrease in notes receivable	(166)	3,271
Increase in accounts receivable	(50,800)	(56,643)
(Increase) decrease in other receivable	(8,578)	1,598
(Increase) decrease in inventories	(80,612)	1,170
Increase in prepayments	(4,595)	(3,162)
Decrease (Increase) in other current assets	36	(107)
Increase in net defined benefit assets, non-current	(670)	(626)
Decrease (Increase) in other non-current assets	3,912	(2,267)
Decrease in contract liabilities	(15)	(265)
Increase (decrease) in accounts payable	30,022	(13,477)
Increase in other payables	1,990	19,401
Increase in other current liabilities	10	21
Cash generated from operations	194,680	132,970
Interest received	1,104	209
Dividend received	90	50
Interest paid	(5,072)	(5,260)
Income tax (paid) received	(52,028)	638
Net cash provided by operating activities	138,774	128,607

(Continued)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
LITON TECHNOLOGY CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December	
	2022	2021
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(7,111)	(25,446)
Proceeds from disposal of property, plant and equipment	-	5,989
Acquisition of intangible assets	(704)	(247)
Net cash used in investing activities	(7,815)	(19,704)
Cash flows from financing activities:		
Increase in short-term loans	1,620,672	2,015,819
Decrease in short-term loans	(1,489,616)	(2,104,993)
Increase in short-term notes and bills payable	149,816	950,636
Decrease in short-term notes and bills payable	(119,792)	(1,110,560)
Proceeds from bonds issued	-	499,805
Cash payments of bonds	(1,300)	-
Increase in long-term loans	-	8,750
Decrease in long-term loans (including current portion)	-	(70,000)
Acquisition of treasury shares	(36,674)	-
Cash payments for the principal portion of the lease liability	(516)	(511)
(Decrease) increase in guarantee deposits received	(306)	88
Cash dividends	(214,552)	(150,000)
Net cash (used in) provided by financing activities	(92,268)	39,034
Net increase in cash and cash equivalents	38,691	147,937
Cash and cash equivalents at beginning of period	420,141	272,204
Cash and cash equivalents at end of period	\$458,832	\$420,141

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

Independent Auditors' Report Translated from Chinese

To Liton Technology Corp.

Opinion

We have audited the accompanying parent company only balance sheets of Liton Technology Corp. (the “Company”) as of 31 December 2022 and 2021, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2022 and 2021, and notes to the parent company only financial statements, including the summary of significant accounting policies. (together “the parent company only financial statements”).

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of 31 December 2022 and 2021, and its financial performance and cash flows for the years ended 31 December 2022 and 2021, in conformity with the requirements of 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 generally accepted in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

3. Valuation for inventories

As of 31 December 2022, the Company's net inventories amounted to NT\$287,104 thousand. Net inventories accounted for 7% of total assets. The losses of write-downs and slow-moving inventories are caused by valuation for finished goods. Based on valued amounts for inventories which was considered material in the consolidated statements, and as the uncertainty due to fast-changing technology, the assessment of the inventory valuation require significant management judgement. We therefore determined this a key audit matter.

Our audit procedures included, but not limited to, observing inventory counts to ensure quantities and status; checking the unit cost of inventory; evaluating the reasonableness of accounting policy of loss allowance; sampling and testing the accuracy of inventory aging intervals; investigating whether manufactured goods had properly classified by level of inventories and valued with each levels. We also assessed the adequacy of disclosures related to inventory in Notes 5 and 6 to the parent company only financial statements.

4. Impairment of accounts receivable

As of 31 December 2022, the gross accounts receivable and loss allowance by the Company amounted to NT\$629,692 thousand and NT\$801 thousand, respectively. The net accounts receivable accounted for 14% of total assets, which was considered material to the Company. The collection of accounts receivable is a key factor in the working capital management of the Company. As the measurement of expected credit loss involves making judgment, analysis and estimates, and the result will affect the net account receivable, we therefore determined this a key audit matter.

Our audit procedures included, but not limited to, understanding and testing of the effectiveness of the Company internal control related to the management of customer credit risk and accounts receivable collection; assessing the reasonableness of loss allowance policy, including understanding related information to evaluate expected credit loss ratio according to historical experience, current market and future economic outlook expected; recalculating the reasonableness of loss allowance based on trading conditions; evaluating individually the reasonableness of the impairment of accounts receivable longer aging and significant overdue amounts ; recalculating the reasonableness of non-individual significant customers (cohort assessment) based on accounting policy of loss allowance ; sampling and testing accounts receivable letter and reviewed its collection in subsequent period. We also assessed the adequacy of disclosures related to accounts receivable in Notes 5 and 6 to the parent company only financial statements.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the ability to continue as a going concern of the Company, 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 financial reporting process of the Company.

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered

material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

7. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
8. 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 internal control of the Company.
9. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
10. 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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
11. Evaluate the overall presentation, structure, and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

/s/ Ming Hung Chen

/s/ Wen Bi Yen

Ernst & Young, Taiwan

22 March 2023

English Translation of Consolidated Financial Statements Originally Issued in Chinese
LITON TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December 2022 and 31 December 2021
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of 31 December	
		2022	2021
Current assets			
Cash and cash equivalents	4, 6(1)	\$834,236	\$697,742
Financial assets at fair value through profit or loss, current	4	1,189	3,083
Notes receivable, net	4, 6(13)	51,924	72,026
Accounts receivable, net	4, 6(2), 6(13)	621,771	606,302
Accounts receivables-related parties, net	4, 6(2), 6(13), 7	191,413	418,122
Other receivables	4	32,589	7,613
Inventories	4, 6(3)	1,029,755	740,206
Prepayment		131,771	154,870
Other current assets		700	975
Total current assets		2,895,348	2,700,939
Non-current assets			
Financial assets at fair value through other comprehensive income, non-current	4	5,664	5,572
Property, plant and equipment	4, 6(4), 8	2,850,082	2,550,699
Right-of-use assets	4, 6(14), 7	98,171	75,719
Intangible assets	4	2,136	2,354
Deferred tax assets	4, 6(18)	19,246	17,429
Net defined benefit assets, non-current	4, 6(9)	6,884	3,885
Other non-current assets	6(5)	212,454	192,874
Total non-current assets		3,194,637	2,848,532
Total assets		\$6,089,985	\$5,549,471

(continued)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
LITON TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As of 31 December	
		2022	2021
Current liabilities			
Short-term loans	4, 6(6)	\$840,996	\$710,034
Short-term notes and bills payable	4	89,981	\$59,957
Financial liabilities at fair value through profit or loss, current	4	1,700	900
Contract liabilities, current	4, 6(12), 7	227,030	17
Accounts payable	4	59,921	81,427
Accounts payables-related parties	4, 7	4,260	25,888
Other payables	6(7)	186,162	179,013
Current tax liabilities	4, 6(18)	99,512	55,407
Lease liabilities, current	4, 6(14), 7	3,402	2,576
Long-term liabilities, current portion	6(9)	130,408	133,168
Other current liabilities		82,571	64,676
Total current liabilities		<u>1,725,943</u>	<u>1,313,063</u>
Non-current liabilities			
Bonds payable	4, 6(8)	488,952	481,777
Long-term loans	4, 6(9)	-	283,135
Deferred tax liabilities	6(18)	1,377	878
Lease liabilities, non-current	4, 6(14), 7	56,848	34,021
Guarantee deposits received		39,784	39,571
Total non-current liabilities		<u>586,961</u>	<u>839,382</u>
Total liabilities		<u>2,312,904</u>	<u>2,152,445</u>
Equity attributable to the parent company			
Capital			
Common stock	6(11)	1,432,196	1,430,048
Certificate of entitlement to new shares from convertible bond		-	775
Subtotal		<u>1,432,196</u>	<u>1,430,823</u>
Additional Paid-in Capital	6(11)	579,882	577,355
Retained earnings	6(11)		
Legal reserve		209,160	160,481
Special reserve		190,800	203,129
Unappropriated earnings		896,692	642,389
Subtotal		<u>1,296,652</u>	<u>1,005,999</u>
Other components of equity			
Exchange differences on translation of foreign operations		(146,164)	(189,297)
Unrealized gains or losses on financial assets at fair value through other comprehensive income		(1,503)	(1,503)
Subtotal		<u>(147,667)</u>	<u>(190,800)</u>
Treasury shares	4, 6(11)	(40,133)	(3,459)
Non-controlling interests	6(11)	656,151	577,108
Total equity		<u>3,777,081</u>	<u>3,397,026</u>
Total liabilities and equity		<u>\$6,089,985</u>	<u>\$5,549,471</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
LITON TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	For the years ended 31 December	
		2022	2021
Operating revenues	4, 6(12), 7	\$3,844,247	\$4,188,347
Operating costs	6(3), 6(15)	(2,880,206)	(3,164,602)
Gross profit		964,041	1,023,745
Operating expenses			
Sales and marketing expenses	6(15)	(64,764)	(67,158)
General and administrative expenses	6(15)	(154,186)	(174,544)
Research and development expenses	6(15)	(89,178)	(88,856)
Expected credit (losses) gains	6(13)	(5,693)	927
Subtotal		(313,821)	(329,631)
Operating income		650,220	694,114
Non-operating income and expenses			
Interest income	4	4,328	2,885
Other income	4, 6(16)	14,223	21,177
Other gains and losses	6(16)	71,980	26,636
Financial costs	6(16)	(41,289)	(45,393)
Subtotal		49,242	5,305
Income before income tax		699,462	699,419
Income tax expense	4, 6(18)	(126,510)	(123,035)
Net income		572,952	576,384
Other comprehensive income	6(17)		
Items that may not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plans		2,329	135
Income tax related to items that may not be reclassified subsequently		(466)	(27)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		52,566	15,006
Total other comprehensive income, net of tax		54,429	15,114
Total comprehensive income		\$627,381	\$591,498
Net income attributable to:			
Stockholders of the parent		\$503,342	\$486,680
Non-controlling interests		69,610	89,704
		\$572,952	\$576,384
Comprehensive income attributable to:			
Stockholder of the parent		\$548,338	\$499,117
Non-controlling interests		79,043	92,381
		\$627,381	\$591,498
Earnings per share (NTD)			
Earnings per share-basic	4, 6(19)	\$3.52	\$3.45
Earnings per share-diluted		\$3.29	\$3.18

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
LITON TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to the Parent Company											
	Capital		Retained Earnings				Other components of equity			Non-controlling interests	Total equity	
	Common Stock	Certificate of entitlement to new shares from convertible bond	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	gains(Losses) on financial assets measured at fair value through other comprehensive income	Treasury shares			Total
Balance as of 1 January 2021	\$1,363,635	\$ -	\$429,722	\$133,071	\$212,939	\$323,201	\$(201,626)	\$(1,503)	\$(3,459)	\$2,255,980	\$484,727	\$2,740,707
Appropriation and distribution of 2020 retained earnings												
Legal reserve				27,410		(27,410)				-		-
Cash dividends						(150,000)				(150,000)		(150,000)
Special reserve					(9,810)	9,810				-		-
Net income in 2021						486,680				486,680	89,704	576,384
Other comprehensive income, net of tax in 2021						108	12,329			12,437	2,677	15,114
Total comprehensive income	-	-	-	-	-	486,788	12,329	-	-	499,117	92,381	591,498
Bonds converted to stock	66,413	775	147,633							214,821		214,821
Balance as of 31 December 2021	<u>\$1,430,048</u>	<u>\$775</u>	<u>\$577,355</u>	<u>\$160,481</u>	<u>\$203,129</u>	<u>\$642,389</u>	<u>\$(189,297)</u>	<u>\$(1,503)</u>	<u>\$(3,459)</u>	<u>\$2,819,918</u>	<u>\$577,108</u>	<u>\$3,397,026</u>
Balance as of 1 January 2022	\$1,430,048	\$775	\$577,355	\$160,481	\$203,129	\$642,389	\$(189,297)	\$(1,503)	\$(3,459)	\$2,819,918	\$577,108	\$3,397,026
Appropriation and distribution of 2021 retained earnings												
Legal reserve				48,679		(48,679)				-		-
Cash dividends						(214,552)				(214,552)		(214,552)
Special reserve					(12,329)	12,329				-		-
Net income in 2022						503,342				503,342	69,610	572,952
Other comprehensive income, net of tax in 2022						1,863	43,133			44,996	9,433	54,429
Total comprehensive income	-	-	-	-	-	505,205	43,133	-	-	548,338	79,043	627,381
Bonds converted to stock	2,148	(775)	2,527							3,900		3,900
Acquisition of treasury shares									(36,674)	(36,674)		(36,674)
Balance as of 31 December 2022	<u>\$1,432,196</u>	<u>\$ -</u>	<u>\$579,882</u>	<u>\$209,160</u>	<u>\$190,800</u>	<u>\$896,692</u>	<u>\$(146,164)</u>	<u>\$(1,503)</u>	<u>\$(40,133)</u>	<u>\$3,120,930</u>	<u>\$656,151</u>	<u>\$3,777,081</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
LITON TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December	
	2022	2021
Cash flows from operating activities:		
Net income before tax	\$699,462	\$699,419
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Income and expense adjustments:		
Depreciation	202,252	176,129
Amortization	1,008	984
Expected credit loss (income)	5,693	(927)
Property, plant and equipment transferred to expenses	-	7,947
Net gain (loss) of financial assets/liabilities at fair value through profit or loss	2,694	(222)
Interest expense	41,289	45,393
Interest income	(4,328)	(2,158)
Loss from market value decline, obsolete and slow-moving of inventories	8,611	1,328
Dividends income	(90)	(50)
Loss (gain) on disposal of property, plant and equipment	345	(26,341)
Changes in operating assets and liabilities:		
Decrease (increase) in notes receivable	20,102	(3,744)
Decrease (increase) in accounts receivable	205,480	(162,556)
Increase in inventories	(288,336)	(99,508)
Decrease (increase) in prepayments	23,099	(64,679)
Decrease in other receivables	173	2,404
Decrease (increase) in other current assets	275	(205)
Decrease in accounts payable	(43,134)	(82,607)
(Decrease) increase in other payables	(10,805)	56,580
Increase (decrease) in contract liabilities	227,013	(2,892)
Increase (decrease) in other current liabilities	17,895	(4,726)
Decrease in net defined benefit assets, non-current	(670)	(626)
Increase (decrease) in other non-current assets	1,339	(46,942)
Cash generated from operations	<u>1,109,367</u>	<u>492,001</u>
Interest received	4,328	2,158
Dividend received	90	50
Interest paid	(34,220)	(40,906)
Income tax paid	(111,489)	(84,127)
Net cash provided by operating activities	<u>968,076</u>	<u>369,176</u>

(Continued)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
LITON TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December	
	2022	2021
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(95,968)	(196,967)
Proceeds from disposal of property, plant and equipment	86	60,649
Acquisition of right-of-use assets	(964)	-
Increase in prepayment for equipment	(363,448)	(375,451)
Acquisition of intangible assets	(776)	(256)
Net cash used in investing activities	<u>(461,070)</u>	<u>(512,025)</u>
Cash flows from financing activities:		
Increase in short-term loans	1,885,418	2,276,999
Decrease in short-term loans	(1,754,456)	(2,235,253)
Increase in short-term notes and bills payable	149,816	950,636
Decrease in short-term notes and bills payable	(119,792)	(1,110,560)
Cash payments of bonds	(1,300)	-
Proceeds from bonds issued	-	499,805
Increase in long-term loans	76,484	120,153
Decrease in long-term loans (including current portion)	(364,172)	(163,012)
Cash payments for the principal portion of the lease liability	(3,251)	(2,430)
Increase (decrease) in guarantee deposits received	213	(12,674)
Cash dividends	(214,552)	(150,000)
Acquisition of treasury shares	(36,674)	-
Net cash (used in) provided by financing activities	<u>(382,266)</u>	<u>173,664</u>
Effect of exchange rate on cash and cash equivalents	<u>11,754</u>	<u>(6,137)</u>
Net increase in cash and cash equivalents	136,494	24,678
Cash and cash equivalents at beginning of period	697,742	673,064
Cash and cash equivalents at end of period	<u><u>\$834,236</u></u>	<u><u>\$697,742</u></u>

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

LITON TECHNOLOGY CORP.

2022 Profit Distribution Table

Unit: in NT\$

Items	Amount
Unappropriated retained earnings , beginning balance	391,486,433
Remeasurement on defined benefit plan	1,863,483
Net profit	503,342,230
Adjusted retained earning	896,692,146
Appropriation of 10% legal reserve	(50,520,571)
Rotation propriated retained earning	43,132,993
Cash dividends of shareholders (NT\$ 1.75 share)	(248,359,311)
Unappropriated retained earnings, ending balance	640,945,257
Note:	
1. The amount of this profit distribution is given priority to the distribution of 2022.	
2. The distribution amount per share is calculated based on the number of outstanding shares of 141,919,606 shares (185,000 shares transferred to employees plus the transfer of treasury shares to employees and deduction of 1,300,000 shares of treasury shares repurchased for the seventh time).	

Chairman: TE-CHUAN WU

Manager: TSUN-HSIN KO

Accounting Supervisor: KUO-CHUAN WANG

(Attachment 5)

LITON TECHNOLOGY CORP.
Candidates for the Election of Independent Directors
Shareholders' Meeting Date: 30 June 2023

Candidate category	Name or account/ ID of candidate	Education	Relevant experience	Current position	Shareholding
Independent Director	LI-HUA HUANG	Accounting Statistics, National Taichung Junior College of Business (Now known as National Taichung University of Science and Technology)	Senior Manager, Ernst & Young Taiwan Senior Manager, Hong Siang Certified Public Accountants Independent Director, Chian Hsing Forging Industrial Co., Ltd.	Senior Manager, Hong Siang Certified Public Accountants Independent Director, Chian Hsing Forging Industrial Co., Ltd.	0 share

Detail of Release of the Prohibition on Directors from Participation in
Competitive Business

Title	Name	Positions currently held in other companies
Independent Director	LI-HUA HUANG	Senior Manager, Hong Siang Certified Public Accountants Independent Director, Chian Hsing Forging Industrial Co., Ltd.