Stock Code: 6175

LITON TECHNOLOGY CORP.

2023 Annual Report

17 May 2024

Information Disclosure Website: **mops.tse.com.tw** (MOPS)

I. Name, Title and Telephone Number, of the Spokesman or Acting Spokesman

Name of Spokesman: KUO-CHUAN WANG	Email: rogerwang@liton.com.tw
Title: Senior Manger, Administrative Office	Telephone:(037)222-899
Name of Acting Spokesman: CHANG-YUAN CHEN	Email： james@liton.com.tw
Title: Manager, Materials Department	Telophone:(037)222-899

II. Address and Telephone Number of the Company's Headquarters, Branch Offices, and Factories

Headquarters: No.9, Chung Lung 2 Rd., Chung-Hsing Industrial Zone, Tung-Lo Township, Miao-Li County

Telephone: (037)222-899

Miao-Li Factory: No.9, Chung Lung 2 Rd., Chung-Hsing Industrial Zone, Tung-Lo Township, Miao-Li County

Telephone: (037)222-899

III. Name, Address, Website, and Telephone Number of the Agency Handling Shares Transfer

Stock Transfer Agency Department, Taishin Securities Co., Ltd. Address: B1, No. 96, Jianguo N. Rd., Sec. 1, Taipei

Website: stocktransfer.tssco.com.tw

Telephone: (02)2504-8125

IV. The Names of the CPAs Who Duly Audited the Annual Financial Report for the Most Recent Fiscal Year, and the Name, Address, Website and Telephone Number of the Accounting Firm to Which They Belong

CPAs: Chin-Yuan Tu and Wen-Chen Lo

Accounting Firm: Ernst & Young Taiwan
Address: 26F., No. 186, Shizheng N. 7th Rd., Taichung City
Website: www.ey.com/tw
Telephone: (04)2259-8999

V. Name of Any Exchanges where the Company's Securities are Traded Offshore, and the Method by Which to Access Information on Said Offshore Securities: None

VI. Corporate Website

http://www.liton.com.tw

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Chapter I. A Letter to Shareholders

LITON TECHNOLOGY CORP.

2023 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 second quarter of 2022, the global economy has slowed down and entered an even more difficult period in 2023. Most financial institutions currently estimate that there will be a recovery in 2024, but the outlook is not optimistic. To save the economy, countries have adopted loose monetary policies, issuing large amounts of currency, leading to a flood of liquidity and pushing up asset prices. The Russia-Ukraine war is not over yet, the Middle East war have been rekindled, and the inflation in Europe and the United States remains high, so consumer confidence is weak, and the market has shrunk significantly. The electronics industry chain remains in a slump, with consumer electronics being the most affected. The overall capacity utilization rate of the electrode foil industry is below 60%. Liton's overall revenue slightly declined last year, while the revenue of its subsidiary, Ruyuan Lidon Electronic Technology Co., Ltd., showed slight growth. However, due to the overall market contraction and price decline, its gross profit margin was greatly impacted. 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 2023 and provide an outlook for the operational performance in 2024 as follow:

I. 2023 Business Report

(I) Implementation Results of Business Plan

In 2023, the Company achieved a net operating revenue of NT$1,273,498 thousand and a net income after tax of NT$294,871 thousand. This represents a 27.45% decline in operating revenue and a 41.42% decline in net income after tax compared to 2022, where the net operating revenue was NT$1,755,439 thousand and the net income after tax was NT$503,342 thousand.

In 2023, the Company recorded a consolidated operating revenue of NT$3,676,095 thousand, which represents a decrease of NT$168,152 thousand and a 4.37% compared to the consolidated operating revenue of NT$3,844,247 thousand in 2022. The net income after tax for 2023 was NT$340,694 thousand, showing a decrease of NT$232,258 thousand and a 40.54% compared to the net income after tax of NT$572,952 thousand in 2022.

(II) Budget Execution Status: The Company did not disclose financial forecasts for 2023. Here is the actual operational performance for the year as shown in the following table:

Unit: NT$ thousands

	2023 (Parent Company)	2023 (Consolidated)
Operating revenue, net	1,273,498	3,676,095
Operating cost, net	(1,085,512)	(2,927,301)
Unrealized Profit on Intercompany Sales	1,131	-
Gross profit	189,117	748,794
Operating expense	(85,261)	(321,916)
Non-operating incomes and expenses	237,148	652
Net income (loss) before tax	341,004	427,530
Net income (loss) after tax	294,871	340,694
Comprehensive income	234,219	266,546

(III) Financial Income and Expenditure and Profitability Analysis

1. Parent Company

Unit: NT$ thousands; %

Item	2023	2022
Net cash generated by operating activities	232,807	138,774
Net cash used in investing activities	(2,085)	(7,815)
Net cash (used in) generated by financing activities	(236,489)	(92,268)
Return on assets (%)	6.92	12.11
Return on shareholders' equity (%)	9.47	16.95
Operating profit to paid-in capital ratio (%)	7.32	13.23
Net income before tax to paid-in capital ratio (%)	24.04	40.09
Profit ratio (%)	23.15	28.67
Basic EPS (NT$)	2.08	3.52
Diluted EPS (NT$)	1.95	3.29

2.Consolidated

Unit: NT$ thousands; %

Item	2023	2022
Net cash generated by operating activities	553,118	950,679
Net cash used in investing activities	(130,259)	(461,070)
Net cash (used in) generated by financing activities	(316,308)	(364,869)
Return on assets (%)	6.16	10.41
Return on shareholders' equity (%)	9.00	15.97
Operating profit to paid-in capital ratio (%)	30.09	45.48
Net income before tax to paid-in capital ratio (%)	30.13	48.92
Profit ratio (%)	9.27	14.90
Basic EPS (NT$)	2.08	3.52
Diluted EPS (NT$)	1.95	3.29

II. Research and Development Achievements in 2023

1. Developed a process to improve leakage current of products above 100Vf in low-voltage form.
2. Developed a process to improve brittleness of BA13-64Vf products for Panasonic
3. Entrust the Industrial Technology Research Institute (ITRI) to do a preliminary research project on aluminum foil advanced process.

III. 2024 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-voltage formed foil

A. International market

a. Continuously leverage the competitive advantage of subsidiary Lidon Advanced Electric Foil products to promote the expansion of the market share replacing Japanese foils and strengthening 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 capacitors to enhance the market share of niche products.

c. Utilize the competitive advantages of Lidon Electronic Foil’s niche products and Liton formed foil’s superior product quality to develop a sales strategy for expanding the customer market and achieving the company’s goal of full production and sales utilization.

2. Medium and high voltage formed foil

A. Achieve full capacity utilization in the line of medium and high voltage 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 a 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. 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 the proportion of our sales to first-tier domestic customers.

C. Coupled with a 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. To develop Low-voltage energy-saving process.
2. To develop Aluminum foil degradation test solution.
3. To plan LD01 machine dispersion and black edge improvement

(IV) Projected Revenue Growth for the Year 2024

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

(I) External competitive environment

According to the latest Global Economic Outlook forecast report from the International Monetary Fund (IMF) as of 30 January 2024, the global economic growth rate for 2023 was 3.1%. The IMF has revised its projection for global economic growth in 2024 to 3.1% and estimates it to be 3.2% in 2025. The decline in inflation from its peak in 2022 has occurred more rapidly than expected, with a smaller-than-anticipated impact on employment and economic activity. This reflects favorable developments on the supply side and the stabilizing effect of central bank tightening policies on inflation expectations.Although the economic situation has shown some improvement compared to expectations, 2024 is characterized by a state of "weak recovery" from a macroeconomic perspective. Factors such as high inflation are gradually diminishing, but the anticipated withdrawal of fiscal support under high-interest rates to combat inflation and a high debt backdrop is expected to exert pressure on economic growth in 2024. The past two years have likely been the most challenging, indicating that the upcoming period will be a gradual recovery process. With economic weakness persisting and supply-demand imbalances resulting in insufficient orders, the competitive environment is expected to become more intense.

(II)Regulatory environment

The escalating tensions in the Middle East, sparked by the Israel-Palestine conflict, have gradually escalated into a war between Islam and Judaism. The Red Sea crisis poses risks to global maritime trade, with increased transit times around the Cape of Good Hope, skyrocketing shipping costs, and delays in freight transport between Asia and Europe. This has impacted the stability of supply chains for automotive and chemical products, which rely heavily on maritime transportation. Furthermore, the ongoing Russia-Ukraine conflict continues to disrupt global supply chains, leading to chaos and resulting in high inflation and monetary tightening, pushing the global economy into turmoil Extreme weather events caused by climate change are disrupting global supply chains. Severe droughts and heatwaves are already putting pressure on crop yields, while the El Niño phenomenon may exacerbate weather events, such as halving the Panama Canal's capacity due to drought. Most areas of the United States are experiencing significant declines in crude oil production due to extreme cold weather. If extreme weather events significantly impact production, shortages may occur, tightening global supply chains and further exacerbating upward inflationary pressures. These costs may ripple through households, intensifying concerns about the cost of living and food security. Abnormal climate events are intensifying countries' focus on greenhouse gas emissions, potentially accelerating the implementation of carbon reduction policies.

2024 is being hailed as the "super election year" and perhaps the largest election year in history, mainly because populous nations such as the United States, Russia, Mexico, India, and Indonesia are set to hold highly anticipated elections this year. The policies of the new governments will have significant implications for addressing all the issues arising from the economic downturn, potentially reshaping the global landscape.

(III) Macroeconomic conditions

On January 30th, the International Monetary Fund (IMF) released an updated version of its "World Economic Outlook Report", raising the global economic growth forecast for 2024 to 3.1%. This is 0.2 percentage points higher than the forecast made in October of the previous year.

At the end of 2023, the World Trade Organization (WTO) released its Goods Trade Barometer, indicating a gradual recovery in global trade. The strongest performers were automotive sales and production, as well as electronic component trade. However, the index for raw materials remained weak due to persistently high interest rates, leading to a downturn in the housing market. The report also highlighted escalating geopolitical tensions, contributing to heightened uncertainty in near-term trade prospects.

With the advancement of net-zero carbon policies, green energy will continue to flourish, making new energy vehicles, photovoltaics, wind power, hydrogen energy, and energy storage among the high-growth industries of the future. Breakthroughs in artificial intelligence and neuromorphic computing technology will drive rapid expansion in applications, not only improving daily life, healthcare, and productivity but also fostering rapid innovation in technology research and development across various fields. This industrial revolution will be swift and have a profound impact. Benefiting from strong demand in emerging applications like artificial intelligence, the demand for integrated circuits, computers, and their ancillary components (such as graphics cards and servers) will also rise.

It is anticipated that in 2024, due to the global electronics industry's improvement and strong demand for high-tech products in the United States, coupled with the completion of destocking in the manufacturing sector, global terminal demand is expected to gradually recover. However, the global economic recovery is slow, leading various industries into intense competition akin to a survival battle. To cope with the impacts of dramatic environmental changes, we must strengthen various aspects such as research and development innovation, efficiency improvement, cost reduction, energy conservation, and carbon reduction.

Wishing all shareholders,
good health and all the best!

Chairman: CHIH-MING WU

President: TSUN-HSIN KO

Accounting Supervisor: KUO-CHUAN WANG

Chapter II. Company Profile

I. Establishment date: 9 November 1993

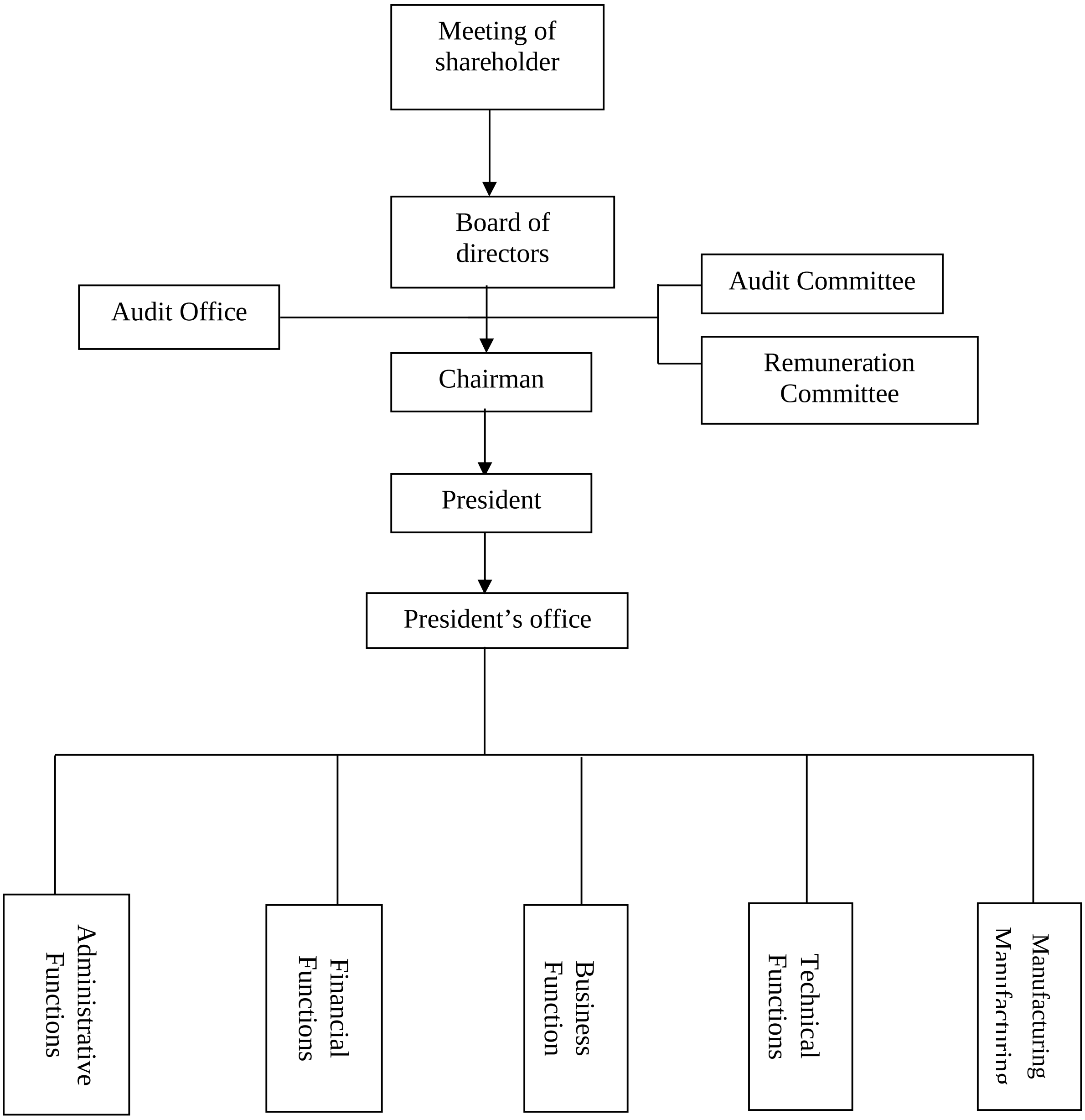
II. Company History

November 1993	Established “Liton Electric Corp.” with a capital of NT$26,000,000.
January 1994	Introduced low voltage formed foil technology and equipment from Japan.
June 1995	Built the second production line for low voltage formed foil. The autonomy for manufacturing equipment reached 100%.
July 1995	Signed the “medium to long term chemical foil technology cooperation plan (Long-term formed foil technology cooperation plan)” with Material and Chemical Research Laboratories, Industrial Technology Research Institute (ITRI).
May 1998	Changed the Company’s name to “LITON TECHNOLOGY CORP.”; increase capital of NT$40,000,000, and the accumulated paid-in capital was NT$150,000,000.
July 1999	Acquired the S.G.S. ISO9001 - Quality Management Systems certification.
January 2000	Invested to establish LITON(BVI)CO., LTD, and Liton Electronics Technology (Hui Zhou) Co., Ltd.
September 2000	Ranked 13th among the top 100 fastest-growing companies in Taiwan by Common Wealth Magazine.
January 2001	Acquired the S.G.S. ISO14001 – Environmental Management Systems certification.
June 2002	The stock was officially listed on the OTC (TPEx).
November 2003	Acquisition of industry peer ECHO CAPA INDUSTRIAL CO., LTD. to establish a diverse range of technologies and products.
November 2004	LITON TECHNOLOGY CORP. (Changhua Plant) and Liton Electronics Technology(Huizhou) Co., Ltd. acquired the ISO 14001 certification.
December 2006	Subsidiary Liton Electronics Technology (Abazhou) Co., Ltd. established.
October 2010	Completed the expansion of the new site for Liton Electronics Technology (Abazhou) Co., Ltd..
September 2012	The high purity guide pin products have been incorporated into the Company’s operations.
January 2015	Introduced Panasonic's electrical discharge machining technology and equipment from Japan.
January 2015	Established Ruyuan Lidon Electronic Technology Co., Ltd, in partnership with CHINA HEC TECHNOLOGY HOLDING CO., LTD. to produce low, medium, and high voltage electrical discharge machining aluminum foils.
June 2016	Ruyuan Lidon Electronic Technology Co., Ltd, acquired the ISO 9001 and the ISO 14001certification.
June 2016	Formulation of Business Continuity Plan (BCP).
May 2017	Corporate Social Responsibility (CSR) Declaration
October 2017	Introduced the world's first artificial intelligence foil surface defect detection system.
February 2020	Liton Electronics Technology(Huizhou) Co., Ltd. acquired IATF-16949 certification.
July 2020	Responsible Business Alliance (RBA) Declaration
December 2022	Established the corporate sustainable development promotion task force.
February 2023	Promoted ISO 14064-1 organizational-level greenhouse gas inventory operations.

Chapter III. Corporate Governance Report

I. Organizational System

(I) Organizational chart



Organization	Department	Functions and Duties
Audit Office	—	1. Formulating the Company's audit system and implementing various audit operations 2. Overseeing internal audit matters of subsidiary companies.
President's Office	—	1. Long-term and short-term business strategic planning, management and implementation of the Company 2. Human resource management and planning 3. Sustainability development planning 4. Formulation of cybersecurity strategy and risk assessment and response
Manufacturing Functions	Manufacturing Department	1. Scheduling and review of production and sales plan 2. Raw materials, inventory control 3. Adjusting scheduled delivery date and process operation 4. Raw material warehousing and delivery management 5. Finished goods warehouse management, packaging management, shipping management 6. Production matters 7. Product quality control and abnormal process investigation and analysis 8. Production progress review and resolution 9. Follow the product delivery period and quantity assurance 10. Installation, testing, repair, inspection and maintenance of production equipment for the whole plant 11. Responsible for mechanical outsourcing processing arrangement and inspection
Technical Functions	Technical Research Center	1. Product and process development, improvements, and new product development 2. Material development and approval testing 3. Customer approval and sample management operations 4.Production process design, improvement and development

<table>
<tr><td></td><td colspan="2">Quality Control Department</td><td>1. Drafting and implementation tracking of quality assurance objectives
2. Raw materials inspection and in-process inspection
3. Customer complaint analysis and reoccurrence prevention countermeasures
4. Outgoing quality control (OQC) related business
5. Issue quality certificates to customers
6. Supplier Quality Evaluation
7. Quality Information collation and reaction
8. Measuring instrument calibration check
9. Document control
10. Audits of ISO-9001/ISO-14001 operation implementation
11. Supervising quality management matters of subsidiaries</td></tr>
<tr><td>Business Functions</td><td>Business Sector</td><td>Business Department 1
Business Department 2</td><td>1. Market research, analysis, customer visits, market development, and after-sales service
2. Formulation and execution of sales plans
3. Customer credit investigation, order processing, shipment, and receivables collection
4. Monitoring delivery schedules and coordinating production and sales with factories
5. Handling customer complaints, returns of defective goods, claims, and tracking acceptance and disposal
6.Monitoring and reviewing the actual production schedules and arrangements at various factories.</td></tr>
<tr><td>Financial Functions</td><td rowspan="2">Administrative Office</td><td>Finance Department</td><td>1. Matters related to funding management and transactions
2. General accounting, budgeting and tax filing matters
3. Calculation of the cost of factory data
4. Supervise financial-related operations of subsidiaries</td></tr>
<tr><td>Administrative Functions</td><td>Human Resource General Affairs Section</td><td>1. Co-organizer of employee education and training
2. Personnel data filing, assessment, and paying salaries in order
3. Labor and health insurance matters, employee benefits, labor relations
4. General affairs management, property management</td></tr>
</table>

	Materials Department	1. Production control, and production material preparation matters 2. Raw materials and intermediate products inventory control requisition 3. Order collation and tracking, delivery date scheduling and tracking control 4. New material search, the introduction of qualified suppliers and qualification review 5. Procurement management of raw materials
	Information Office	1. Computerized information system planning design and management 2. Computer network planning management and maintenance 3. Computer software and hardware, information supplies procurement and property management 4. Information Security and Protection 5. Supervising the subsidiary's computer and information system management matters

II. Information on Directors, Supervisors, Presidents, Vice Presidents, Managers and the supervisors of all the company's departments and branch units

(I) Directors and supervisors

1. Information on Directors and Supervisors

Unit: Shares; %; 29 April 2024

Title	Nationality or place of registration	Name	Gender Age	Date on which current position was assumed	Term of contract	Commencement date of the first term	Number of shares held at the time of election		Number of shares currently held		Number of shares currently held by the spouses and children of minor age		Number of shares held through nominees		Principal work experience and academic qualifications	Position(s) held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman	ROC	CHIH-MING WU	Male Age Above 60	27 August 2021	3 Years	27 June 2003	470,701	0.33	470,701	0.33	1,069,956	0.75	0	0.00	Lamar University, Master	Note 1	Director	TE-CHUAN WU	Father and son	-
Director	ROC	Lelon Electronic Corp.	Male Age Above 70	27 August 2021	3 Years	17 December 1997	43,731,598	30.58	43,731,598	30.53	0	0.00	0	0.00	National Cheng Kung University, Electrical Engineering major Taiwan Power Company, Chief of Engineering Section	Note 3	Director	CHIH-MING WU	Father and son	-
	ROC	Representative: TE-CHUAN WU					594,310	0.42	594,310	0.41							Director	YUNG-CHANG CHU	Relatives by marriage	-
Director	ROC	TSUN-HSIN KO	Male Age 60~70	27 August 2021	3 Years	27 June 2003	615,279	0.43	635,309	0.44	42,262	0.03	0	0.00	National Yang Ming Chiao Tung University EMBA Material and Chemical Research Laboratories, ITRI Aluminum Foil R&D Project Host	Note 2	None	None	None	-
Director	ROC	YUNG-CHANG CHU	Male Age Above 70	27 August 2021	3 Years	27 June 2003	1,060,092	0.74	810,092	0.57	253,408	0.18	0	0.00	National Defense Medical Center / Doctor	None	Director	TE-CHUAN WU	Relatives by marriage	-
Independent Director	ROC	YEN-CHUNG TSOU	Male Age 60~70	27 August 2021	3 Years	15 June 2015	0	0.00	0	0.00	0	0.00	0	0.00	National Cheng Kung University,Department of Accountancy	Note 4	None	None	None	-
Independent Director	ROC	YIN-TANG TSENG	Male Age Above 70	27 August 2021	3 Years	15 June 2015	0	0.00	0	0.00	0	0.00	0	0.00	National Taiwan University of Science and Technology, Honorary Engineering Master's Degree	Note 5	None	None	None	-
Independent Director	ROC	CHENG-MING OU	Male Age Above 70	27 August 2021	3 Years	27 August 2021	0	0.00	0	0.00	0	0.00	0	0.00	National Cheng King University ,Department of Electrical Engineering	Note 6	None	None	None	Note8
Independent Director	ROC	LI-HUA HUANG	Female Age 50~60	30 June 2023	3 Years	30 June 2023	0	0.00	0	0.00	0	0.00	0	0.00	National Taichung University of Science and Technology, Department of Accountancy	Note 7	None	None	None	Note 8

Note 1:Chairman of Liton Electronics Technology (Hui Zhou) Co., Ltd., Chairman of Liton Electronics Technology (Abazhou) Co., Ltd., Supervisor of Ruyuan Lidon Electronic Technology Co., Ltd, Director and President of Lelon Electronics Corp., Chairman and President of Lelon Electronics (HUIZHOU) Corp., Chairman and President of Lelon Electronics (SUZHOU) Corp., Chairman ofLelon Electronics (SUZHOU) Corp., Chairman of DONGGUAN LEHONG TRADING CO., LIMITED, Supervisor of LIFU MACHINERY INDUSTRIAL CO., LTD., Director of Global Brands Manufacture Ltd., Director of CHYI FA CO., LTD.

Note 2:Director of Liton Electronics Technology (Hui Zhou) Co., Ltd., Director of Liton Electronics Technology (Abazhou) Co., Ltd., Chairman of Ruyuan Lidon Electronic Technology Co., Ltd.

Note 3:Chairman of LITON (BVI) CO., LTD, Chairman of EVERTECH CAPA CO., LTD, Chairman of V-TECH CO., LTD, Chairman of FOREVER CO., LTD, Chairman of Lelon Electronics Corp., Chairman of EVER-WEI INTERNATIONAL CO., LTD., Director of Lelon Electronics (HUIZHOU) Corp., Director of Lelon Electronics (SUZHOU) Corp., Chairman of LIFU MACHINERY INDUSTRIAL CO., LTD., Chairman of WLGROUP CONSTRUCTION, Chairman of LIRO ELECTRONICS CO., LTD, Chairman of ANCKU-TAICHUNG CORP., Supervisor of NCKU Venture Capital Co ., Ltd., Independent Director of Universal Microelectronics CO., LTD.

Note 4:Partner of Representative of Sun Young CPAs, Independent Director of SUNKO INC CO. LTD., Independent Director of Universal Microelectronics CO., LTD.

Note 5:Chairman of SIWARD Crystal Technology Co., Ltd., Director of SIWARD TECHNOLOGY CO., LTD., Director of APEX OPTECH CORPORATION, Director of APEX OPTECH CO., Director of JEN HUA ELECTRONICS (WUSIH) CO., LTD., Chairman of SCT (USA) INC., Chairman of SAG SECURITAG ASSEMBLY GROUP CO., LTD, Director of Rakon Limited, Chairman of SIWARD CRYSTAL TECHNOLOGY (S) PTE LTD., Chairman of Siward Crystal Technology (DONGGUAN)

Note 6:Chairman and President of Universal Microelectronics CO., LTD., Chairman of TENLONG INVESTMENT, Chairman of Advanced Radar Technology Co., Ltd., Chairman of OUMEIYA INVESTMENT HOLDING GROUP LIMITED, Director of Asia Pacific Microsystems, Inc., Director of Phoenix Ginseng Innovation Venture Capital Co., Ltd., Director of UMEC Investment Co., Ltd., Director of UMEC（H.K.）Company Ltd., Director of UMEC USA Inc., Director of Global Development Co., Ltd., Independent Director of SWEETEN REAL ESTATE DEVELOPMENT CO., LTD., Independent Director of Lelon Electronics Corp.

Note 7:Vice President of Hong Siang CPAs and Independent Director of Chian Hsing Forging Industrial Co., Ltd..

Note 8:CHENG-MING OU has tendered his resignation as a director on March 14 2023, due to personal reasons. His term was set to expire on 29 June 2023, and a by-election is planned to be held during the shareholder's meeting on June 30 2023 to fill the vacancy. LI HUA HUANG has served as the Independent Director.

2. Major Shareholders of Institutional Shareholders

29 April 2024

Name of institutional shareholder	Major shareholder of institutional shareholder	
LELON ELECTRONICS CORP.	CHYI FA CO., LTD.	15.55%
	JUI-MIN CHANG	4.87%
	CHUNG-MING WU	4.74%
	CHIH-MING WU	4.63%
	JEN-MING WU	4.08 %
	YU-KUANG CHENG	2.61%
	CHU-FU-MEI WU	1.97%
	CHENG-HUNG CHANG	1.87%
	TE-CHUAN WU	1.74%
	TE-FU WU	1.27%

3. If any Major Shareholder is a Corporate/Juristic Person, List its Major Shareholders in this Form

29 April 2024

Name of corporate/juristic person	Major shareholders of the corporate/juristic person
CHYI FA CO., LTD.	JEN-MING WU (29.43%), CHUNG-MING WU (29.43%), PEI- CHIH LO (17.73%), CHIH-MING WU(11.69%), YU-CHIEH WU (1.95%), YU-FENG WU (1.95%), YU-CHE WU (1.95%), YU- HSUEH WU (1.95%) and YU-CHING WU(3.91%)

4. Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and the Independence of Independent Directors:

Qualification / Name	Professional qualifications and experience (Note 1)	Independence analysis (Note 2)	Number of other public companies at which the person concurrently serves as an independent director
Chairman/CHIH-MING WU	With the required working experience in business and corporate business.	N/A	0
Director and Representative of LELON ELECTRONICS CORP./TE-CHUAN WU	With the required working experience in business and corporate business.	N/A	1
Director/TSUN-HSIN KO	With the required working experience in business and corporate business.	N/A	0
Director/TE-CHUAN WU	With the required working experience in business and corporate business.	N/A	0
Director/YUNG-CHANG CHU	With the required working experience in business and corporate business.	N/A	0

Qualification / Name	Professional qualifications and experience (Note 1)	Independence analysis (Note 2)	Number of other public companies at which the person concurrently serves as an independent director
Independent Director/ YEN-CHUNG TSOU	With more than 20 years of work experience in business, finance, accounting and corporate business, and have passed the national CPA exam to obtain the certificate. Nothing in connection with the paragraphs under Article 30 of the Company Act.	1. The person, his/her spouse, and kindred within the 2nd tier have not served as directors, supervisors, or employees of the Company or its affiliated companies. 2. The person, spouse, or kindred within the 2nd tier (or in the name of a third party) have not held any quantity and proportion of shareholding of the Company. 3. Not a Director, Supervisor or employee of companies with special relation to the Company (for additional information, refer to Subparagraphs 5~8 of Paragraph 1 under Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters of Public Companies. 4. No remuneration from business, legal, financial and accounting services rendered to the Company or its affiliates in the last 2 years. 5. Does not meet any descriptions stated in Article 30 of the Company Act.	2
Independent Director/ YIN-TANG TSENG	With more than 20 years of work experience in business and corporate business. Nothing in connection with the paragraphs under Article 30 of the Company Act.	1. The person, his/her spouse, and kindred within the 2nd tier have not served as directors, supervisors, or employees of the Company or its affiliated companies. 2. The person, spouse, or kindred within the 2nd tier (or in the name of a third party) have not held any quantity and proportion of shareholding of the Company. 3. Not a Director, Supervisor or employee of companies with special relation to the Company (for additional information, refer to Subparagraphs 5~8 of Paragraph 1 under Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters of Public Companies. 4. No remuneration from business, legal, financial and accounting services rendered to the Company or its affiliates in the last 2 years. 5. Does not meet any descriptions stated in Article 30 of the Company Act.	0
Independent Director/ CHENG-MING OU	With more than 20 years of work experience in business and corporate business. Nothing in connection with the paragraphs under Article 30 of the Company Act.	1. The person, his/her spouse, and kindred within the 2nd tier have not served as directors, supervisors, or employees of the Company or its affiliated companies. 2. The person, spouse, or kindred within the 2nd tier (or in the name of a third party) have not held any quantity and proportion of shareholding of the Company. 3. Not a Director, Supervisor or employee of companies with special relation to the Company (for additional information, refer to Subparagraphs 5~8 of Paragraph 1 under Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters of Public Companies. 4. No remuneration from business, legal, financial and accounting services rendered to the Company or its affiliates in the last 2 years. 5. Does not meet any descriptions stated in Article 30 of the Company Act.	2

Qualification / Name	Professional qualifications and experience (Note 1)	Independence analysis (Note 2)	Number of other public companies at which the person concurrently serves as an independent director
Independent Director /LI-HUA HUANG	With more than 20 years of work experience in business and corporate business. Nothing in connection with the paragraphs under Article 30 of the Company Act.	1. The person, his/her spouse, and kindred within the 2nd tier have not served as directors, supervisors, or employees of the Company or its affiliated companies. 2. The person, spouse, or kindred within the 2nd tier (or in the name of a third party) have not held any quantity and proportion of shareholding of the Company. 3. Not a Director, Supervisor or employee of companies with special relation to the Company (for additional information, refer to Subparagraphs 5~8 of Paragraph 1 under Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters of Public Companies. 4. No remuneration from business, legal, financial and accounting services rendered to the Company or its affiliates in the last 2 years. 5. Does not meet any descriptions stated in Article 30 of the Company Act.	1

Note 1: Professional qualification and experience: Specify the professional qualifications and experience of each director and supervisor. If a member of the Audit Committee, specify their accounting or finance background and work experience. Additionally, specify whether any circumstance under any subparagraph of Article 30 of the Company Act exists with respect to a director or supervisor.

Note 2: Describe the status of independence of each independent director, including but not limited to the following: did they or their spouse or any relative within the second degree serve as a director, supervisor, or employee of the Company or any of its affiliates?; specify the number and ratio of shares of the Company held by the independent director and their spouse and relatives within the second degree (or through nominees); do they serve as a director, supervisor, or employee of any company having a specified relationship with the Company (see Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)?; specify the amount(s) of any payments received by the independent director for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.

5. Diversity and independence of the Board:

(1) Diversity of the Board:

The diversification policies, goals, and achievement of the Board of Directors.

The Company strengthens the competency and norms of the Board of Directors based on the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”. The composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers do not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

a. Basic requirements and values: Gender, age, nationality, and culture; it is advisable that the number of female directors accounts for at least one-third of all the directors.

b. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

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

a. Ability to make operational judgments.

b. Ability to perform accounting and financial analysis.

c. Ability to conduct management administration.

d. Ability to conduct crisis management.

e. Knowledge of the industry.

f. An international market perspective.

g. Ability to lead and ability to make policy decisions.

The Company’s nomination and selection of members of the Board of Directors are in compliance with the provisions of the Articles of Incorporation. The Company’s nomination and selection of members of the Board of Directors adopt the candidate nomination system. In addition to evaluating the qualifications of each candidate's working and academic experience and abide by the " Procedures for Election of Directors ". And after the resolution of the Board of Directors is passed, it will be submitted to the shareholders' meeting for election to ensure the diversity and independence of directors.

All members of the Board of Directors possess the required knowledge,skills,accomplishments, and industrial decision-making and management capabilities for business execution. To improve the quality of decision-making and fulfill the supervisory responsibility, the Company continually arranges a variety of refresher courses for the members of the Board. By this means, the Company can enhance the functions of the Board.

(2) Independence of the Board:

The eighth Board of Directors has 7 directors, including 3 Independent Directors who account for 43% of all Directors to ensure the independence of the board; the Company's director who also serves as the company's manager has 1 seat, accounting for 14% of all directors, no more than one-third of the number of all Directors.

(II) Information on the company's presidents, vice presidents, senior managers, and the supervisors of all the company's departments and branch units

Unit: share; %; 29 April 2024

Title	Nationality	Name	Gender	Date of appointment to position	Shares held		Shares held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
President	ROC	TSUN-HSIN KO	Male	01 September 1999	635,309	0.44	42,262	0.03	0	0.00	-National Chiao Tung University EMBA graduate -ITRI MCL, Deputy Researcher and Engineer -ITRI MCL, Lead Investigator for Aluminum Foil Development Program	Note 1	None	None	None	None
Vice President	ROC	TUNG-JUNG LI	Male	05 April 2000	20,923	0.01	4,630	0.00	0	0.00	-Graduate of the Department of Materials Science and Engineering at National Tsing Hua University -Division manager at Her Chiao Technology -Assistant manager at Crystalwise Technology	Note 2	None	None	None	None
Vice President	ROC	CHUN-YING LIU	Male	12 July 2004	0	0.00	0	0.00	0	0.00	-Graduate of the Department of Materials Science and Engineering at National Tsing Hua University -Employee at the Industrial Technology Research Institute (ITRI) Material Research Laboratories -Division manager at Her Chiao Technology -Assistant manager at Crystalwise Technology	Note 3	None	None	None	None
Senior Manager Supervisor, Finance Department	ROC	KUO-CHUAN WANG	Male	15 April 2010	0	0.00	0	0.00	0	0.00	-Graduate of the Department of Finance at Yunlin University of Science and Technology -Audit manager at Jianzhi & Co., CPA -Audit manager/ Management Manager at Lianmei Forestry Co., Ltd.	Note 4	None	None	None	None

Note 1: Director of Liton Electronics Technology (Hui Zhou) Co., Ltd., Director of Liton Electronics Technology (A ba zhou) Co., Ltd., Chairman of Ruyuan Lidon Electronic Technology Co., Ltd

Note 2: Chairman and President of Liton Electronics Technology (Hui Zhou) Co., Ltd., Chairman and President of Liton Electronics Technology (A ba zhou) Co., Ltd., Supervisor of RuyuanLidon Electronic Technology Co., Ltd

Note 3: Chairman and President of Ruyuan Lidon Electronic Technology Co., Ltd

Note 4: Supervisor of Liton Electronics Technology (A ba zhou) Co., Ltd.HU

(III) Where the chairman of the board of directors and the president or person of an equivalent post (the highest-level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto: None.

III. Remuneration Paid During the Most Recent Fiscal Year to Directors, Supervisors, President and Vice Presidents

(I) Remuneration to Directors

Remuneration to Directors and Independent Directors

Unit: NT$ thousands

Title	Name	Compensation of Directors								The total amount of the four items, namely, A, B, C and D, and the proportion of net profit after tax		Part-time employees receive relevant remuneration								The total amount of the four items, namely, A, B, C ,D, E, F AND G ,and the proportion of net profit after tax(Note 3)		Receiving remuneration from subsidiaries for reinvestment in business or parent companies
		Remuneration(A)		Retirement pay(B)(Note1)		Director's remuneration(C) (Note2)		Business execution expenses(D)				Salary, bonuses and special expenses, etc(E)		Retirement pay(F)		Employee compensation(G)(Note 2)						
																Company		All companies in the financial report				
		Company	All companies in the financial report	Company	All companies in the financial report	Company	All companies in the financial report	Company	All companies in the financial report	Company	All companies in the financial report	Company	All companies in the financial report	Company	All companies in the financial report	The amount of cash	The amount of the shares	The amount of cash	The amount of the shares	Company	All companies in the financial report	
Chairman	CHIH-MING WU (Note 4)	346	698	-	-	531	531	30	30	907 0.31%	1,259 0.43%	-	-	-	-	-	-	-	-	907 0.31%	1,259 0.43%	7,832
Director	LELON ELECTRONICS CORP. Representative: TE-CHUAN WU (Note 4)	343	343	-	-	542	542	30	30	915 0.31%	915 0.31%	-	-	-	-	-	-	-	-	915 0.31%	915 0.31%	3,392
Director	TSUN-HSIN KO	-	-	-	-	542	542	30	30	572 0.19%	572 0.19%	2,987	3,708	-	-	645	-	645	-	4,204 1.43%	4,925 1.67%	-
Director	YUNG-CHANG CHU	-	-	-	-	518	518	30	30	548 0.19%	548 0.19%	-	-	-	-	-	-	-	-	548 0.19%	548 0.19%	-
Independent Director	YEN-CHUNG TSOU	-	-	-	-	542	542	50	50	592 0.20%	592 0.20%	-	-	-	-	-	-	-	-	592 0.20%	592 0.20%	-
Independent Director	YIN-TANG TSENG	-	-	-	-	530	530	40	40	570 0.19%	570 0.19%	-	-	-	-	-	-	-	-	570 0.19%	570 0.19%	-
Independent Director	CHENG-MING OU (Note 5)	-	-	-	-	-	-	30	30	30 0.01%	30 0.01%	-	-	-	-	-	-	-	-	30 0.01%	30 0.01%	1,871
Independent Director	LI-HUA HUANG (Note 5)	-	-	-	-	495	495	20	20	515 0.17%	515 0.17%	-	-	-	-	-	-	-	-	515 0.17%	515 0.17%	

1.Please describe the policy, system, standards and structure in place for paying remuneration to directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid:

(1) According to the Articles of Incorporation, the remuneration of directors shall be determined by the board of directors based on the level of involvement and contribution to the operations of the company and may be paid at such level as generally adopted by the enterprises of the same industry.

(2) The Articles of Incorporation also provide for remuneration of the directors at a rate not exceeding 2.5% of the profit for the year. The independent directors are not currently paid a fixed salary and the remuneration is paid from the remuneration of directors when the company makes a profit.

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): None.

Note 1: This refers to the retirement pension paid in accordance with the law and no actual retirement pension was paid in the most recent fiscal year.

Note 2: At the Board Meeting held on March 13 2024, the Board approved the proposal of the distribution of employee compensation of NT$9,870 thousand and director remuneration of NT$3,700 thousand for 2023 and will submit to the 2024 annual meeting of shareholders for approval.

Note 3: The calculation is based on the net income after tax and net profit attributable to the parent company of NT$294,871 thousand for 2023.

Note 4: TE-CHUAN WU resigned as Chairman on 18 August 2023, and CHIG-MING WU was elected as Chairman on the same date.

Note 5: CHENG-MING OU resigned as a director on 14 March 2023, due to personal reasons, with his term ending on 29 June 2023. A by-election was held at the shareholder's meeting on 30 June 2023, and LI-HUA HUANG was appointed as an Independent Director.

(II) Remuneration to President(s) and Vice President(s)

Unit: NT$ thousands

Title	Name	Salary (A)		Retirement pays (B) (Note 1)		Rewards and special disbursements (C)		Employee profit-sharing compensation (D) (Note2)				The sum of A, B, C and D in proportion to net income (%) (Note 3)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	
								Cash	Stock	Cash	Stock			
President	TSUN-HSIN KO	2,263	2,632	-	-	724	1,076	645	-	645	-	3,632 1.23%	4,353 1.48%	-
Vice President	TUNG-JUNG LI	1,461	2,293	71	71	404	756	509	-	509	-	2,445 0.83%	3,629 1.23%	
Vice President	CHUN-YING LIU	1,737	3,285	96	96	408	540	509	-	509	-	2,750 0.93%	4,430 1.50%	

*Disclosures must be made for all persons in positions equivalent to president or vice president, regardless of job title (e.g., director-general, chief executive officer, chief administrative officer…etc.).

Note 1: This refers to the retirement pension paid in accordance with the law and no actual retirement pension was paid in the most recent fiscal year.

Note 2: At the Board Meeting held on 13 March 2024, the Board approved the distribution of NT$9,870 thousand to employees and NT$3,700 thousand to directors for 2023 and submitted the report to the 2024 Annual General Meeting of Shareholders.

Note 3: The calculation is based on the net income after tax and consolidated net profit attributable to the parent company of NT$294,871 thousand for 2023.

(III) Remuneration to the Five Highest Remunerated Management Personnel

Unit: NT$ thousand

Title	Name	Salary(A)		Retirement pays (B) (Note1)		Rewards and special disbursements (C)		Employee profit-sharing compensation (D) (Note 2)				The sum of A, B, C and D in proportion to net income (%) (Note 3)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	
								Cash	Stock	Cash	Stock			
President	TSUN-HSIN KO	7,864	10,613	295	295	2,117	3,305	2,393	-	2,393	-	12,669 4.30%	16,606 5.63%	-
Vice president	TUNG-JUNG LI													
Vice president	CHUN-YING LIU													
Senior manager	KUO-CHUAN WANG													
Manager	KUN-JEN KU													

Note 1: This refers to the retirement pension paid in accordance with the law and no actual retirement pension was paid in the most recent fiscal year.

Note 2: At the Board Meeting held on 13 March 2024, the Board approved the distribution of NT$9,870 thousand to employees and NT$3,700 thousand to directors for 2023 and submitted the report to the 2024 Annual General Meeting of Shareholders.

Note 3: The calculation is based on the net income after tax and consolidated net profit attributable to the parent company of NT$294,871 thousand for 2023.

(IV) Names and Distributions of Employee Profit-Sharing Compensation to Managerial Officers

2023; Unit: NT$ thousands

Title		Name	Stock	Cash	Total	The total amount in proportion to net income (%)
Managers	President	TSUN-HSIN KO	-	2,033	2,033	0.69%
	Vice President	TUNG-JUNG LI				
	Vice President	CHUN-YING LIU				
	Accounting Supervisor	KUO-CHUAN WANG				

Note: At the Board Meeting held on 13 March 2024, the Board approved the distribution of NT$9,870 thousand to employees and NT$3,700 thousand to directors for 2023 and submitted the report to the 2024 Annual General Meeting of Shareholders.

(V) Separately compare and describe total remuneration, as a percentage of net income stated in the parent only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, general managers, and deputy general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

1. The analysis of the remuneration to the directors, supervisors, president, and vice president.

Year / Item	Total remuneration as a percentage of net income stated in the parent only financial reports or individual financial reports (Note 1)			
	2022		2023 (Note 2)	
	The Company	All consolidated entities	The Company	All consolidated entities
Director	3.10%	3.31%	2.81%	3.17%
President and Vice President	2.02%	2.73%	2.99%	4.21%

Note 1: The calculation is based on the net income after tax and consolidated net profit attributable to the parent company of NT$294,871 thousand for 2023.

Note 2: At the Board Meeting held on 13 March 2024, the Board approved the distribution of NT$9,870 thousand to employees and NT$3,700 thousand to directors for 2023 and submitted the report to the 2024 Annual General Meeting of Shareholders.

2. Remuneration policies, standards, and packages

(1) The remuneration of the Company's Directors and Supervisors includes transportation allowances and remuneration for Directors and Supervisors. Only the Chairman receives a fixed remuneration, the rest of the Directors do not receive a fixed remuneration. The remuneration for the Chairman is authorized by the Articles of Incorporation and is decided by the Board of Directors according to the degree of participation in the Company's operations and the value of its contribution, and with reference to the usual standard of the industry and is submitted to the Remuneration Committee. The variable remuneration is in accordance with the rules of the Articles of Incorporation. If the Company makes profits in the year, it should be handled in accordance with Article 19 of the Articles of Incorporation and the distribution is based on Directors and Supervisors' participation in the Board of Directors, the reference index is the attendance rate of the Board, tenure ratio, etc.

(2) The remuneration the Company pays to President and Vice President includes salary, bonus and employee bonus. The remuneration is based on the scope of authority and responsibility of the position, the achievement rate of the Company's overall operating goals, personal performance and academic experience, etc., and with reference to the salary level of similar positions in the same industry. If the Company makes profits in the year, it should be handled in accordance with Article 19 of the Articles of Incorporation.

3. The procedure for setting the amount of remuneration

The remuneration of Directors, Supervisors and Managers must be regularly evaluated and determined by the Company's Remuneration Committee in accordance with regulations and submitted to the Board of Directors for approval

4. Employee and director remuneration and performance bonus allocation operations

(1) According to Article 19 of the Company's Articles of Incorporation: In the event of profitability in the fiscal year of the Company... an amount not less than 2.5% shall be allocated for employee remuneration, and not more than 2.5% shall be allocated for director remuneration..." For 2023, the allocation ratios for employee remuneration and director remuneration were 2.78% and 1.04%, respectively. After discussion by the Remuneration Committee and the Board of Directors on 13 March 2024, it was resolved to distribute these amounts in cash, and a report was submitted to the shareholders' meeting of 2024.

(2) Performance bonuses are allocated based on 2% of the total amount calculated from the item“Net profit after deduction of interest expenses and exchange losses (excluding interest revenue and exchange gains)”in the monthly consolidated financial statements provided by the Finance Department. These bonuses are distributed annually during the Chinese New Year, Dragon Boat Festival, and Mid-Autumn Festival, following performance evaluations of employees approved by the President and ratified by the Chairman of the Board.

5. Association with operation performance

(1) Implement regular performance evaluations of the Board of Directors every year, and handle them in accordance with the rules of the performance evaluation method of the Board of Directors of the Company. Submit the evaluation to the report of the remuneration committee and the Board of Directors for the next year. The performance evaluation results of the Board of Directors should be used as a reference when selecting or nominating Directors. And the performance evaluation results of individual directors will be a reference for determining their individual remuneration.

(2) The remuneration of the Company’s managers includes salary, bonus, and employee bonus. The salary refers to education, working experience, work,performance, seniority and industry standards. The bonus and employee remuneration refer to Managers’ Items of evaluation, which include financial index (such as company revenue, the achievement rate of net income, etc.) and non-financial index (such as yield rate).

6. Association with risks in the future

Since the Company's Directors, Supervisors, President and Vice President are all professionals who know very well about the s industry, they will not engage in behaviors that might cause risks to the Company for pursuing short-term rewards. As a result, the risks to the Company's operating conditions are relatively low.

IV. The State of the Implementation of Corporate Governance

(I) Information on the State of Operation of the Board of Directors

The Board of Directors convened for 6 (A) meetings in the most recent year and the attendance of the directors was as follows:

Title	Name	Number of meetings attended in person (B)	Number of meetings attended by proxy	In-person attendance rate (%) (B/A)	Remarks
Chairman	CHIH-MING WU	6	0	100.0%	
Director	LELON ELECTRONICS CORP. TE-CHUAN WU	6	0	100.0%	
Director	TSUN-HSIN KO	6	0	100.0%	
Director	YUNG-CHANG CHU	6	0	100.0%	
Independent Director	YEN-CHUNG TSOU	6	0	100.0%	
Independent Director	YIN-TANG TSENG	5	1	83.0%	
Independent Director	CHENG-MING OU	3	0	100.0%	Note 1
Independent Director	LI-HUA HUANG	3	0	100.0%	Note 1

Note 1: CHENG-MING OU resigned as a director on 14 March 2023, due to personal reasons, with his term ending on 29 June2023. A by-election was held at the shareholder's meeting on 30 June 2023, where LI-HUA HUANG was appointed as an Independent Director.

Other information required to be disclosed

1. If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:
   (1) Any matter under Article 14-3 of the Securities and Exchange Act
   The Company has established an Audit Committee and is not subject to the provisions of Article 14-3 of the Securities and Exchange Act. For further information, please refer to the Information on the State of Operation of the Audit Committee.
   (2) In addition to the matters referred to above, any dissenting or qualified opinion of an independent directory that is on record or stated in writing with respect to any board resolution: None.
2. The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest: specify the director’s name, the content of the motion, the cause for recusal, and whether and how the director voted:

<table>
<tr><th>Date</th><th>Director</th><th>Content of the motion</th><th>Cause for recusal, and whether and how the director voted</th></tr>
<tr><td rowspan="2">1st Meeting of 2023
12 January 2023</td><td>TE-CHUAN WU</td><td rowspan="2">Year-end bonus for managerial officers.</td><td rowspan="21">Recused from voting due to potential conflict of interest related to individual compensation</td></tr>
<tr><td>TSUN-HSIN KO</td></tr>
<tr><td>2nd Meeting of 2023
22 March 2023</td><td>TSUN-HSIN KO</td><td>Implementation of the transfer of treasury shares to employees.</td></tr>
<tr><td rowspan="4">3rd Meeting of 2023
9 May 2023</td><td>TE-CHUAN WU</td><td rowspan="4">Director remuneration and employee remuneration for managerial officers and salary adjustment for managerial officers.</td></tr>
<tr><td>CHIH-MING WU</td></tr>
<tr><td>TSUN-HSIN KO</td></tr>
<tr><td>YUNG-CHANG CHU</td></tr>
<tr><td>6th Meeting of 2023
1 November 2023</td><td>CHIH-MING WU</td><td>Remuneration to Chairman</td></tr>
<tr><td rowspan="3">1st Meeting of 2024
31 January 2024</td><td>TSUN-HSIN KO</td><td rowspan="3">Year-end bonus for managerial officers.</td></tr>
<tr><td>CHIH-MING WU</td></tr>
<tr><td>TE-CHUAN WU</td></tr>
<tr><td rowspan="10">3rd Meeting of 2024
9 May 2024</td><td>TE-CHUAN WU</td><td rowspan="7">Distribution of Director remuneration</td></tr>
<tr><td>CHIH-MING WU</td></tr>
<tr><td>TSUN-HSIN KO</td></tr>
<tr><td>YUNG-CHANG CHU</td></tr>
<tr><td>YEN-CHUNG TSOU</td></tr>
<tr><td>YIN-TANG TSENG</td></tr>
<tr><td>LI-HUA HUANG</td></tr>
<tr><td>TSUN-HSIN KO</td><td rowspan="3">Employee remuneration distribution for managerial officers and salary adjustment for managerial officers</td></tr>
<tr><td>CHIH-MING WU</td></tr>
<tr><td>TE-CHUAN WU</td></tr>
</table>

	TE-CHUAN WU CHIH-MING WU TSUN-HSIN KO YUNG-CHANG CHU YEN-CHUNG TSOU YIN-TANG TSENG LI-HUA HUANG	Nomination of directors and independent director candidates	

3. For a TWSE or TPEx listed company, disclose information including the evaluation cycle and period(s) of the board of directors' self-evaluations (or peer evaluations) and the evaluation method and content:

Evaluation cycle	Evaluation period	Scope of evaluation	Method of evaluation	Evaluation content
Once annually	Performance evaluation for the period from 1 January 2023 to 31 December 2023	Entire Board of Directors	Internal evaluation by the board of Directors	The criteria for evaluating the performance of the board of directors, which shall cover the following five aspects: 1. Participation in the operation of the company. 2. Improvement of the quality of the board of directors' decision making 3. Composition and structure of the board of directors 4. Election and continuing education of the directors 5. Internal control
Once annually	Performance evaluation for the period from 1 January 2023 to 31 December 2023	Individual Directors	Self-evaluations by directors	The criteria for evaluating the performance of the board members (on themselves or peers), shall cover the following six aspects: 1. Alignment of the goals and missions of the company 2. Awareness of the duties of a director 3. Participation in the operation of the company 4. Management of internal relationship and communication 5. The director's professionalism and continuing education 6. Internal control

Once annually	Performance evaluation for the period from 1 January 2023 to 31 December 2023	Audit Committee	Self-evaluations by committee members	The criteria for evaluating the performance of functional committees shall cover the following five aspects: 1. Participation in the operation of the company 2. Awareness of the duties of the functional committee 3. Improvement of quality of decisions made by the functional committee 4. Makeup of the functional committee and election of its members 5. Internal control
Once annually	Performance evaluation for the period from 1 January 2023 to 31 December 2023	Remuneration Committee	Self-evaluations by committee members	The criteria for evaluating the performance of functional committees shall cover the following five aspects: 1. Participation in the operation of the company 2. Awareness of the duties of the functional committee 3. Improvement of quality of decisions made by the functional committee 4. Makeup of the functional committee and election of its members 5. Internal control

4. The objectives of the current and most recent year to enhance the functions of the Board (to establish an audit committee and to improve information transparency, etc.) and evaluation of the implementation:

(1) The Company has conducted internal evaluations of the performance of the board a whole, individual directors and functional committees in accordance with the "Rules for Performance Evaluation of Board of Directors" for 2023.

(2) The Results of the internal evaluation of the Board's Performance for 2023: The Board of Directors as a whole achieved a score of 96.8, individual directors scored 98, the Audit Committee scored 97, and the Remuneration Committee scored 94.3 (out of a total score of 100) in the performance evaluation. All the assessed entities, including the Board of Directors, individual directors, Remuneration Committee, and Audit Committee obtained scores above 90. In terms of the responsibilities and awareness of the duties of the Remuneration Committee, the interaction between the deliberative body and the committee members needs further strengthening. Overall, the Board of Directors has operated well, and based on the evaluation results, continuous efforts will be made strengthen corporate governance and enhance its effectiveness.

(3) The aforementioned evaluation results and improvement suggestions were reported the Board of Directors on 13 March 2024.

(II) The state of operations of the audit committee or the state of participation in board meetings by the supervisors:

1. Information on the State of Operation of the Audit Committee:

The Audit Committee convened for 4 (A) meetings in the most recent year and the attendance of the independent directors was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Actual attendance rate (%) (B/A)	Remarks
Independent Director	YEN-CHUNG TSOU	4	0	100.0%	
Independent Director	YIN-TANG TSENG	3	1	75.0%	
Independent Director	CHENG-MING OU	2	0	100.0%	1
Independent Director	LI-HUA HUANG	2	0	100.0%	1

Note 1: CHENG-MING OU resigned as a director on 14 March 2023, due to personal reasons, with his term ending on 29 June 2023. A by-election was held at the shareholder's meeting on 30 June 2023, and LI-HUA HUANG was appointed as an Independent Director.

Additional information:

I. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee.

(1) Any matter under Article 14-5 of the Securities and Exchange Act.

Date	Content of the motion(s)	Measures taken by the Company based on the opinions of the Audit Committee members
1st Meeting of 2023 22 March 2023	1. 2022 Declaration of Internal Control System. 2. Replacement of the CPAs for the Company’s financial statements. 3. Review of the Company’s regular evaluation of the independence of CPAs 4. 2022 Business Report and Financial Statements. 5. Distribution of 2022 profits.	Approved by all members of the Audit Committee
2nd Meeting of 2023 9 May 2023	1. Report on 2023 Q1 Consolidated Financial Statements. 2. The state of implementation of issuance of security through private placement in 2022. 3. Proposal of cash offering by private placement. 4. Release of the prohibition on directors from participation in the competitive business.	Approved by all members of the Audit Committee
3rd Meeting of 2023 8 August 2023	1. Report on the first half of 2023 Consolidated Financial Statements.	Approved by all members of the Audit Committee
4th Meeting 2023 1 November 2023	2. Report on 2023 Q3 Consolidated Financial Statements. 3. Development of an annual audit plan for internal audit in 2023.	Approved by all members of the Audit Committee

1st Meeting of 2024 31 January 2024	1. Review of the Company's regular evaluation of the independence of CPAs. 2. Examination of professional fees for the CPAs. 3. Non-assurance service of Ernst & Young and its affiliates.	Approved by all members of the Audit Committee
2nd Meeting of 2024 13 March 2024	1. 2023 Declaration of Internal Control System. 2. 2023 Business Report and Financial Statements. 3. Release of the prohibition on directors and their representatives from participation in the competitive business.	Approved by all members of the Audit Committee
3rd Meeting in 2024 9 May 2024	1. Report on 2024 Q1 Consolidated Financial Statements. 2. The state of implementation of issuance of security through private placement in 2023. 3. Proposal of cash offering by private placement. 4. Release of the prohibition on directors from participation in the competitive business. 5. Review of the Company's regular evaluation of the independence of CPAs. 6. Examination of professional fees for the CPAs. 7. Proposal of cash offering by private placement.	Approved by all members of the Audit Committee

(2) In addition to the items mentioned above, other matters that have not been approved by the Audit Committee and are approved by more than two-thirds of all directors: None

II. The implementation of the independent director's recusal of the interested proposal shall state the name of the independent director, the content of the proposal, the reason for the recusal of the interest, and the circumstances of participation in voting: None.

III. Communication between the independent directors and the internal audit supervisor and the CPAs that serve as external auditors:

(1) Communication between the independent directors and the internal audit supervisor and the CPAs that serve as external auditors (including any significant matters communicated about with respect to the state of the company's finances and business and the method(s) and outcomes of the communication). The internal audit supervisor regularly communicates with th independent directors regarding the audit report findings.

Adequate communication has been made regarding the implementation of audit operations, follow-up on audit deficiencies, and the effectiveness of improvement measures. The internal audit report is presented during board meetings, and in case of any special circumstances, immediate reporting is made to independent directors. There were no such special circumstances in 2023. The communication between the independent directors and internal audit supervisor is in good standing.

(2) The Company's CPAs hold at least one communication meeting annually with the independent directors, and additional meetings may be scheduled as needed. During these meetings, the CPAs report the audit results of the financial statements of the company and its domestic and overseas subsidiaries, as well as discuss other communication matters related to regulatory requirements. In case of any special circumstances, immediate reporting is made to the independent directors. There were no such special circumstances in 2023.

(3) Summary of communication between independent directors, internal audit managers, and CPAs of the company:

Date	Communication with Internal Audit Supervisors	Communication with CPAs	Outcome
22 March 2023	None	1.Execution and result of internal control testing. 2.Review on audit variances 3.key audit matters 4.CPA's expected audit opinion for 2022	Approved after review by the Audit Committee.
9 May 2023	Implementation status during 2023/1/1~2023/3/31	None	Approved after review by the Audit Committee.
8 August 2023	Implementation status during 2023/4/1~2023/7/31	1.Comparison between the two periods 2.CPA's draft of the review report	Approved after review by the Audit Committee.
1 November 2023	Implementation status during 2023/8/1~2023/10/31	1.Analysis of major differences in the financial statements 2.CPA's draft of the review report	Approved after review by the Audit Committee.
3 January 2024	Implementation status during 2023/11/1~2023/12/31	None	Approved after review by the Audit Committee.
13 March 2024	None	The audit results of the financial statements for 2023 of the Company	Approved after review by the Audit Committee.
9 May 2024	Implementation status during 2024/1/1~2024/3/31	None	Approved after review by the Audit Committee.

2. Information on the state of participation in board meetings by the supervisors: N/A.

(III) Corporate governance practices and variations from "the Corporate Governance Best-Practice Principles for TWSE /TPEx Listed Companies "

Items of evaluation	Implementation status			Variations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary description	
1. 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 not yet established a Corporate Governance Best Practice Principles, which has been evaluated and is under planning. However, the exercise of powers and functions by the directors and the internal control system is in accordance with the principles of the "Corporate Governance Best-Practice Principles for TWSE/Listed Companies".	No variation
2. Shareholding structure & shareholders' rights (1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		The Company has established a spokesperson mechanism to address such issues.	No variation
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		Yes, the Company has a Share Transfer Agent to provide the services.	No variation
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		The Company and its subsidiaries have established relevant management practices.	No variation
(4) Does the Company establish internal rules to prohibit insiders from trading marketable securities using information not publicly available in the market?	✓		The Company has established relevant management practices.	No variation
3. Composition and Responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy for the composition of its members?	✓		The Company currently has a Remuneration Committee and an Audit Committee.	No variation
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		✓	The planning of functional committees will be determined by the members of the Board.	No variation
(3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for re-election?	✓		The evaluation has been carried out regularly.	No variation
(4) Does the company regularly evaluate the independence of CPAs?	✓		The Company annually assesses the independence and suitability of CPAs. It also has the independence statement and audit quality index (AQI) information of Ernst & Young Associates. Please refer to Note 1 for the assessment of the independence and suitability of CPAs.	No variation

Items of evaluation	Implementation status			Variations from the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary description	
4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	☐		The Finance Department is responsible for matters relating to the meetings of the Board of Directors and Shareholders' Meetings of the Company and for the registration of companies and amendments to the register of companies. On 9 August 2022, the Board of Directors approved the appointment of a Corporate Governance Supervisor in the company. KUO- CHUAN WANG, the Senoir Manager of the Administrative Management Department, has been appointed as the Corporate Governance Supervisor and possesses over three years of experience in the financial operations of public companies and is required to undergo a minimum of 12 hours of continuing education annually as per regulations. The primary responsibilities of the Corporate Governance Officer include handling matters related to board of directors and shareholders' meetings in compliance with the law, preparation of minutes for board of directors and shareholders' meetings, assisting directors in their appointment and ongoing professional development, providing necessary information for directors to carry out their duties and assisting directors in compliance with legal and regulatory requirements.	No variation
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	☐		Disclosed on the Company's website.	No variation

Items of evaluation	Implementation status			Variations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary description	
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Stock Transfer Agency Department of Taishin Securities Co., Ltd. has been appointed to operate as a stock transfer agent.	No variation
7. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		Yes.	No variation
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, and webcasting investor conferences)?	✓		Yes, the Company has a dedicated person responsible for collecting and disclosing information according to their job description.	No variation
(3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	✓		As scheduled.	No variation
8. Is there any other important information available to understand the operation of corporate governance in the company (Including but not limited to employee rights, employee care, investor relations, supplier relations, rights of stakeholders, training of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, and the company's purchase of liability insurance for directors and supervisors, etc.)?	✓		(1) Employee rights, employee care, investor relations, supplier relations, stakeholder rights: Contact information is available on the Company's website. (2) Please refer to Note 2 for further details on the continuing education of the directors . (3) Risk management policy and risk assessment standard in action: Weekly, monthly and quarterly reviews are carried out based on internal controls. (4) Professional liability insurance for the protection of the Directors: Yes.	No variation
9. Please provide information on the results of the review of corporate governance conducted by the Corporate Governance Center of the Taiwan Stock Exchange for the most recent year, as well as priorities and measures for improvement where improvements have not yet been made: None.				

Note 1: Independence and Suitability Assessment Form for CPAs

1. Assessment description: In accordance with Article 29 of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", a TWSE/TPEx listed company shall engage with a CPA that is professional, responsible, and independent and shall evaluate the independence and suitability of the CPA engaged by the company regularly, and no less frequently than once annually.

2.Assessment subject:

Name of the CPAs	CHIN-YUAN TU WEN-CHEN LO	Name of the accounting firm	Ernst & Young Taiwan

3.Assessment content: Formulated in reference to Article 47 of Certified Public Accountant Act and Statement of Auditing Standards No. 10:

Item	Assessment Indicators	Outcome	
		Yes	No
1	The Company has not engaged the same CPAs without replacement for 7 years consecutively up to the most recent audit engagement.	V	
2	The CPAs shall have no significant financial interest with the client.	V	
3	Avoidance of any inappropriate relationship with the client.	V	
4	The CPAs shall ensure the honesty, impartiality and independence of their assistants.	V	
5	The CPAs shall not audit the financial statements of the entities for which they have provided services during the two years preceding their practice.	V	
6	The name of the CPAs shall not be used for any other purpose.	V	
7	The CPAs shall not hold any shares of the company or its affiliates.	V	
8	The CPAs shall not have any involvement in borrowing from the company or its affiliates.	V	
9	The CPAs shall not engage in any joint investment or benefit-sharing relationship with the company or its affiliates.	V	
10	The CPAs shall not hold any permanent employment or receive a fixed salary in connection with the employment activities of the company or its affiliates.	V	
11	The CPAs shall not involve themselves in the management of decision-making functions of the company or its affiliates.	V	
12	The CPAs shall not engage in any other business in which the CPAs would otherwise become impartial.	V	
13	The CPAs shall not have any relationship with the spouse, or relative within the second degree with the company's management	V	
14	The CPAs shall not receive any commission in connection with the business.	V	
15	To date, the CPA has not been subject to any disciplinary action or circumstances that would compromise the principle of independence.	V	

4. Performance and planning:

1. Completing the audit of the company's financial statements for each quarter on schedule.
2. Completing the audit of the investee company's financial statements for each quarter on schedule.
3. Providing occasional financial and tax advisory services to the Company.

5.Assessment outcome:

As a result of the assessment, none of the CPAs engaged by the company had any of the matters described in the above independence assessment items and it is confirmed that the CPAs have met the independence criteria and the reliability of the financial statements issued by the CPAs are in good standing.

Note 2: Continuing education of the directors:

Title	Name	Date	Organizer	Course Title	Hours
Chairman	CHIH-MING WU	9 June 2023	Securities & Futures Institute	2023 Insider Trading Prevention Seminar	3.0
		4 July 2023	TWSE	2023 Cathay Sustainable Finance And Climate Change Summit	6.0
Director	YUNG-CHANG CHU	4 July 2023	TWSE	2023 Cathay Sustainable Finance And Climate Change Summit	6.0
		23 August 2023	TPEx	Briefing Session on Insiders' Shareholding in the TWSE/ TPEx listed Company	3.0
Legal Representative of the Board of Directors	TE-CHUAN WU	9 June 2023	Securities & Futures Institute	2023 Insider Trading Prevention Seminar	3.0
		4 July 2023	TWSE	2023 Cathay Sustainable Finance And Climate Change Summit	6.0
Director	TSUN-HSIN KO	4 July 2023	TWSE	2023 Cathay Sustainable Finance And Climate Change Summit	6.0
Independent Director	YIN-TANG TSENG	23 September 2023	Securities & Futures Institute	Sustainable Development Practices Seminar	3.0
		18 November 2023	CDRI	Corporate Governance and Sustainability Development Workshop	3.0
Independent Director	LI-HUA HUANG	15 March 2023	Taiwan Academy of Banking and Finance	Corporate Governance Forum	3.0
		23 May 2023	TWSE, TPEx	Promotional Conference on Sustainable Development Action Plans for Listed Companies	3.0
		18 August 2023	Taiwan Academy of Banking and Finance	Corporate Governance Forum	3.0
Independent Director	YEN-CHUNG TSOU	14 April 2023	Taiwan Academy of Banking and Finance	Corporate Governance Forum	3.0
		9 August 2023	CPA Associations of the R.O.C.(TAIWAN)	The Latest Tax Laws and Practices	7.0
		7 September 2023	CPA Associations of the R.O.C.(TAIWAN)	Trends in International Auditing Standards Divergence	3.0

(IV) Where a company has established a Remuneration Committee, disclose its composition and the operation:

1.Information on the members of the Remuneration Committee

Identity (Note 1)	Name	Professional designation and work experience (Note 2)	Status of independence (Note 3)	Number of companies where the members of the Remuneration Committee also hold concurrent positions as members of the Remuneration Committee
Independent Director (Convener)	YEN-CHUNG TSOU	With more than 20 years of experience in business, finance, accounting and company operations and having passed the national examination for accountants and not having been involved in any of the circumstances set out in section 30 of the Company Act.	1. The person, spouse, or kindred within the 2nd tier does not hold a position as director, supervisor or employee of the Company or its affiliates. 2. The person, spouse, or kindred within the 2nd tier (or in the name of a third party) does not hold any shares issued by the Company. 3. Not holding a position as director, supervisor, or employee of companies with special relation to the Company (Subparagraphs 5~8 of Paragraph 1 under Article 3 of the Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies). 4. Remuneration of no service in commerce, legal affairs, finance, and accounting to the Company or its affiliates in the last 2 years.	1
Independent Director	YIN-TANG TSENG	Having more than 20 years experience in business and corporate practice and not having been involved in any of the circumstances set out in Section 30 of the Company Act	1. The person, spouse, or kindred within the 2nd tier does not hold a position as director, supervisor, or employee of the Company or its affiliates. 2. The person, spouse, or kindred within the 2nd tier (or in the name of a third party) does not hold any shares issued by the Company. 3. Not holding a position as director, supervisor, or employee of companies with special relation to the Company (Subparagraphs 5~8 of Paragraph 1 under Article 3 of the Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies) 4. Remuneration of no service in commerce, legal affairs, finance, and accounting to the Company or its affiliates in the last 2 years.	0

Identity (Note 1) / Name / Condition		Professional designation and work experience (Note 2)	Status of independence (Note 3)	Number of companies where the members of the Remuneration Committee also hold concurrent positions as members of the Remuneration Committee
Other	HSIANG-YING HUANG	Having more than 20 years experience in business and corporate practice and not having been involved in any of the circumstances set out in Section 30 of the Company Act.	1. The person, spouse, or kindred within the 2nd tier does not hold a position as director, supervisor or employee of the Company or its affiliates. 2. The person, spouse, or kindred within the 2nd tier (or in the name of a third party) does not hold any shares issued by the Company. 3. Not holding a position as director, supervisor, or employee of companies with special relation to the Company (Subparagraphs 5~8 of Paragraph 1 under Article 6 of the Regulations Governing the Appointment and Exercise of Powers by The Remuneration Committee of a Company Whose Stock is Listed on Taiwan Stock Exchange or Taipei Exchange). 4. Remuneration of no service in commerce, legal affairs, finance, and accounting to the Company or its affiliates in the last 2 years.	2

Note 1: Please state the identity as a director, independent director, or Other.

Note 2: Professional designation and work experience: Specify the professional designation and experience of individual members of the Remuneration Committee.

Note 3:Status of independence: specify the status of independence of the members of the Remuneration Committee, including but not limited to holding a position as director, supervisor, or employee of the Company and its affiliates by the person, spouse, kindred within the 2nd tier. Quantity and proportion of Company shares held by the person, spouse, and kindred within the 2nd tier (or in the name of a third party), holding a position as Director, Supervisor, or employee of companies in a special relationship with the Company (refer to Subparagraphs 5~8 of Paragraph 1 under Article 6 of the Regulations Governing the Appointment and Exercise of Powers by The Remuneration Committee of a Company Whose Stock is Listed on Taiwan Stock Exchange or Taipei Exchange), the amount of remuneration for rendering services in commerce, legal affairs, finance, and accounting to the Company or its affiliates in the last 2 years.

2.Information on the operation of the Remuneration Committee:

(1) The Remuneration Committee of the Company consists of 3 members.

(2) The current term of office of the members: 27 August 2021 to 26 August 2024. The remuneration committee convened for 4 (A) meetings in the most recent year with qualifications and attendance as follows:

Title	Name	Attendance in Person (B)	By Proxy	Actual attendance rate (%) (B/A)	Remarks
Convener	YEN-CHUNG TSOU	4	0	100.0%	
Member	HSIANG-YING HUANG	4	0	100.0%	
Member	YIN-TANG TSENG	4	0	100.0%	

Additional information:

I. If the Board turned down or revised the recommendation of the Remuneration Committee, specify the date, session of the Board, the content of the motion, the resolution of the Board and the response of the Company to the opinions of the Remuneration Committee (if the resolution on remuneration passed by the Board is senior to the recommendation of the Remuneration Committee, explain the difference and the reason): None.

II. If there is any adverse opinion or qualified opinion on record or in a written declaration on the resolutions of the Remuneration Committee, specify the date, session of the committee meeting, contents of the motion, and opinions of all members and respond to the opinions of the members: None.

3. The date of the sessions, contents of the motions, resolutions and the response of the Company to the opinions of the Remuneration Committee are as follows:

Date	Key Resolutions of the Remuneration Committee	Implementation
12 January 2023	1.Proposed discussion on the work of the Remuneration Committee in 2023. 2.Proposed discussion on amendments to regulations on payment of year-end bonuses to employees for 2022 and other related regulations. 3.Proposed review of the 2022 distribution of year-end bonuses to the managerial officers of the Company. 4.Proposed review of the estimated distribution of the 2023 performance bonus for the managerial officers of the Company.	Approved by all committee members
22 March 2023	1.The payment method for employees and directors and supervisors' compensation for 2022. 2.Transfer of treasury shares to managerial officers as stock options for 2023.	
9 May 2023	1.Proposed review of the 2023 salary adjustment plan for managerial officers. 2.Proposed review of the distribution of directors' and managerial officers' compensation for 2022.	
28 August 2023	1.Proposed review of compensation for newly appointed Chairman.	
31 January 2024	1.Proposed discussion on the work of the Remuneration Committee in 2024. 2.Proposed discussion on amendments to regulations on payment of year-end bonuses to employees for 2023 and other related regulations. 3.Proposed review of the 2023 distribution of year-end bonuses to the managerial officers of the Company. 4.Proposed review of the estimated distribution of the 2024 performance bonus for the managerial officers of the Company.	
13 March 2024	1.The payment method for employees and directors and supervisors' compensation for 2023.	
9 May 2024	1.Proposed review of the 2024 salary adjustment plan for managerial officers. 2.Proposed review of the distribution of directors' and managerial officers' compensation for 2023.	

(V) Differences between Company policy and “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons for differences :

Evaluation Item	Implementation status			Variations from the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons for the difference
	Yes	No	Abstract Explanation	
1. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?		□✓	Although the Company has not formulated a corporate social responsibility policy or system, it continues to practice Corporate Social Responsibility and will formulate relevant policies in the future depending on the situation.	No variation
2. Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?		✓	Although the Company has not formulated a corporate social responsibility policy or system, it continues to practice Corporate Social Responsibility and will formulate relevant policies in the future depending on the situation.	No variation
3. Environmental Issues (1) Does the company establish proper environmental management systems based on the characteristics of their industries?	✓		In order to follow international environmental protection regulations and comply with national environmental protection laws and regulations, the Company has established ISO14001 - Environmental Management Systems and has set up a safety and environmental department to be responsible for environmental maintenance and public safety.	No variation
(2)Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	✓		The Company uses advanced technology and equipment, and is committed to environmental protection, energy conservation, industrial waste reduction and resource recycling; and promotes correct environmental protection concepts, develops good habits of pollution prevention and waste reduction, and all employees participate in green environmental protection activities. Moreover, the efficiency of raw material usage is improved in the manufacturing process, and the overall usage of raw materials is reduced. The cardboard boxes, old pallets, and iron pipes used in the manufacturing process are recycled and reused to achieve the purpose of reducing waste.	No variation
(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?		✓	The company has not assessed the issue of the impact of climate change on the enterprise.	None
(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	✓		The company has promoted energy-saving and carbon-reduction measures and used equipment and products with energy-saving labels to reduce energy consumption, and advocated energy-saving and carbon-reduction measures.	No variation

Evaluation Item	Implementation status			Variations from the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons for the difference
	Yes	No	Abstract Explanation	
4. Social issues (1) Does the company formulate appropriate management policies and procedure according to relevant regulations and the International Bill of Human Rights?	✓		In the Company's human resources management system and work rules, all labor-related regulations (employment, working hours, wages, vacations, rewards and punishments, resignation, etc.) follow the national "Labor Standards Act" and other relevant laws and respect internationally recognized basic labor human rights principles, etc., and strictly require the personnel of relevant units to implement.	No variation
(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	✓		The Company has formulated personnel rules and related reward systems for employee compensation based on their performance.	No variation
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		The Company regularly conducts environmental safety training and health check-ups for employees. For the information on current implementation status, please refer to Page 84-85.	No variation
(4) Does the company provide its employees with career development and training sessions?	✓		The Company provides employees with further education and training opportunities to improve employees professional functions. In addition, the heads of each department provide their subordinates with professional guidance and training related to their work. For the information on current implementation status, please refer to Page 82.	No variation
(5) Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	✓		Maintain good communication channels between the Company and consumers to provide transparent and effective customer complaint procedures related to products and services.	No variation
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	✓		Before dealing with suppliers, the Company must conduct supplier assessments to assess whether the relevant incoming materials comply with relevant environmental regulations. In addition, new regulations also require suppliers to provide relevant information for the Company's assessment. Moreover, the contracts with major suppliers have stated that they must "comply with the requirements of international environmental protection laws and regulations". In addition, if a breach of contract has happened or the situation has not improved after the breach, the Company can terminate or rescind the contract. The Company has formulated a "Policy Declaration on Non-Utilization of Conflict Minerals" and communicates it to suppliers with a commitment not to accept metals sourced from conflict-affected areas.	No variation

Evaluation Item	Implementation status			Variations from the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons for the difference
	Yes	No	Abstract Explanation	
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non- financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?		✓	The Company has not prepared a sustainability report yet.	None

6. If the company has established its own sustainable development code in accordance with the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies”, please clarify the difference between its operation and the established code: To fulfill corporate social responsibility and facilitate progress in economic, environmental, and social aspects towards sustainable development goals, the company has established a “Corporate Social Responsibility Statement (CSR)” which regulates:) (1)Compliance with laws and social norms, (2)Health and safety measures,(3)Environmental considerations, (4)Fair and equitable transactions, (5)Ensuring information security and appropriate information protection, (6)Quality and safety, delivery, fair pricing, and stable supply. (7)Promoting contributions to society, and (8)Collaboration between the company and suppliers to promote corporate social responsibility activities.

7. Other important information that can help to understand the operation of Sustainable Development:

(1) Environmental protection matters: The Company pursues energy saving and carbon reduction and has always used equipment and products with energy-saving labels to reduce energy consumption. The Company encourages employees to take specific actions in their daily lives to love the earth by saving energy and reducing carbon.

1. The Huizhou Plant completed the installation of photovoltaic facilities in June 2023, with an investment cost of RMB 4.1 million. It is anticipated to reduce electricity expenses by RMB 1 million annually.
2. The Miaoli Plant completed the greenhouse gas inventory ISO-14064-1 in November 2023 and obtained third-party verification.
3. The statistical data for greenhouse gas emissions, water usage, and total waste weight for the past two years are as follows:

Unit:tons

Item	Greenhouse Ga Emission			Water Usage	Total Waste Weight	
	Scope 1	Scope 2	Scope 3		Hazardous Waste	General Waste
2023	37.1399	6417.5760	88.6787	2213.3783	0.0000	164.1800
2022	50.1672	8712.0440	394.6125	2608.0000	0.0000	158.0965
1. Data Boundary: Parent company; Data has not yet been verified by a third-party verification organization.						

4. The Company primarily relies on externally purchased electricity for energy. The Company’s goal is to achieve an annual reduction of 1% in carbon emissions based on the 2021 baseline year. Future adjustments to the greenhouse gas emission reduction targets will depend on amendments to climate management laws.

(2) Health and safety: Detailed information on workplace environment and measures for personal safety protection, along with current implementation status, please refer to page 84-85.

(3) Gender equality: The company has long been committed to fostering a workplace environment that is friendly to all employees. Details of the current implementation status can be found on page 84.

(4) Social welfare: The Company has been committed to playing its role in corporate citizenship and fulfilling its duty for a long time and has always spared no effort in fulfilling its social responsibilities. The Company has conducted various fundraising activities for disaster recovery from time to time. The Company participated in the “China Sichuan Earthquake Charity Donation” and the “Maibagah Children's English and Cross-cultural Education Project”. The Company's business philosophy is to continue to invest, enhance the vitality of the business, and improve the quality of products and services to enable the Company, employees, and customers to grow simultaneously to implement environmental protection, maintain social resources, fulfill corporate responsibilities, and give back to society.

(VI) Climate-related Information Implementation Status: Not Applicable.

(VII) Practice of ethical corporate management and the variation with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and the reason for the differences:

Evaluation Item	Implementation Status			Variations with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs (1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	✓		When signing various contracts with different parties, the Company negotiates reasonable contracts and actively fulfills contract commitments in line with the principle of ethics and mutual benefit. The Company has established relevant systems such as the "Code of Ethical Corporate Management", "Code of Ethical Conduct" and "Code of Work" and publicizes the importance of honest behavior to all employees at any time. The service rules of the "Code of Work" clearly stipulate that employees should develop good habits of "loyalty" and "frugality". Employees who violate the provisions of this code would be punished according to the severity of the case or legal actions would be brought, and educational training would be conducted. The Company has established an effective internal control system, and internal auditors regularly audit the compliance status of the system to ensure the implementation of ethical corporate management.	None
(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	✓			
(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	✓			
2. Fulfill operations integrity policy (1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	✓		The Company has established an equal relationship with its customers and outside suppliers. When signing a contract with them, the rights and obligations of both parties are specified in detail in the contract, and a confidentiality clause is also signed.	None
(2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	✓		The president's office is responsible for the publicity and implementation of the Company's promotion of ethical corporate management, and relevant members have the obligation to report to the Board of Directors at any time.	None

Evaluation Item	Implementation Status			Variations with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		For matters related to conflicts of interest, besides the head of the department, employees within the Company can report directly to the President and relevant members of the President's office.	None
(4) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent ?	✓		The Company has established an internal audit plan, and the internal audit unit will carry out various audits according to the plan. In case of special circumstances, special audits will be arranged separately.	None
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	✓		The Company regularly and irregularly promotes educational training courses and other matters.	None
3. Operation of the integrity channel (1) 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?	✓		For violations of the ethical corporate management code, internal employees of the company can not only report to the head of the department directly but can also directly report to the President and relevant members of the President's office. If it is found that something has certainly happened, depending on the circumstances and the seriousness of the impact, a warning or punishment will be given according to the "Code of Work".	None
(2) Does the company have any standard operating procedures for the investigation of the reported matters, the follow-up measures to be taken after the completion of the investigation, and the relevant confidentiality mechanism?	✓			
(3) Does the company provide proper whistleblower protection?	✓			
4. Strengthening information disclosure (1) Does the company disclose the content of its ethical management code and the effectiveness of its promotion on its website and public information observatory?	✓		The Company has a company website, which regularly discloses investor-related information such as financial statements, board meetings, and corporate governance.	None
5. If the company has its own code of integrity in accordance with the "Code of Integrity Management of Listed and OTC Listed Companies", please describe the differences between its operation and the code: None.				
6. Other important information to facilitate a better understanding of the Company's corporate conduct and ethics compliance practices (e.g., review the Company's corporate conduct and ethics policy): None.				

(VIII) The inquiry of Corporate Governance Best Practice Principles and related rules and regulations should be disclosed, if the Company has established one: Please visit the Company's website.

(IX) Any other vital information that helps to understand the pursuit of corporate governance by the Company better:

1. In order to establish internal material information processing standards for corporate governance, the Company has established relevant procedures for material information processing operations. All relevant departments and colleagues of the Company must abide by standard procedures and legal regulations when addressing possible material information and its disclosure.

2. In order to establish a management system for insider trading to avoid improper leakage of information and to ensure the consistency and accuracy of information released by the Company to the public, The Company has established the "Internal Material Information Processing and Prevention of Insider Trading Management Procedures".

(X) Implementation of internal control for disclosure:

1. Declaration of internal control system: Please refer to p.106.
2. If a CPA is appointed to conduct a special audit on the internal control system, disclose the Auditor's Report: None.

(XI) The Company and insiders were punished under law or punished due to the violation of the internal control system by insiders that the punishment may have significant impact on shareholder's equity or price of the security, in the previous period to the date this report was printed, the major defect and the status of rectification: None.

(XII) Major resolutions of the Regular Shareholders' Meeting and the Board in 2023 as of the date of this report were printed:

1. Major resolutions of the Regular Shareholders' Meeting in 2023 as of the date of this report were printed:

Frequency	Date	Major Resolutions
2023 Annual Meeting of Shareholders	30 June 2023	1. 2022 Business Report and Financial Statements. 2. Distribution of 2022 profits. 3. Proposal of cash offering by private placement.

Review the implementation of the regular shareholders' meeting resolutions in 2022:

(1) Adoption of the 2022 Business Report and Financial Statements

(2) Adoption of distribution of 2022 profits and the cash dividends were distributed on 12 September 2023.

(3) Adoption of the proposal of cash offering by private placement.

2. Key resolutions of the Board Meeting in 2023 as of the date of printing of the annual report:

Meeting	Date	Key resolutions
1st Meeting of 2023	12 January 2023	1. 2022 year-end bonus for managerial officers. 2. Application for short-term credit financing from financial institutions.
2nd Meeting of 2023	22 March 2023	1. The operating plan of the Company for 2023. 2. 2022 Declaration of Internal Control System. 3. Replacement of the CPAs for the company's financial statements. 4. Review of the Company's regular evaluation of the independence of CPAs. 5. Distribution of employee and director compensation for 2022. 6. 2022 Business Report and Financial Statements. 7. Distribution of 2022 profits. 8. By-election for an independent director position. 9. Release of the prohibition on directors from participation in competitive business. 10. The convening of the 2023 Annual Meeting of Shareholders of the company and relevant matters. 11. Implementation of the transfer of treasury shares to employees.
3rd Meeting of 2023	9 May 2023	1. Report on 2023 Q1 Consolidated Financial Statements. 2. The state of implementation of issuance of securities through private placement in 2022. 3. Proposal of cash offering by private placement. 4. Amendment to the Agenda of the 2023 Annual Meeting of Shareholders. 5. Verification of qualifications for independent director candidates. 6. Release of the prohibition on directors from participation in competitive business. 7. Application for short-term credit financing from financial institutions 8. Application for medium to long-term credit financing from financial institutions 9. Distribution of director remuneration and managerial officers' compensation for 2022, and salary adjustment proposal of managerial officers for 2023.
4th Meeting of 2023	8 August 2023	1. Report on the first half of 2023 Consolidated Financial Statements. 2. Application for short-term credit financing from financial institutions.
5th Meeting of 2023	18 August 2023	1. Election of Chairman. 2. Proposal to appoint former Chairman TE-CHUAN WU as Honorary Chairman of the Company.

Meeting	Date	Key resolutions
6th Meeting of 2023	1 November 2023	1. Financial Report for the Consolidated Financial Statements as of the nine-month periods ended as of 30 September 2023. 2. Establishment of internal audit annual audit plan for 2024, 3. Application for short-term credit financing from financial institution. 4. Remuneration for the Company's Chairman.
1st Meeting of 2024	31 January 2024	1. Distribution of year-end bonuses to the managerial officers of the Company for 2023. 2. The Company's regular evaluation of the independence of CPAs. 3. Examination of professional fees for the CPAs.
2nd Meeting of 2024	March 13 2024	1. The operating plan of the Company for 2024. 2. 2023 Declaration of Internal Control System. 3. Distribution of employee and director compensation for 2023. 4. 2023 Business Report and Financial Statements. 5. By-election for director position. 6. Release of the prohibition on directors and their representatives from participation in the competitive business. 7. The convening of the 2024 Annual Meeting of Shareholders of the company and relevant matters.
3rd Meeting of 2024	9 May 2024	1. Report on 2024 Q1 Consolidated Financial Statements. 2. The state of implementation of issuance of security through private placement in 2023 3. Proposal of cash offering by private placement. 4. Distribution of 2023 profits. 5. Distribution of director compensation for 2023. 6. Distribution of director remuneration and managerial officers' compensation for 2023 and salary adjustment proposal of managerial officers for 2024. 7. Confirmation of qualifications for director and independent director candidates. 8. Release of the prohibition on directors and their representatives from participation in the competitive business. 9. Relevant matters related to the revision of agenda for the 2024 Annual Meeting of Shareholders of the company. 10. Application for short-term credit financing from financial institutions. 11. Amendment to the "Procedures for Handling Significant Information and Prevention of Insider Trading Management". 12. Amendment to part of the Articles of the "Rules of Procedure for Board of Directors Meetings". 13. Amendment to part of the Articles of the "Audit Committee Charters". 14. The Company's regular evaluation of the independence of CPAs. 15. Examination of professional fees for the CPAs.

(XIII) 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.

(XIV) 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 company's chairperson, president, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer: None.

V. Information on the Professional Fees of CPAs:

Unit: NT thousands

Name of accounting firm	Names of CPAs	Period covered by the CPA audit	Audit fees	Non-Audit fees	Total	Remarks
Ernst & Young Taiwan	CHIN-YUAN TU	1 January 2023 to 31 December 2023	4,237	851	5,088	Non-audit Fees: Tax Compliance Audit of NT$270 thousand Business Registration of NT$61 thousand Transfer Pricing of NT$240 thousand Outsourced Editing ServiceNT$ 280 thousand
	WEN-CHEN LO					

(1) 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.

(2) 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 CPAs:

(I) Information regarding the former CPAs: N/A

(II) Information Regarding the Successor CPAs: N/A

(III) The Reply of Former CPAs: N/A

VII. Where the Company's Chairperson, General Manager, or Any Managerial Officer in Charge of Finance or Accounting Matters Has in the Most Recent Year Held a Position at The Accounting Firm of Its CPA or at an Affiliated Enterprise of Such Accounting Firm, the Name and Position of the Person, and the Period During Which the Position was Held, Shall be Disclosed: None.

VIII. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests (During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report) 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 Shareholding of Directors, Supervisors, Managerial Officers, and Major Shareholders:

Title	Name	2022		2023		As of 29 April 2024	
		Shareholding Increase (Decrease)	Pledged Shareholding Increase (Decrease)	Shareholding Increase (Decrease)	Pledged Shareholding Increase (Decrease)	Shareholding Increase (Decrease)	Pledged Shareholding Increase (Decrease)
Chairman	LELON ELECTRONICS CORP.	0	0	0	0	0	0
	Representative: TE-CHUAN WU	0	0	0	0	0	0
Director (President)	TSUN-HSIN KO	0	0	20,030	0	0	0
Director	CHIH-MING WU	0	0	0	0	0	0
Director	YUNG-CHANG CHU (Note 2)	0	0	(250,000)	0	0	0
Independent Director	YEN-CHUNG TSOU	0	0	0	0	0	0
Independent Director	YIN-TANG TSENG	0	0	0	0	0	0
Independent Director	CHENG- MING OU (Note 1)	0	0	0	0	0	0
Independent Director	LI-HUA HUANG (Note 1)	0	0	0	0	0	0
Vice President	TUNG-JUNG LI	0	0	15,550	0	0	0
Vice President	CHUN-YING LIU	0	0	0	0	0	0
Senior Manager	KUO-CHUAN WANG	0	0	0	0	0	0
Major Shareholder	GUANGDONG HEC TECHNOLOGY HOLDING CO., LTD.	0	0	0	0	0	0

Note 1: CHENG-MING OU has tendered his resignation as a director on March 14 2023, due to personal reasons. His term was set to expire on 29 June 2023, and a by-election is planned to be held during the shareholder's meeting on June 30 2023 to fill the vacancy. LI HUA HUANG has served as the Independent Director.

(II) Information on Transfer of Shareholding:

In the previous period to the date this report was printed, no directors, supervisors, managers, or shareholders with a shareholding ratio of more than 10% of the transfer of shares were related to the affiliates:

Name	Reason for Transfer of Shareholding	Date	Trading Counterpart	Relationship with transaction counterparties and the company, directors, supervisors with a shareholding ratio of more than 10%	Shares	Transaction price
YUNG-CHANG CHU	Gift	8 December 2023	RONG-LIN WANG	Couple	250,000	37

Note: The above information does not include the transfer of allotments from trust accounts.

(III) Information on Pledges of Shareholding:

In the previous period to the date this report was printed, no directors, supervisors, managers, or shareholders with a shareholding ratio of more than 10% of the pledge of shares were related to the affiliates

IX. 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

Unit: shares; %; 29 April 2024

Name (Note 1)	No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		10 largest shareholders with which the person has a relationship of spouse or relative within the second degree		Remarks
	Shares	%	Shares	%	Shares	%	Title (or name)	Relationship	
LELON ELECTRONICS CORP.	43,731,598	30.53	0	0.00	0	0.00	CHYI FA CO., LTD.	Top 10 shareholder	
GUANGDONG HEC TECHNOLOGY HOLDING CO., LTD.	23,296,875	16.27	0	0.00	0	0.00	None	None	
KUO-CHING CHENG	3,899,000	2.72	3,479,000	2.43	0	0.00	HSIU-MEI LIN	Spouse	
CHYI FA CO., LTD.	3,572,881	2.49	0	0.00	0	0.00	LELON ELECTRONI CS CORP	Top 10 shareholder	
HSIU-MEI LIN	3,479,000	2.43	3,899,000	2.72	0	0.00	KUO-CHING CHENG	Spouse	
CHIN-FU TSENG	2,296,000	1.60	0	0.00	0	0.00	None	None	
JEN-MING WU	2,009,510	1.40	0	0.00	0	0.00	CHUNG- MING WU JEN-MING WU PEI-CHIH LO	Relative within the second degree Relative within the second degree In-laws	
CHUNG-MING WU	1,754,368	1.22	0	0.00	0	0.00			
HSIEN-MING SHIH	1,237,127	0.86	0	0.00	0	0.00	None	None	
PEI-CHIH LO	1,069,956	0.75	470,701	0.33	0	0.00	CHUNG- MING WU JEN-MING WU	In-laws	

X. The Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, its Directors and Supervisors, Managerial Officers, and any Companies Controlled Either Directly or Indirectly by the Company

Unit: shares; %

Investee enterprise (Note)	Investment by the Company		Investment by the Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company		Total investment	
	Shares	%	Shares	%	Shares	%
LITON (BVI) CO., LTD.	7,057,715	100.00	0	0.00	7,057,715	100.00
V-TECH CO., LTD.	43,647,362	100.00	0	0.00	43,647,362	100.00
FOREVER CO., LTD.	0	0.00	38,353,012	100.00	38,353,012	100.00
EVERTECH CAPA CO., LTD.	10,000	100.00	0	0.00	10,000	100.00
LITON ELECTRONICS TECHNOLOGY (HUI ZHOU) CO., LTD.	0	0.00	16,579,031	100.00	16,579,031	100.00
LITON ELECTRONICS TECHNOLOGY (ABAZHOU) CO., LTD.	0	0.00	42,600,000	100.00	42,600,000	100.00
RUYUAN LIDON ELECTRONIC TECHNOLOGY CO., LTD	64,000,000	40.00	32,000,000	20.00	96,000,000	60.00

Note: Investment accounted for under the equity method.

Chapter IV. Status of Fundraising

I. Capital and Shares:

(I) Source of Capital

Unit: Share; NT$

Month Year	Par Value	Authorized capital		Paid-in capital		Remark		
		Shares	Amount	Shares	Amount	Sources of capital	Capital Increased by Assets Other than Cash	Other
December 1999	25 10 10	34,900,000	349,000,000	19,991,000	199,910,000	① Raising capital of NT$22,500,000 in cash ② Capitalization of additional paid-in capital amounting to NT$15,000,000 ③ Capitalization of retained earnings amounting to NT$12,410,000	None	Note 1
August 2000	32 10	34,900,000	349,000,000	28,500,000	285,000,000	① Raising capital of NT$23,497,000 in cash ② Capitalization of retained earnings and employee bonus amounting to NT$61,593,000	None	Note 2
August 2001	10	60,000,000	600,000,000	37,281,000	372,810,000	Capitalization of retained earnings and employee bonus amounting to NT$87,810,000	None	Note 3
December 2001	18.5	60,000,000	600,000,000	39,781,000	397,810,000	Raising capital of NT$25,000,000 in cash	None	Note 4
September 2002	10	78,000,000	780,000,000	47,028,000	470,280,000	① Capitalization of additional paid-In capital amounting to NT$39,781,000 ② Capitalization of retained earnings and employee bonus amounting to NT$32,689,000	None	Note 5
September 2003	10	208,000,000	2,080,000,000	58,155,000	581,550,000	① Capitalization of additional paid-in capital NT$47,028,000 ② Capitalization of retained earnings and employee bonus amounting to NT$64,242,000	None	Note 6
February 2004	10	208,000,000	2,080,000,000	87,250,000	872,502,380	Capitalization through merger amounting to NT$290,952,380	None	Note 7
October 2004	10	208,000,000	2,080,000,000	94,418,907	944,189,070	Capitalization of retained earnings and employee bonus amounting to NT$71,686,690	None	Note 8
January 2009	10	208,000,000	2,080,000,000	93,678,907	936,789,070	Cancellation of treasury shares amounting to NT$7,400,000	None	Note 9
August 2011	10	208,000,000	2,080,000,000	108,078,907	1,080,789,070	Raising capital of NT$144,000,000 in cash	None	Note 10

November 2011	10	208,000,000	2,080,000,000	108,088,340	1,080,883,400	Conversion of corporate bonds amounting to NT$94,330	None	Note 11
September 2012	10	208,000,000	2,080,000,000	114,573,641	1,145,736,410	Capitalization of retained earnings amounting to NT$64,853,010	None	Note 12
August 2015	16	208,000,000	2,080,000,000	137,870,516	1,378,705,160	Raising capital of NT$372,750,000 in cash	None	Note 13
September 2019	10	208,000,000	2,080,000,000	136,363,516	1,363,635,160	Cancellation of treasury shares of NT$15,070,000	None	Note 14
July 2010	10	360,000,000	3,600,000,000	136,363,516	1,363,635,160	Amendment to authorized share capital.	None	Note 15
June 2021	10	360,000,000	3,600,000,000	140,304,855	1,403,048,550	Conversion of corporate bonds amounting to NT$39,413,390	None	Note 16
September 2021	10	360,000,000	3,600,000,000	142,070,359	1,420,703,590	Conversion of corporate bonds amounting to NT$17,655,040	None	Note 17
December 2021	10	360,000,000	3,600,000,000	143,004,820	1,430,048,200	Conversion of corporate bonds amounting to NT$9,344,610	None	Note 18
February 2022	10	360,000,000	3,600,000,000	143,082,284	1,430,822,840	Conversion of corporate bonds amounting to NT$774,640	None	Note 19
April 2022	10	360,000,000	3,600,000,000	143,219,606	1,432,196,060	Conversion of corporate bonds amounting to NT$137,322	None	Note 20

Note 1: Approval became effective through Letter (088) No. 143332 dated 2 December 1999.
Note 2: Approval through Letter (89) Tai-Tsai-Cheng No. 31379 and Letter (89) No. 130614 dated 25 April 2000 and 31 August 2000, respectively.
Note 3: Approval through Letter (090) No. 139161 dated 19 June 2001.
Note 4: Approval through Letter No. 1355270 dated 5 September 2001.
Note 5: Approval through Letter (090) No. 1390210 dated 26 September 2002.
Note 6: Approval through Letter Shou-Shang No. 09201264130 dated 4 September 2003.
Note 7: Approval through Letter (92) Tai-Tsai-Cheng-(Yi) No. 0920146646 dated 9 October 2003.
Note 8: Approval through Letter Shou-Shang No. 09301201460 dated 21 October 2004.
Note 9: Approval through Letter Shou-Shang No. 09801016500 dated 23 January 2009.
Note 10: Approval through Letter Shou-Shang No. 10001194480 dated 19 August 2011.
Note 11: Approval through Letter Shou-Shang No. 10001258890 dated 11 November 2011.
Note 12: Approval through Letter Shou-Shang No. 10101181950 dated 5 September 2012.
Note 13: Approval through Letter Shou-Shang No. 10401159950 dated 3 August 2015.
Note 14: Approval through Letter Shou-Shang No. 10801122080 dated 3 September 2019.
Note 15: Approval through Letter Shou-Shang No. 10901124600 dated 28 July 2020.
Note 16: Approval through Letter Shou-Shang No. 11001092010 dated 9 June 2021.
Note 17: Approval through Letter Shou-Shang No. 11001165090 dated 9 September 2021.
Note 18: Approval through Letter Shou-Shang No. 11001217750 dated 2 December 2021.
Note 19: Approval through Letter Shou-Shang No. 11101018520 dated 22 February 2022.
Note 20: Approval through Letter Shou-Shang No. 11101087440 dated 27 May 2022.

Unit:Share;29 April 2024

Type of share	Authorized Capital			Remarks
	Shares Outstanding	Unissued Share	Total Shares	
Common Share	143,219,606	216,780,394	360,000,000	Of which 7,000,000 shares amounting to NT$70,000,000 were reserved for the conversion of subscription warrants, preference shares featured subscription warrants, or corporate bonds featured subscription rights.

Information for shelf registration: N/A.

(II) Shareholder Structure

Unit: Share: 29 April 2024

Shareholder Structure / Quantity	Government agencies	Financial institutions	Other legal entities	Individuals	Foreign institutions and foreign individuals	Total
Number of Shareholders	0	1	20	12,412	38	12,471
Number of shares held	0	92,000	48,745,120	69,465,073	24,917,413	143,219,606
Shareholding ratio	0.00%	0. 06%	34.04%	48.50%	17.40%	100.00%

(III) Distribution of Shareholdings:

1.Common Shares (Nominal value of NT$10 per share)

Unit: Share; 29 April 2024

	Number of shareholders	Shareholding (shares)	Shareholding (%)
1 to 999	1,509	291,926	0.20%
1,000 to 5,000	9,154	18,130,206	12.66%
5,001 to 10,000	1,032	8,311,598	5.80%
10,001 to 15,000	252	3,241,363	2.26%
15,001 to 20,000	193	3,632,890	2.54%
20,001 to 30,000	132	3,383,691	2.36%
30,001 to 40,000	51	1,844,795	1.29%
40,001 to 50,000	35	1,597,821	1.12%
50,001 to 100,000	56	3,906,094	2.73%
100,001 to 200,000	29	3,988,578	2.78%
200,001 to 400,000	10	2,559,098	1.79%
400,001 to 600,000	2	1,065,011	0.74%
600,001 to 800,000	4	2,809,318	1.96%
800,001 to 1,000,000	1	810,092	0.57%
1,000,000 and above	11	87,646,315	61.20%
Total	12,471	143,219,606	100.00%

2.Preferred Shares: The Company has not issued any preferred shares.

(IV) List of Major Shareholders:

List of major shareholders holding more than 10% of the shares or accounting for the top 10 shareholding

Unit: Shares; 29 April 2024

Shareholder's Name \ Shareholding	Shares	Percentage
LELON ELECTRONICS CORP.	43,731,598	30.53%
GUANGDONG HEC TECHNOLOGY HOLDING CO., LTD.	23,296,875	16.27%
KUO-CHING CHENG	3,899,000	2.72%
HSIU-MEI LIN	3,572,881	2.49%
CHYI FA CO., LTD.	3,479,000	2.43%
JEN-MING WU	2,296,000	1.60%
CHUNG-MING WU	2,009,510	1.40%
CHIN-FU TSENG	1,754,368	1.22%
HSIEN-MING SHIH	1,237,127	0.86%
PEI-CHIH LO	1,069,956	0.75%

(V) Market Price, Net Worth, Earnings, and Dividends per Share:

Unit: NT$1,000; shares

Item \ Year			2022	2023	Current year to 30 April 2024 (Note 8)
Market price per share (Note 1)	Highest		49.50	41.15	37.45
	Lowest		22.50	31.80	33.20
	Average		39.40	37.87	35.47
Net worth per share (Note 2)	Before Distribution		21.83	21.91	23.05
	After Distribution		20.08	20.81(Note 9)	21.95(Note 9)
Earnings per share	Weighted average shares		142,974	141,877	141,920
	Earnings per share (Note 3)		3.52	2.08	0.74
Dividends per share	Cash dividends		1.75	1.10 (Note 9)	N/A
	Stock dividends	Dividends from retained earnings	-	-	N/A
		Dividends from capital reserve	-	-	N/A
	Accumulated undistributed dividends (Note 4)		-	-	N/A
Return on investment analysis	Price/earnings ratio (Note 5)		11.19	18.21	11.98
	Price/dividend ratio (Note 6)		22.51	34.43	N/A
	Cash dividend yield (Note 7)		4.44%	2.90%	N/A

* If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1: List the highest and lowest market price of common shares in each fiscal year and calculate the average market price by weighing transacted prices against transacted volumes in each respective fiscal year.

Note 2: Calculate the net worth per share based on the number of outstanding shares at year-end. Calculate the amount of distribution based on the amount resolved by the board of directors or resolved in the next year's shareholders meeting.

Note 3: If retrospective adjustments are required because of issuance of stock dividends, the earnings per share should be disclosed in the amounts before and after the retrospective adjustments.

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

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

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

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

Note 8: Net worth per share and earnings per share are based on audited (auditor-reviewed) data as at the latest quarter before the publication date of the annual report. For all other fields, calculations are based on the data for the current year as of the date of publication of the annual report.

Note 9: The dividend distribution for 2023 has been approved by the board of directors on 9 May 2024, but it has not yet been submitted to the shareholders' meeting for adoption.

(VI) Dividend policy and implementation status of the Company:

1. Dividend Policy as set out in the Articles of Incorporation

The Company shall first make up for the accumulated losses (including the adjustment of the amount of undistributed earnings) in the settlement of the annual account if there is a net profit after tax for the period, and then appropriate 10% as legal reserve. Except when the accumulated legal reserve has reached the Company’s total paid-in capital. Subsequently, the special reserve shall be appropriated or reversed in accordance with the provisions of the Act or the competent authority. For the remaining earnings, the Board of Directors shall prepare a proposal for the distribution of earnings to Shareholders for resolution at the Shareholders’ Meeting, together with the undistributed earnings at the beginning of the period (including adjustments to the amount of undistributed earnings).

The Company’s business life cycle is at the “growth phase”. Based on the need for capital expenditure and sound financial planning for sustainable development, the principle of dividend distribution is to appropriate more than 50% of the remaining distributable earnings.

The Company pays both stock dividends and cash dividends. The distribution rate of cash dividends shall not be less than 10% of the total amount of dividends distributed to shareholders in the year. In the event that the cash dividend per share is less than $0.50, the Board of Directors will be authorized to prepare a motion for payment in the form of a cash dividend or a stock dividend upon resolution of the Shareholders’ Meeting.

2. The proposed distribution of dividends at the Shareholders' Meeting.

The proposed distribution of the earnings of the Company at the Shareholders' Meeting held on 27 June 2024 was resolved as follows:

Unit: NT$

Item	Amount
Accumulated retained earnings at beginning of period	$640,945,257
Defined benefit plan actuarial gains	(253,703)
Add: Net income after tax for the period	294,870,269
Earnings available for distribution	935,561,823
Less: Appropriate 10% for legal reserve	(29,461,657)
Add: Reversal of special reserve	(60,397,932)
Less: Bonus to Shareholders – cash dividends (distribution of $1. 10 per share)	(156,111,567)
Accumulated undistributed earnings at the end of the period	689,590,667
Notes: 1. The amount of the distribution of the earnings is prioritized over the 2023 earnings. 2. The calculation of distribution per share is based on the number of 141,919,606 shares outstanding (including the deduction of 1,300,000 shares from the seventh buyback of treasury stock).	

(1) A cash dividend of $1.10 per share will be distributed to shareholders and, following the approval of the resolution at the Shareholders' Meeting, it is intended that the Chairman will be authorized to determine the basis of dividend distribution and the date of payment, etc.

(2) In the event of any subsequent changes to the dividend distribution rate as a result of changes in the Company's share capital affecting the number of outstanding shares, it is intended that the Shareholders' Meeting will authorize the Chairman to exercise his full authority to address such changes.

(3) The cash dividends are calculated on a proportional basis up to NT$ and rounded down to the nearest NT$, with the total amount of deficiencies of less than NT$1 being adjusted by decimal places from largest to smallest and by account number from top to bottom to match the total amount of cash dividends distributed.

3.Description of expected material change in dividend policy: None.

(VII) Impact of the proposed stock dividend distribution at the Shareholders'Meeting on the Company's operating results and earnings per share: Not applicable.

(VIII) Remuneration to employees, Directors and Supervisors.

1. The proportion or scope of remuneration to employees, Directors and supervisors as set out in the Articles of Incorporation:

Article 19 of the Articles of Incorporation“In the event that the Company makes a profit for the year (by profit is meant the net profit before taxation and before the distribution of remuneration to employees and Directors), not less than 2.5% shall be appropriated as remuneration to employees and not more than 2.5% as remuneration to Directors. However, if the Company has accumulated losses (including adjustments to undistributed earnings), the amount to be covered shall be reserved in advance”.

2. The basis for estimating the amount of remuneration to employees and Directors for the period, the basis for calculating the number of shares for employee remuneration distributed in shares and the accounting treatment when the actual amount distributed differs from the estimated amount:

(1) The basis for estimating the amount of remuneration to employees and Directors for the period is as follows:
In accordance with Article 19 of the Company’s Articles of Incorporation, “[i]n the event that the Company makes a profit for the year (by profit is meant the net profit before taxation and before the distribution of remuneration to employees and Directors), not less than 2.5% shall be appropriated as remuneration to employees and not more than 2.5% as remuneration to Directors. However, if the Company has accumulated losses (including adjustments to undistributed earnings), the amount to be covered shall be reserved in advance”.

(2) Basis for calculating the number of shares for distribution of share bonuses: The Company has not estimated the distribution of share bonuses in 2023.

(3) Accounting treatment for differences between the actual amount distributed and the estimated amount: It will be included as an expense in the year of distribution.

3. The approval by the Board of Directors of the distribution of remuneration:
(1) Amount of remuneration to employees and Directors distributed in cash or shares:
The amount of remuneration to employees and Directors has been approved by the Board of Directors on 22 March 2024

Unit: NT$

Item	Amount
Employee Compensation – in stock	0
Employee Compensation – in cash (2.78%)	9,870,000
Directors’ Compensation (1.04%)	3,700,000

(2) Differences between the annual estimates of remuneration to employees, Directors and recognized expenses, the reasons for the differences and the treatment of the differences:
The remuneration to employees and Directors of the Company is estimated on the basis of past experience of actual payments and by reference to current net profit and in accordance with the rates as set out in the Articles of Incorporation. The total amount of remuneration proposed for employees and Directors is NT$13,570,000, which is not different from the balance of the 2023 accounts.

(IX) Share Repurchases by the Company:

1. Buy-back of the Company's shares (Repurchases Already Completed)

Treasury stocks: Batch Order	6^{th}	7^{th}
Purpose of repurchase	Transferred to employees	Transferred to employees
Repurchase period	9 April 2020 to 22 May 2020	16 November 2022 to 6 January 2023
Repurchase price range	NT$10.00 to NT$25.00	NT$20.00 to NT$38.00
Types and numbers of shares bought back	185,000 common shares	1,300,000 common shares
Amount of shares bought back	NT$3,459,199	NT$41,808,445
Ratio of the number of shares already repurchased to the number of shares intended to be repurchased (%)	6.17%	52%
The number of repurchased shares that have been cancelled or transferred	185,000 shares (Note)	0 share
Accumulated number of the Company's shares held by the Company	0 share	1,300,000 shares
Ratio of the accumulated number of the Company's shares held by the Company to the total number of issued shares (%)	0%	0.91%

Note: The board of directors has resolved to implement the transfer of treasury stock to employees on 22 March 2023, and the 185,000 shares were transferred to employees on 20 April 2023.

2. Share Repurchases by the Company (Repurchases Still in Progress): None.

II. Corporate Bonds:

(I) Information on Corporate Bonds:

Type of corporate bonds		4th of unsecured corporate bonds
Issue (transaction) date		15 July 2021
Face value		NT$100,000
Place of issue and trading		Taipei Exchange (TPEx listed)
Issue price		101(Issued at premium)
Issue amount		NT$505,000,000
Coupon rate		0%
Term		3 years, Maturity: 15 July 2024
Guarantor		N/A
Trustee		Taishin International Bank Co., Ltd.
Underwriter		Fubon Securities Co., Ltd.
Attesting lawyer		N/A
Attesting CPA		N/A
Redemption method		Except for those converted into common shares of the Company or exercised put option and the Company recovered in advance or repurchased and canceled by the securities dealer, the principal is repaid in cash at the denomination of the bond at maturity.
Unredeemed balance		NT$500,000,000
Conditions for redemption or early redemption		Refer to the issuance measures
Restrictive covenants		None.
Name of rating agency, date and result of rating		N/A
Other rights	The amount of ordinary shares, foreign depositary receipts or other marketable securities that have been converted (exchanged or subscribed) as of the date of printing of the annual report	None.
	The issuance and conversion, (exchange, or subscription) rules	Refer to the issuance measures
The possible dilution of shareholding and influence on shareholder equity caused by the issuance and conversion, exchange, or subscription rules and the terms of issuance.		Based on the current conversion price of NT$42.30, the dilution ratio of the issue of convertible bonds to the original shareholding is 8.25%, which is not yet effective.
Name of the custodian institution of the exchangeable underlyings		N/A.

(II) Information on convertible bonds:

Type of corporate bonds (Note1)		4th of unsecured convertible corporate bonds	
Item \ Fiscal year		2023	Current fiscal year to 30 April 2024(Note 4)
Market price of convertible corporate bonds (Note 2)	Maximum	111.50	108.00
	Minimum	102.00	100.00
	Average	105.90	102.99
Conversion price		44.40/42.30	42.3
Issue (transaction) date and conversion price at issuance		15 July 2021 NT$47.7	
Method for performance of conversion obligations (Note 3)		Issued new shares	

Note 1: Adjust the number of columns according to the actual number of issues.
Note 2: If there are multiple trading locations for offshore corporate bonds, please list the prices according to the trading locations.
Note 3: Note whether the method is by delivery of issued shares or issuance of new shares.
Note 4: The information for the current year should be that as of the date of publication of the annual report.

III. Preferred shares: None.

IV. Global Depository Receipts: None.

V. Employee Share Subscription Warrants: None.

VI. Issuance of New Restricted Employee Shares: None.

VII. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies:

(1) New issues of shares by merger or acquisition of shares in other companies completed in the latest year and up to the date of printing of the Annual Report: None.

(2) Information on the implementation of the Board's resolution to issue new shares by way of merger or acquisition of shares in other companies and basic information on the merged or transferred companies for the most recent year and up to the date of printing of the Annual Report: None.

VIII. Implementation of the Company's Capital Allocation Plans:

(1) Plan content: No issues outstanding or completed within the last three years where the benefits of the plan have not been realized.
(2) Implementation: N/A.

Chapter V. Operation Overview

I. Business Content

(I) Business Scope

1. Major Business Content of the Company
   (1) Manufacturing, processing, and trading of electrolytic capacitor and related material products.
   (2) Assembling, manufacturing, processing and trading of various electrical machinery equipment.
   (3) Manufacturing, processing and trading of various electronic components.
   (4) Import and export trading business of related products mentioned above.
   (5) Manufacturing of electronic components.
   (6) Wholesale business of electronic materials.
   (7) Retail business of electronic materials.
   (8) Metal Surface Treatment Industry.
   (9) Manufacturing of machinery equipment.
   (10) Others.

2. Revenue Distribution

Unit: NT$ thousands; %

Product \ Year	2023	
	Revenue	Proportion(%)
Forming aluminum foil	2,643,804	71.92
Electrochemical etched aluminum foils	1,020,792	27.77
Aluminum foils processing	11,499	0.31
Total	3,676,095	100.00

3. Current Product (Service) of the Company
   (1) Forming aluminum foil
   (2) Electrochemical etched aluminum foils
   (3) Aluminum foils processing

4. New Product (Service) Development Planning
   (1) Cathode foil material
   (2) New specification electric erosion aluminum foil

(II) Industry Outlook and Prospect

1. Current status and development of the industry

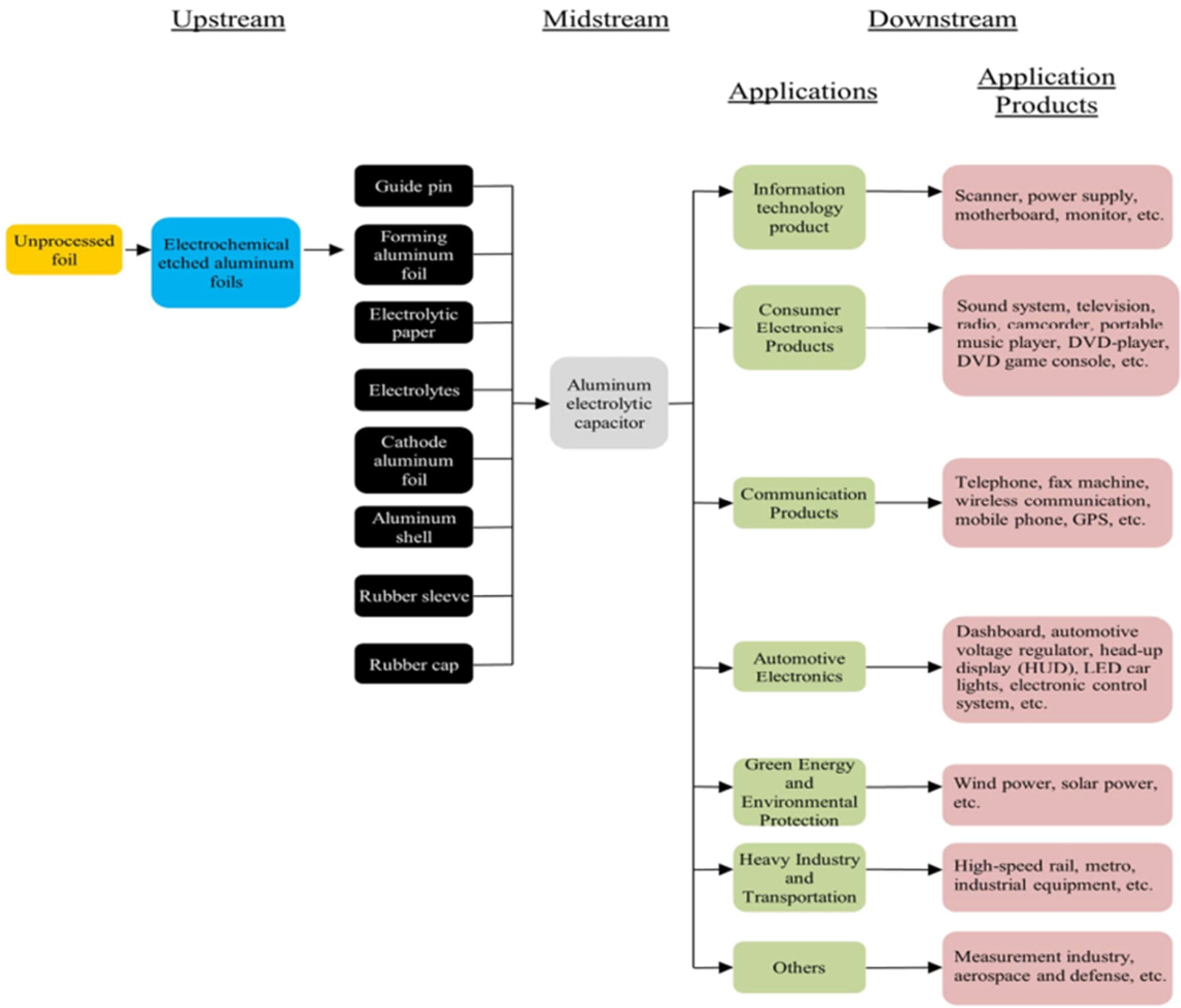
The most widely used passive components in any electronic circuit are resistors, capacitors and inductors, which are collectively called the three major passive components. The annual output value of passive components varies very little. According to statistics from Reed Electronics Research, capacitors have the highest output value of world passive components, followed by inductors and resistors.

The main function of capacitors is to store electric energy and release electric energy within a predetermined time, which is used in bypass, filtering, tuning, etc. Based on the material used, it can be subdivided into laminated ceramics capacitors, Aluminum electrolysis capacitors, plastic film capacitors, Tantalum capacitors, etc. In the overall capacitor market, aluminum electrolysis capacitors and laminated ceramics capacitors have the largest market output value.

The Company's main product is forming aluminum foil , which is the main raw materials of aluminum electrolysis capacitors and cannot be used in other products. Therefore, the market demand of aluminum electrolysis capacitors directly affects the operation of the Company. It can be said that the aluminum foil industry and aluminum electrolysis capacitors are interdependent and mutualistic.

2.The association between the upstream, midstream, and downstream industries

LITON TECHNOLOGY CORP. is mainly engaged in the production and sales of Electrochemical etched aluminum foils and forming aluminum foil. Its upstream industry is the supplier of aluminum foil, etched aluminum foils and chemical substances. The downstream industry is aluminum electrolysis capacitors and their application on information products, communication products and consumer electronics products. etc., and the association of the industry is listed as follows:



3. Various Product Development Trends

(1) Production Base Globalization

As the production technology of passive component products becomes more mature, the competition among manufacturers gradually turns to price competition, therefore, the reduction of production cost becomes the key factor for its profit. As domestic wages and prices have increased year by year, and the countries of BRIC, including China, rely on their abundant human resources, they have attracted global electronics manufacturers to set up production bases in China, Southeast Asia, India and Brazil, which have become a trend for passive component manufacturers in recent years. In order to serve customers nearby and expand the global market, the upstream raw material and key component manufacturers have also set up production bases in the BRIC countries to cope with the trend of downstream industries relocation.

(2) Vertical integration strategy of downstream manufacturers, as competition becomes increasingly fierce Electrochemical etching/ forming aluminum foil is the key material for aluminum electrolysis capacitors, accounting for about 30%~70% of the total cost of raw materials. Under the increasingly fierce competition among capacitor manufacturers, controlling the source of raw materials and reducing the cost of raw materials are the key factors for capacitor manufacturers to gain profits. In his regard, many domestic aluminum electrolysis capacitor manufacturers have adopted upstream vertical integration strategies, which expedites professional manufacturers of etched aluminum foils and forming aluminum foil to face fierce competition. Since the main material for the manufacture of forming aluminum foil is etched aluminum foils, so far only a few domestic manufacturers have produced the material. Moreover, the technical level is not high, and they still rely on imports from Japan. Therefore, for sustainable operation, the forming aluminum foil industry must focus on self-produced etched aluminum foils as the direction for development in order to reduce costs and serve as the driving force for industrial and technological upgrades.

4. Competition

Domestic forming aluminum foil manufacturers can be divided into two types, which are professional forming aluminum foil manufacturers and vertically integrated forming aluminum foil manufacturers: Professional forming aluminum foil manufacturers are mainly forming foil manufacturers invested by domestic electrolytic aluminum capacitor manufacturers, for example, LELON ELECTRONICS' direct investment in LITON TECHNOLOGY, SHIH-SIN's direct investment in LUXON TECHNOLOGY CORPORATION, etc.In addition to supplying the forming foil required by the parent company, this type of manufacturer also supplies other domestic manufacturers. The types of vertically integrated forming aluminum foil manufacturers can be further divided into backward integration and downward integration, for instance, TEAPO ELECTRONIC CORPORATION and KAIMEI ELECTRONIC CORP. are manufacturers specialized in aluminum electrolytic capacitors who has done backward integration to produce forming foil for their own use.

(III) Technology and R&D Overview

1. Technological Level

   The Company's main products are low, medium and high-pressure forming aluminum foil . The production technology was imported from Japan in the early stage of operation. With the continuous R&D and process improvement of the Company's own technical team and the cooperation with the Department of Materials of the Industrial Technology Research Institute, it promotes the essence of technology to implement fully independence domestically. Through professional technology, the Company produces products with various specifications under its private label, which are well- recognized by well-known aluminum electrolysis capacitor manufacturers domestically and abroad. The grade and characteristics are comparable to Japan, and the products have reached the whole world.

2. Research Development

   Since the establishment of the Company in 1993, it has been committed to the field of professional forming aluminum foil. In addition to signing a technical cooperation plan with the Department of Materials, Industrial Technology Research Institute, it also conducts process research and development through technical cooperation. The Company also fully established a computerized quality control and automatic monitoring system, and at the same time, focused on the development of forming aluminum foiltechnology, including Low E.S.R characteristics, high dynamometer specifications, chip (CHIP TYPE) miniaturization applicability, and long product lifetime requirements, etc., to actively integrate toward upstream. Although the Company did not set up a specialized R&D department when it was established, there were dedicated staff specializing in improving the forming aluminum foil process, new product development and testing, computerized quality control and testing system development, and quality control and testing of forming aluminum foil products. In 2003, a technical research center was established in order to continuously improve product quality and production technology and develop high value-added products.

3. R&D Staff and Their Education and Experience

Year / Education	2021	2022	2023	As of March 31 2024
Master or above	1	1	1	1
College/University	5	4	4	4
Below senior high school	0	0	0	0
Total	6	5	5	5

4. R&D Expenses Invested in the Last Five Years

Unit: NT$ thousands; %

Year / Item	2019	2020	2021	2022	2023
R&D Expense	43,201	63,021	88,856	89,178	122,039
Net Revenue	2,917,026	3,264,902	4,188,347	3,844,247	3,676,095
Ratio of R&D Expense to Revenue	1.48%	1.93%	2.12%	2.32%	3.32%

5. Successfully Developed Technology or Products in the Last Five Years

(1) Process Improvement
A. Eco-friendly heat treatment system.
B. Systematization of the whole process control parameters.
C. Process of full boric acid system chemical synthesis.
D. Optimizing the chemical formation process to reduce the cost of liquid medicine.
E. Low voltage 130Vf or above optimizing the chemical foil LC improvement process。

(2) Localization of Equipment
A. High-speed forming line.
B. Completed the conversion of the high-pressure formation production line to low-voltage formation production line.
C. LIDON ELECTRONICS completed the production technology undertaking of the low-voltage electrolysis production line.
D. LIDON ELECTRONICS completed the localization of low-voltage electrolysis production line.

(3) Product/Technology with New Specification
A. Computerized quality control test system.
B. High-strength forming aluminum foil.
C. High-strength etched aluminum foils.
D. High dynamometer etched aluminum foils.

(4) Patent

Name of Patent	Application Location	Patent Number	Publication Date
(Hui zhou Factory) Utility model patent certificate-Method for manufacturing long-life low-voltage aluminum electrolytic capacitor formed foil	China	2018113736276	2021.04.27
(Hui zhou Factory) Utility model patent certificate-Method for manufacturing 70VF- 160VF high-stability low-voltage aluminum electrolytic capacitor formed foil	China	2018113736647	2020.09.29
(Hui zhou Factory) Tension Adjustment Device for Aluminum Foil Production	China	2019202240718	2020.01.14
(Hui zhou Factory) Utility model patent certificate-Test piece stamping die	China	2019224462212	2020.09.18
(Hui zhou Factory) Utility model patent certificate-Fishtail type roller	China	2019112288544	2022.03.22
(Hui zhou Factory) Utility model patent certificate-Polymer solid capacitor aluminum foil formation system	China	2020226869796	2021.07.06
(Hui zhou Factory) Utility model patent certificate-Adjustable suspension mechanism for formed aluminum foil P treatment tank	China	2020226096868	2021.11.02
(Hui zhou Factory) Utility model patent certificate-Formation system for solid-state capacitor aluminum foil resistant to high ripples, low in electric leakage and long in service life	China	2020226794836	2021.10.08
(Hui zhou Factory) Utility model patent certificate-Aluminum foil formation system free of appearance flaws and long in service life	China	2020227793737	2021.11.30
(Hui zhou Factory) Utility model patent certificate-Preparation method of miniature capacitor special-purpose contracted body guide pin	China	2020110867051	2022.05.24
(Hui zhou Factory) Utility model patent certificate-Device and method for preparing special guide pin for high-temperature type capacitor	China	2020110529036	2020.12.18

Name of Patent	Application Location	Patent Number	Publication Date
(Hui zhou Factory) Utility model patent certificate-Double-flywheel punching machine	China	2021229221239	2022.04.26
(Hui zhou Factory) Utility model patent certificate-High-strength guide pin gas supply welding device	China	2021225090290	2022.04.29
(Hui zhou Factory) Utility model patent certificate-Automatic foil splicing device and related equipment	China	2021225733115	2022.03.08
(Hui zhou Factory) Utility model patent certificate-Vehicle-mounted high temperature resistant electrolytic capacitor aluminum foil formation system	China	2021225733223	2022.04.05
(Hui zhou Factory) Utility model patent certificate-Preparation method of highly acid-resistant formed foil	China	2021116640703	2022.04.29
(Hui zhou Factory) Utility model patent certificate-High water resistance low pressure formed foil and its forming method and application use	China	2021113897918	2022.02.01
(Hui zhou Factory) Utility model patent certificate-optimizing the chemical foil conveying device	China	2022234645194	2023.05.05
(Hui zhou Factory) Utility model patent certificate-Capacitor aluminum foil forming device	China	2022234344286	2023.07.21
(Hui zhou Factory) Utility model patent certificate-Capacitor aluminum foil annealing equipment	China	2022233979111	2023.08.11
(Hui zhou Factory) Utility model patent certificate-Blocking current feeder and aluminum foil forming system	China	2022233572919	2023.05.19
(A ba zhou Factory) Utility model patent certificate-Formation aluminum foil cutting device	China	2017203656651	2017.12.19
(A ba zhou Factory) Utility model patent certificate-Preparation is arranged in ultracapacitor system electrode material's device	China	2017203656632	2017.11.07
(A ba zhou Factory) Utility model patent certificate-Change into paper tinsel spray cleaning device	China	2017203659575	2018.01.19
(A ba zhou Factory) Utility model patent certificate-Formation aluminum foil preheating device	China	2017203657368	2017.11.24
(A ba zhou Factory) Utility model patent certificate-Formation aluminum foil take -up device's winding component	China	2017203658750	2017.11.07
(A ba zhou Factory) Utility model patent certificate-Electric capacity aluminum foil rubber coating device	China	2017203658731	2017.11.07
A ba zhou Factory) Utility model patent certificate-Be used for preparing condenser anodal electrode material coating device	China	2017203658144	2019.05.10
(A ba zhou Factory) Utility model patent certificate-Ultracapacitor systemization becomes paper tinsel winding mechanism	China	2017203657372	2021.03.30
(A ba zhou Factory) Utility model patent certificate-Continuous etching unit of aluminum foil	China	2017203727356	2021.05.25
(A ba zhou Factory) Utility model patent certificate-High -efficient aluminum foil belt cleaning device	China	2017203727712	2021.05.25
(A ba zhou Factory) Utility model patent certificate-Formation aluminum foil winding device	China	2018212044926	2021.05.25
(A ba zhou Factory) Utility model patent certificate-Squirrel-cage electrifying large-shaft copper for electrifying in formation process for preparing aluminum foil	China	2020223542458	2021.05.28
(A ba zhou Factory) Utility model patent certificate-Liquid medicine feeding device for aluminum foil production process	China	202022311125X	2021.10.29
(A ba zhou Factory) Utility model patent certificate-Device for adjusting phosphoric acid treatment time of aluminum foil	China	2020223111245	2021.12.03

Name of Patent	Application Location	Patent Number	Publication Date
(A ba zhou Factory) Utility model patent certificate-Pneumatic valve for PID regulation and control of intelligent gauge outfit	China	2020223575945	2022.01.11
(A ba zhou Factory) Utility model patent certificate-Roller for aluminum foil preparation	China	2020223093374	2021.12.21
(A ba zhou Factory) Utility model patent certificate-Convenient and flexible formed foil winding device for capacitor	China	2021206293618	2021.12.21
(A ba zhou Factory) Utility model patent certificate-Efficient environment-friendly aluminum foil spraying and cleaning device	China	2021207022257	2022.01.28
(A ba zhou Factory) Utility model patent certificate-Rapid charging type capacitor formation aluminum foil production device	China	2021206293497	2023.09.26
(A ba zhou Factory) Utility model patent certificate-Novel aluminum foil corrosion device based on continuous stable point chemical reaction	China	2021207022242	2023.09.26
(A ba zhou Factory) Utility model patent certificate-Formed aluminum foil production device for polymer solid aluminum electrolytic capacitor	China	2021207026559	2023.11.24
(A ba zhou Factory) Utility model patent certificate-Novel aluminum foil production feeding device for electrochemical reaction	China	2021207026845	2023.11.28
(A ba zhou Factory) Utility model patent certificate-Temperature-controlled processing box with function of detecting pH value	China	2023210246341	2017.12.19
(A ba zhou Factory) Utility model patent certificate-Finished product winding automatic deflection adjustment mechanism	China	2023203238800	2017.11.07
(A ba zhou Factory) Spray device for aluminum foil formation	China	2023201254688	2018.01.19
(A ba zhou Factory) Utility model patent certificate-aluminum foil waste recycling device that facilitates discharging	China	2023210246159	2017.11.24
(Lidon) Utility model patent certificate-Multi- stage multi-time pitting method for middle high voltage anode foil	China	2016103642131	2018.11.30
(Lidon) Utility model patent certificate-Method and device for improving wave edge of low- pressure anode foil	China	2018111163015	2018.12.28
(Lidon) Utility model patent certificate- Fabrication method of medium- and high- voltage positive electrode foil	China	201710320791X	2019.01.11
(Lidon) Utility model patent certificate-Method of second stage hole arrangement on low- voltage anode aluminum foil	China	2017104866863	2019.01.11
(Lidon) Utility model patent certificate-Hole shape control method for secondary reaming of high-voltage anode foil	China	2016103648852	2019.02.22
(Lidon) Utility model patent certificate-Device for improving low-voltage anode foil wavy edges	China	2018215611251	2019.06.21
(Lidon) Utility model patent certificate-Method for low-voltage soft-state corrosion of aluminum foil	China	2019113835736	2021.12.21
(Lidon) Utility model patent certificate-Low- pressure corrosion foil as well as preparation method and application thereof	China	2021115566661	2022.04.01
(Lidon) Utility model patent certificate-Low- voltage soft-state corrosion anode aluminum foil as well as preparation method and application thereof	China	2021107910807	2022.04.22
(Lidon) Utility model patent certificate-Method for cleaning residual chloride ions in aluminum foil and application of method	China	2021116798153	2022.04.29
(Lidon) Utility model patent certificate-Method for improving brittleness of low-voltage anode foil and prepared low-voltage anode foil	China	2021104965013	2022.06.17
(Lidon) Utility model patent certificate-Hole expansion etching methods and applications of low-voltage hard etched foils use	China	2022111445094	2023.01.03
(Lidon) Utility model patent certificate-Optical foil grain control method and anode for electrolytic capacitor preparation method of pole foil	China	2022115312725	2023.03.03

Name of Patent	Application Location	Patent Number	Publication Date
(Lidon) Utility model patent certificate-Manufacture of low voltage formed foil for solid aluminum electrolytic capacitors Preparation method	China	2022116199999	2023.03.28
(Lidon) Utility model patent certificate-Method for detecting corrosion layer defects of low voltage electrode foil	China	2023109154964	2023.10.27

(IV) Long and Short-Term Business Development Plan

(1) Long-term Development Plan:

A. Actively engaged in the R&D of upstream capacitor material formulation technology and manufacturing process to achieve product diversification in order to increase existing marketing channels.
B. Strategic alliance with international major anufacturers to increase business stability as preparation for expanding production capacity and educing production costs to become a major international capacitor aluminum foil manufacturer.

(2) Short-term Development Plan

A. Actively improve product quality and develop forming aluminum foil with low impedance, long lifetime, high voltage and high capacitance.
B. Actively strive for getting the customers who were originally supplied by Japanese original manufacturers, and expand the sales ratio of European, American, Japanese and other high-quality customers.
C. Expand the Chinese market, supported by high quality, strive for business opportunities in China's domestic high-growth market
D. Expanding the proportion of differentiated products to align with product research and development and improvement, expanding the scope of high-reliability, long-life industrial products, as well as new energy vehicle capacitors and AI application products.

II. Market, Production, and Sales Overview

(I) Market Analysis

Recently, there has been a cooling demand for global consumer electronics products, leading to a downward trend in traditional aluminum electrolytic capacitors. However, there has been an explosive growth in demand for new energy and AI-related applications, driving the expansion of advanced materials and capacitor applications. This surge in demand poses a risk of supply shortage. The Company has recently focused on the development and application of advanced materials and aluminum foils, primarily targeting the field of green energy and new energy vehicle capacitors. The Company have received recognition and adoption from leading capacitor manufacturers both domestically and internationally. Moving forward, it will actively collaborate with customers to expand the application areas of these niche products.

1. Region of Sales (Supply) of Major Products (Service)

The Company is a professional manufacturer of the raw materials, forming aluminum foil , of aluminum electrolysis capacitors. Due to the layout of marketing channels is more focused on the domestic market, the sales targets are mostly concentrated in domestic capacitor manufacturers. As for Asia, the Company mainly serves Japanese manufacturers. The current sales customers are becoming more and more diverse, covering Asia, Europe and America. In addition, domestic downstream clients are gradually moving out of the country, and they are actively building overseas marketing networks. As a result, the proportion and the amount of export sales have increased significantly.

Unit: NT$ thousands

Year / Region of Sales	2022		2023	
	Net Sales	Proportion (%)	Net Sales	Proportion (%)
Asia	3,432,981	89.30	3,525,294	95.90
America	232,866	6.06	72,535	1.97
Europe	178,400	4.64	78,266	2.13
Total	3,844,247	100.00	3,676,095	100.00

2. Market Share

Since the manufacturers of forming aluminum foil are mainly small and medium-sized enterprises, and currently there is no unit with credibility to make appropriate and accurate statistics of market share for the production and sales of forming aluminum foil manufacturers. According to the estimation of the Japanese industry, the global monthly demand for forming aluminum foil is approximately 10 million m2. In addition, more than 80% of the global forming aluminum foilproduction capacity is concentrated in Japan, and the production scale of the Company and overseas production bases only account for about 8% of the world's demand.

3. Future Market Supply and Demand and Growth

Since the outbreak of the COVID-19 pandemic in 2020 and the Russia-Ukraine conflict, there has been a global downturn in trade and economic activity. This has shifted the demand for traditional consumer electronics products from short-term excessive consumption to a severe overall decline. Consequently, the demand for consumer-grade aluminum electrolytic capacitors has plummeted significantly. However, recent investments and initiatives by governments worldwide to reduce carbon emissions have led to a substantial increase in demand for energy-saving measures and green energy development, such as wind and solar energy applications. Additionally, the significant growth in the demand for new energy vehicles in recent times has also contributed to a surge in demand for aluminum electrolytic capacitors, particularly in the medium to high voltage product segment. The future market trends for aluminum electrolytic capacitors includes UHV, miniaturization and / high capacity LOW-ESR, Resistant to large ripple current (High-frequency switching power supply), shock and high-temperature resistance (required for automotive electronics operating at temperatures of 120°C to 150°C), Ultra high capacity capacitor (Electric double layer capacitor)and SMD V-CHIP(vertical or horizontal).

Specific application and development trend of aluminum electrolysis capacitors

Product Type	Application Field	Future Development
Standard Product for General Circuits	General circuits	Balanced
Non-Polar Capacitor	Crossover in loudspeaker	Balanced
Bi-Polar Capacitor	Level scanning circuit of TV and monitor	Balanced
Low Leakage Capacitor	Frequency/volume of high-end audio	Balanced
	Adjustment and pre-amplification circuit	
High Temperature and Long Lifetime Capacitor	Machinery such as fax machine, switch and medical equipment	Balanced
High Frequency Low Resistance Capacitor		
Water System	Motherboard, Filter circuit at the output of Power Supply	Almost saturated
Anhydrous	Filter circuit at the output of high-end power supply	Growing
Solid State	Graphics card, LCD Projector, Filter circuit at the output of high-end power supply	Growing
Corrugation Resistance, Low Resistance Capacitor	Filter circuit at the input of power supply	Growing
Surface Mount/Ultraminiature Capacitors	LCD Monitor/TV, DVD Player, Cellphone	Growing significantly
Capacitor for Flashlight	Digital Camera, General Camera	Growing
Super Large Screw Type Capacitor	High power audio, Inverter, Hybrid Motor	Growing significantly
Energy-Saving Capacitor	Energy-saving light, Electronic rectifier	Growing substantially
Eco-Friendly Capacitor	Eco-friendly product	Growing
Super Capacitor	Memory Backup, Machine tool, Electric vehicle	Growing

According to the development trend of the future market, the Company's medium and high voltage etched aluminum foils technology has gradually been able to meet the demand, but in the short term, it still needs to rely on externally purchased etched aluminum foils to make up for the gap; for low-voltage formation product, it is necessary to find raw materials that are low-priced and meet market specifications.

4. Estimated sales volume and its basis

Unit: 1,000 m

Item	Expected Sales Volume in 2024	Unit
Forming aluminum foil	29,486	1 ,000 m
Etched aluminum foils	42,800	1 ,000 m

5. Favorable and Unfavorable Factors of Competitive Niche and Development Prospect, and the Countermeasures

Since the Company belongs to the upstream key material industry of aluminum electrolysis capacitors, under the principle of fast delivery and high quality, the key to the success is to make the products match the development of the aluminum electrolysis capacitor market. The Company is committed to the enhancement of chemical conversion technology and process improvement. The Company has a better grasp of the forming aluminum foil market and its production technology than the competitors. Through the expansion of new customer sources and the development of multi-functional products, it has strengthened production and market demand adaptability. The Company's competitive niche is as follows:

(1) Good Product Quality

The Company uses its private label "LT" for marketing domestically and abroad. In order to improve product quality and company image, it has passed the ISO-9001 international quality system certification. At the same time, it was favored by Japanese manufacturers and has won their orders, which shows that the Company's products have established a good quality image in the forming aluminum foil industry.

(2) High-efficiency Production Line Assembly Capability

In terms of the expansion of the production line, the Company introduces automated equipment for self-assembly, so that the cost of equipment purchase is lower than that of other competitors, and the production efficiency is improved in response to market changes to maintain a competitive advantage.

(3) Control the Source of Supply

The Company is well aware that the control of the supply of goods is the key factor for the success of the industry. In view of the fact that domestic formation manufacturers have long relied on Japanese supplies, in order to achieve the benefits of economies of scale in production, and at the same time cooperate with the expansion of production lines, and maintain good cooperation with Japanese suppliers, the Company maintains a high procurement volume to achieve the advantage of procurement compared to its competitors. Looking at the Company comprehensively since the expansion of the production line, the capacity utilization rate is high, and the output volume has increased significantly. It is obvious that the Company's control of the source of goods still matches the growth of the forming aluminum foil market, leading the Company to continue to maintain its competitiveness and move towards the goal of growth and sustainable operation.

6. Favorable and Unfavorable Factors of Development Prospect and the Countermeasures

Item	Favorable Factors	Unfavorable Factors	
	Explanation	Explanation	Countermeasures
1. Major content and development prospects of the business	The downstream products are widely used in 4C industries such as information, communication, consumer electronics, and automotive electronics, with a wide range of applications and unlimited market prospects.	1. Labor shortage and cost of wages increases. 2. Capacitor manufacturers moved their production bases to China, which impacted the geographical supply relationship, and the price war from Chinese raw material suppliers affected product prices.	1. Strengthen staff cultivation, education and training to improve the quality of employees, enhance the employees' spirit to strive for the common goal, and improve production efficiency. 2. Indirectly reinvested in China to establish a professional forming aluminum foil plant to supply the demand for forming aluminum foil from the customers nearby. 3. To differentiate itself in the market from the Chinese low-price products with the Company's product quality. 4. The technical research center continues to research and develop in order to improve product production technology and create added value of products.
2. Position in the industry	1. The Company is the only manufacturer in Taiwan that has the production technology of medium and high voltage etched aluminum foils. 2. Currently, the Company is a well-known manufacturer and seller of forming aluminum foil in Taiwan, and it has the most efficient production line in the industry.	Many domestic capacitor manufacturers tend to establish their own forming aluminum foil plants to control the supply of goods, which affects the Company's market share.	1. Expand the product market and become a major international professional forming aluminum foil manufacturer. 2. Establish a technical research center to improve production technology. 3. Increase quantity to lower the price in order to reduce production costs.

Item	Favorable Factors	Unfavorable Factors	
	Explanation	Explanation	Countermeasures
3. Supply of major raw materials	1. All the suppliers have been working with the Company for many years, and the Company has a good relationship with them. The suppliers provide high-quality materials, which can ensure the stability of supply and quality. 2. The R&D department has developed to use Chinese Raw foil to replace the Japanese Raw foil	The main raw materials are controlled by Japanese manufacturers, which makes the source of purchase excessively concentrated.	1. For long-term materials, pre-arrange the demand plan and confirm the order in advance to reduce the risk of concentrated supply. 2. Form partnerships with suppliers to obtain support and cooperation from them. 3. R&D to improve the production technology of etched aluminum foils for upstream raw materials. 4. Actively evaluate alternative suppliers with competitive pricing.
4. Sales of major products	1. The products are supplied to major capacitor manufacturers domestically and abroad. 2. The formation technology is stable, and the quality is excellent, and the proportion of sales to high-quality customers such as Europe, America and Japan has increased significantly.	The downstream electronic technology industry's requirements for the functions of related components are becoming more and more diverse, which has created pressure to improve product features and capacitance.	1. Establish the Company's private label products and enter the market with the image of its own brand. 2. Develop products suitable for capacitor manufacturers' product specifications, features and capacitance, and increase the scope of product use. 3. Jointly develop products with the most suitable features with major customers in order to jointly reduce costs and achieve a win-win result.
5. Financial Status	1. Financial operation is conservative and stable. 2. Financial structure is healthy and complete.	In response to the growth of the operation, the Company continues to use bank loans to support the operation, which makes the Company highly dependent on the bank.	Raising long-term low-cost funds through the capital market enhances the flexibility of fund allocation, which will help the Company's long- term and stable development.

Item	Favorable Factors	Unfavorable Factors	
	Explanation	Explanation	Countermeasures
6. Increase in costs of electricity	Compared with Taiwan, the cost of electricity in Aba Prefecture, Sichuan is relatively low. The Company's subsidiary Liton (A ba zhou) completed mass production of its new plant in the first quarter of 2011, which is beneficial in reducing the overall cost.	Green energy is expected to increase domestic electricity prices in the future, which is not favorable for the production of high-voltage products.	The Company will make full use of the advantages of Liton (A ba zhou)'s lower electricity costs, and flexibly adjust the arrangement of the production base to pursue the optimization of overall cost and efficiency.
7. Impact of depreciation of USD and appreciation of JPY and NT$	Sales are mainly in USD and CNY, while purchase payments are mainly in JPY and CNY. The result of offsetting purchases and sales in foreign currencies produces a certain degree of hedging effects on exchange rate changes.	1. The main raw materials are purchased in JPY, and the appreciation of the JPY will increase the cost of purchasing materials. 2. Sales using USD are affected by the depreciation of the USD.	1. Adjust the price in a timely manner. 2. Negotiate with the customers on the reference exchange rate between USD and JPY, and flexibly adjust the selling price when the change is substantial. 3. Some customers quote in JPY to avoid the impact of exchange rates.

(II) Production Process

1. Forming aluminum foil

Electrochemical etched aluminum foils	→	Pre-processing	→	Formation	→	Post-processing	→	Packaging
(1) Raw materials		(1) Warm up		(1) Produce a dense oxide film $A1_2O_3$		(1) Heat treatment (2) Wash (3) Dry		(1) Clients (2) Protect

2. Electrochemical etched aluminum foils

Unprocessed foil	→	Pre-processing	→	Electrochemical etching	→	Electrochemical expansion drilling	→	Post-processing	→	Packaging
(1) Raw materials		(1) Surface uniformization		(1) Formation of etched pores		(1) Etched pore size control		(1) Acid Cleaning (2) Wash (3) Dry		(1) Clients (2) Protect

(III) The availability of key raw materials

Please refer to the information sheet of key suppliers for the last two years.

(IV) A list of major incoming and selling customers

1.More than 10% of the main suppliers in the last two years

Unit: NT$ thousand

	2022				2023				2024 as of the first quarter			
Item	Name	Amount	Ratio of Net Purchases in the Whole Year (%)	Relationship with the Issuer	Name	Amount	Ratio of Net Purchases in the Whole Year (%)	Relationship with the Issuer	Item	Amount	Ratio of Net Purchases in the Whole Year (%)	Relationship with the Issuer
1	Company A	664,106	34.36	Substantial related party	Company A	778,101	50.88	Substantial related party	Company A	260,708	61.71	Substantial related party
2	Company B	182,275	9.43	None	Company B	178,715	11.69	None	Company B	35,891	8.50	None
3	Company C	256,552	13.27	Substantial related party	Company C	148,582	9.72	Substantial related party	Company C	18,845	4.46	Substantial related party
4	Company D	332,469	17.20	None	Company D	32,037	2.10	None	Company D	12,053	2.85	None
7	Other	497,218	25.74		Other	391,716	25.61		Other	94,971	22.48	
	Net Purchase	1,932,620	100.00		Net Purchase	1,529,151	100.00		Net Purchase	422,468	100.00	

Explanation of increase/decrease in changes:

The decrease in purchase amount is primarily due to the revision of market demand since 2023. The Company mainly produces electrochemical etched aluminum foils and chemically treated aluminum foils, with the main raw materials being aluminum unprocessed foils, electrochemical etched aluminum foils, and chemical solutions. The upstream materials for capacitors are predominantly controlled by Japanese manufacturers, and the Company has established long-standing and good relationships with the suppliers in the aluminum raw foil supply chain. This ensures a relatively stable supply of various raw materials. The fluctuation in transaction amounts with suppliers is mainly influenced by the procurement policy, which prioritizes selecting suppliers based on material specifications, quality, and price. The Company aims to engage with suppliers who offer excellent quality and reasonable pricing. Additionally, the Company maintains relationships with multiple qualified suppliers for most of the raw materials, ensuring a robust and reliable source of materials.

2.Information on customers accounting for more than 10% in the last two years

Unit: NT$ thousands

	2022				2023				2024 as of the first quarter			
Item	Name	Amount	Ratio of Net Sales in the Whole Year (%)	Relationship with the Issuer	Name	Amount	Ratio of Net Sales in the Whole Year (%)	Relationship with the Issuer	Name	Amount	Ratio of Net Sales in the Whole Year (%)	Relationship with the Issuer
1	Company A	778,715	20.26	Substantial related party	Company A	564,111	15.35	Substantial related party	Company A	170,320	18.24	Substantial related party
2	Company B	413,545	10.76	None	Company B	349,478	9.51	None	Company B	64,787	6.94	None
3	Other	2,651,987	68.98		Other	2,762,506	75.14		Other	698,528	74.82	
	Net sales	3,844,247	100.00		Net sales	3,676,095	100.00		Net sales	933,635	100.00	

Explanation of increase/decrease in changes:
The main customers of the company, who account for more than 10% of net sales, are primarily purchasing electrochemical etched aluminum foils and chemically treated aluminum foils. As a result of the downward adjustment in market demand, the sales amount has decreased.

(V) Production Volume and Value Table in the Last Two Years

Unit: NT$ thousands; 1,000 m / 1,000 pcs

Year / Production Volume and Value / Major Products	2022			2023		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Forming aluminum foil	31,523	28,776	2,340,816	28,712	26,898	2,053,999
Etched aluminum foils	52,260	43,265	1,886,430	55,560	40,923	1,615,127
Total			4,227,246			3,669,126

Note 1: Production capacity refers to the volume that the Company can produce under normal operation using existing production equipment after weighing necessary shutdowns, holidays and other factors.

Note 2: If there is substitutability in the production of any products, they may be calculated on a consolidated basis, and an explanatory note should be provided.

(VI) Sales Volume and Value in the Last Two Years

Unit: NT$ thousands; 1,000m / 1,000 pcs

Year / Production Volume and Value / Major Products	2022				2023			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Forming aluminum foil	727	96,384	25,215	2,687,236	644	73,253	26,944	2,570,551
Etched aluminum foils	-	-	19,669	979,834	-	-	23,213	1,020,792
Guide pin	-	-	1,148,591	33,403	-	-	-	-
Aluminum foil processing	-	-	1,385	47,390	-	-	204	11,499
Total		96,384		3,747,863		73,253		3,602,842

III. Number of Employees, Average Years of Seniority in Service, Average Age, and Education Distribution Proportion in the last two years as of the date of this report was printed

Unit: People; Age; Year

Item \ Year		2022	2023	As of 31 March 2024
Number of Employees	Salesperson	12	13	13
	Technical Staff	77	78	78
	On-site Staff	201	203	205
	Management Staff	102	101	101
	R&D Staff	5	5	5
	Total	397	400	402
Average Age		38.49	39.19	39.33
Average Years of Seniority in Service		7.12	9.03	9.61
Education Distribution Proportion	Ph.D.	0.00%	0.00%	0.00%
	Master’s degree	1.15%	1.25%	1.27%
	College	23.10%	24.26%	24.34%
	Senior high school	59.73%	58.51%	58.38%
	Below senior high school	16.02%	15.98%	16.01%
	Total	100.00%	100.00%	100.00%

IV. Information on Disbursements for Environmental Protection

(I) In the most recent year to the date of this report was printed, the amount of loss (including damages and environmental protection audit results violation of environmental protection laws and regulations, the penalty date, penalty name, laws and regulations violated, content of violation, and content of the penalty should be listed):
Due to violations of wastewater discharge standards in the production process, the Huizhou Factory of our company has been penalized in accordance with Article 83, Paragraph 2 of the Water Pollution Prevention and Control Law of the People's Republic of China” and the “Guangdong Provincial Department of Ecology and Environment's Provisions on the Discretionary Power of Administrative Penalties”. The administrative penalty imposed includes:

(II) Estimated amount of current and future possible incidents, and the countermeasures: According to the laws and regulations, personnel who should apply for pollution source installation permit or pollution emissions permit, or personnel who should pay for pollution control fees, or who should establish environmental dedicated units, should explain the application, payment, and establishment status:

The production methods of the Company's products are all mechanical processing methods, and only a very small amount of wastewater will be generated during the cleaning process. Recognizing the rising awareness of environmental protection and adhering to social corporate responsibility and the mission of sustainable operation, the Company purchased two sets of wastewater treatment equipment to strengthen wastewater treatment process and sent staff to participate in the training course for Class B Waste Disposal Technician in order to obtain the professional license. In addition, the Company continued to acquire the ISO14001 international environmental protection system certification in May 2022, and established a comprehensive environmental management system to meet the trend of the world.

The Company's environmental protection related permits, the application and establishment are as follows:

Item	Permit Name	Permit Number
Air Pollution Control	Stationary pollution source operating permit	Miaoli County Government Environmental Practice Certificate No. K 0539-05 From 14 November 2023 to 09 September 2025
Water Pollution Control	Water pollution control permit	Miaoli County Environmental Emissions license No. 00203-10 From 16 November 2023 to 12 February 2028
Waste Management	Business waste cleanup plan	Control No: K7701391 Valid until 9 June 2028

V. Labor Relations

(I) The Company's various employee benefit plans, continuing education, training, retirement systems and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests

1. Employee Welfare Committee:

(1) The Employee Welfare Committee established by the Company consists of seven people from both the labor and management, six representatives from the labor and one representative from the management, jointly organized and established.

(2) The committee shall have a secretary-general, a secretary and an assistant director. The chairman is selected and appointed from among the employees of the association and affiliated business units.

(3) The secretary-general, secretary and assistant director of the committee are all voluntary, and they meet once every three months, and impromptu meetings would be held when necessary. The meeting shall be convened by the chairman and serve as the chairperson. When the chairperson is unable to perform his/her duties for some reason, he/she may appoint one of the committee members to act as a proxy.

(4) Source of funds for employee welfare:

A. Allocated 1% of total capital when established.

B. Allocation of 0.05% of total monthly revenue.

C. Deduction of 0.5% of each employee's monthly salaries.

D. Allocation of 40% of sales of remnant.

E. Employee Welfare Committee often organizes tourism activities, recreational and sports activities to adjust the physical and mental health of employees and promotes emotional exchanges among colleagues. In addition, it also provides birthday gift certificates, new year cash gift, and subsidies for weddings and funerals.

2. Employee Benefit Plans , Continuing Education, Training, and Implementation:

(1) Employee Benefit Plans

A. Food:

The employees can take care of themselves daily, or the Company can order for them.

B. Clothes:

a. Provide free uniforms in two seasons per year.

b. Provide gloves, safety shoes and other necessary protective equipment according to the needs of the workplace.

C. Accommodation:

Provide single dormitory for free accommodation for staff from afar

D. Transportation:

Set up a spacious parking lot for employees to park their cars and motorcycles.

E. Education:

a. Every year, according to the "Annual Training Plan", various education and training are carried out and dedicated personnel of each business unit are selected to travel outside of the Company for training or professional lecturers from external units are invited to come to the plant for training to enhance employees' professional learning.

b. Encourage staff to participate in various learnings, lectures, and professional training outside the plant and assist new recruits to participate in various license tests in order to obtain operating qualifications. The Company fully subsidizes the expenses.

F. Entertainment:

a. Birthday gift certificate or birthday gifts will be given to the birthday person of the month each month.

b. Hold at least one travel or trip every year to refresh employees physically and mentally.

G. Healthcare:

a. In addition to participating in national health insurance and labor insurance, the Company also helps participate in group insurance and hospitalization medical subsidies for each employee.

b. The employees' health checkup is carried out once a year, and the inspection items are adjusted according to the needs. In addition, the employees who work in special workplaces also conduct key health checkups every year.

H. Subsidies for weddings and funerals:

For employees who are attending weddings or funerals, the Employee Welfare Committee will provide gifts or condolence money in accordance with regulations on employee welfare measures and subsidies.

(2) Employee Continuing Education and Training

A. Every year, the Company formulates individual education and training plans for managers at all levels, R&D staff, technical staff, and general management staff to cultivate the professional quality and leadership ability of management.

B. Relevant education and training contents from 2023 to 31 March 2024 are as follows:

	Number of Classes	Total Number of Persons	Total Hours	Total Expense (NT$1,000
New Recruits Training	11	13	26	0
Professional Functions Training	13	21	126	59
General Knowledge Training	5	62	248	0

3. Employee Retirement System and Implementation:

(1) According to the Labor Standards Act, the Company has established employee retirement regulations, and 2% of the total monthly salary is allocated to the labor pension reserve funds every year.

(2) Employees who qualify for the employee retirement system: All regular employees.

A. Employees who have one of the following circumstances may apply for retirement:

a. Those who have worked for more than 15 years and are over 55 years old.

b. Those who have worked for more than 25 years.

B. Employers shall not force employees to retire unless they fall under any of the following circumstances:

a. Those who are over 60 years old.

b. Those who are mentally incapacitated or physically disabled to the extent not capable of delivering services.

(3) Criteria for Payment of Employee Pensions:

A. Two bases are given for each full year of service rendered. But for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The length of service is calculated as half year when it is less than six months and as one year when it is more than six months.

B. As set forth in Subparagraph 2 of Paragraph 1 of Article 54, an additional 20% on top of the amount calculated according to the preceding subparagraph shall be given to workers forced to retire due to disability incurred from the execution of their duties.
The retirement pension base as specified in Subparagraph 1 of the preceding paragraph shall be one month ' s average wage of the worker at the time when his or her retirement is approved.

C. Since 2000, the Company has hired an actuary to calculate the pension, and the allocation rate in 2023 is 2% of the total monthly salary.

D. Since July 2005, the new pension system has been implemented, and for the employees who has chosen the new system, the Company will allocate 6% of the monthly insured salary per person to the individual dedicated account of the Bureau of Labor Insurance.

E. Since 2010 to March 2024, a total of six employees retired. All retirement benefits were processed in accordance with legal regulations. The issuance of retirement benefits to employees was disbursed within one month from the effective date of retirement.

F. The allocation ratio and status of contributions for new and old retirement systems:

	Legal basis	Method	Amount
Old System	Labor Standard Act	2% of employee salaries shall be allocated to the retirement reserve fund account at Taiwan Bank (formerly Central Trust of China).	As of December 31 2023, the balance of the labor retirement reserve fund is NT$28,496 million.
New System	Labor Pension Act	6% of employees' insured salaries shall be allocated to individual accounts at the Labor Insurance Bureau.	A total of NT$2,528 thousand was allocated in 2023.

4. Labor-management agreements and various employee rights protection measures
   Labor management meetings: Coordination meetings between labors and management are held every three months. Through the establishment of the labor-management meeting, effective communication between the two parties is achieved.

5. Human Rights Policy and Employee Code of Conduct
   The Company, in accordance with the Labor Standards Act, has established a “Code of Conduct” to ensure that all employees understand work ethics, business principles, and expectations for employee conduct, while also establishing rights and benefits for employees. All employees at every level are required to sign legally binding and reasonable labor contracts, non-disclosure agreements, and internal major information confidentiality agreements before joining the company, ensuring the rights and obligations of both labor and management.
   To ensure compliance with human rights policies and adhere to the principles and basic norms outlined in the “United Nations Global Compact”, the “Universal Declaration of Human Rights”, and the “Declaration of Fundamental Principles and Rights at Work” by the International Labour Organization, the Company has established the “Human Rights Policy and Management”, “Responsible Business Alliance Code of Conduct Declaration” (RBA), “Corporate Social Responsibility Report (CSR)”, and “Conflict Minerals Non-Usage Policy Declaration.” The Company conducts annual human rights risk assessments, implement compliance factory self-inspections and third-party evaluations for identified human rights concerns, and strive to comply with applicable labor and employment laws as well as international standards.

6. Gender Equality
   (1) The Company promotes workplace diversity and has long been committed to fostering a friendly work environment. In 2023, the proportion of female employees in the workforce reached 36% of the total staff, while female managers accounted for approximately 29.5% of all managers.

   (2) Provide female employees with breastfeeding breaks, menstrual leave, maternity leave, prenatal care leave, and antenatal care leave, among other benefits. These measures are part of our commitment to creating a work environment that is dignified, safe, equal, and free from harassment for all employees.

7. Workplace Environment and Personal Safety Protection Measures
   (1) Regular implementation of occupational health and safety education and training.
      A. Conduct general occupational health and safety education for new and reassigned personnel for 3 hours.。
      B. Implement occupational health and safety education and training for incumbent personnel, for 3 hours every three years.。
      C. Implement various occupational health and safety education and training programs (e.g., first aid personnel, crane operators, forklift operators, etc.), for 3 hours every three years.

(2) Regular employee health check-ups are conducted annually before December to protect workers' health. In 2023, the employee health check-up rate reached 98%.

(3) Regular fire drills are conducted to enhance disaster prevention education within the factory and prevent accidents. Fire drills are conducted every six months and reported to the local fire department. In 2023, the total number of participants reached 122.

(4) Implementing automatic safety and health checks to protect workers' physical safety.
   A. Regular inspection of firefighting equipment, with each firefighting facility inspected quarterly.
   B. Regular inspection of forklifts, with monthly inspections and record-keeping, and annual comprehensive inspections and record-keeping.
   C. Regular inspection of elevators, with monthly inspections and record-keeping, and annual comprehensive inspections and record-keeping.

(II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: None.

VI. Cyber Security Management

(I) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

1. Cyber Security Risk Management Framework
   Although the Company has not established an inter-departmental cyber security committee, the head of the information office is currently responsible for cyber security-related matters.

2. Cyber Security Policies
   (1) Taking inventory regularly of information assets and personal data, conduct risk management on cyber security and personal data risk assessment, and implement various control measures.
   (2) Conduct cyber security and personal data protection education training and promotion operations from time to time.
   (3) Outsourced manufacturers must sign a confidentiality agreement to ensure that those who use the information services provided by the Company or perform related information business have the responsibility and obligation to protect the information assets they obtain or use from the Company to prevent unauthorized access, data diddling, damage or improperly disclose.
   (4) Appropriate backup, backup supports, or monitoring mechanisms have been established for important information systems or equipment, and regular drills have been conducted to maintain normal operation.

(5) All personal computers are equipped with antivirus software and the virus code is updated regularly, and the use of unauthorized software is prohibited.

(6) Require account numbers, passwords and access should be safely kept and used responsibly by colleagues, and passwords should be updated regularly.

(7) Establish a business continuity management mechanism and regularly conduct test drills to maintain its applicability.

(8) Regularly implement internal audits every year to ensure the effectiveness of information security and personal data protection control system.

3. Concrete management programs and investments in resources for cyber security management

(1) List inspection control operations of cyber security and personal data protection as annual audit items, and the audit unit conducts audits at least once a year. In addition, the Company conducts self-inspection operations based on the internal control system every year, summarizes the internal control implementation results and submits it to the board of directors for review and confirmation, and provides a Declaration of Internal Control System based on the evaluation results.

(2) Conducted six annual drills for testing and exercising the Emergency Response and Recovery Plan.

(3) Completed the procurement and implementation of the replacement and update of the network firewall. 。

(4) The allocation of funds and resources for information security is reviewed annually, and relevant management plans are continuously improved.

(II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken: None.

VII. Important Contracts

Nature of Contract	Party of Contract		Contract Start and End Dates	Main Content	Restrictive Clause
Credit Contract	LITON TECHNOLOGY CORP.	CTBC Bank Co., Ltd.	25 September 2022 to 24 September 2025	Long-term loan	None

Chapter VI. Financial Overview

I. Condensed Balance Sheet, Income Statement for the Last Five Years and the Name of the CPA and the Auditor's Opinion

(I) Information on Condensed Balance Sheet and Comprehensive Income Statement - Consolidated Financial Statements

1. Condensed Balance Sheet - IFRS

Unit: NT$ thousands

Item \ Year		Financial information for the last five years (Note 1)					Financial Information as of 31 March 2024 (Note 2)
		2019	2020	2021	2022	2023	
Current assets		2,049,450	2,351,054	2,700,939	2,895,348	2,841,726	3,045,815
Property, plant and equipment		2,170,844	2,235,054	2,550,699	2,850,082	2,802,818	2,795,987
Intangible assets		3,443	3,078	2,354	2,136	2,257	2,358
Other assets		187,332	194,481	295,479	342,419	195,753	186,566
Total assets		4,411,069	4,783,667	5,549,471	6,089,985	5,842,554	6,030,726
Current liabilities	Before distribution	1,243,487	1,418,910	1,313,063	1,652,067	1,846,812	1,830,960
	After distribution	1,311,669	1,568,910	1,527,615	1,900,426	2,002,924 (Note 3)	1,987,072 (Note 3)
Non-current liabilities		711,355	624,050	839,382	660,837	198,569	200,405
Current liabilities	Before distribution	1,954,842	2,042,960	2,152,445	2,312,904	2,045,381	2,031,365
	After distribution	2,023,024	2,192,960	2,366,997	2,561,263	2,201,493 (Note 3)	2,187,477 (Note3)
Equity attributable to the shareholders of parent company		2,043,712	2,255,980	2,819,918	3,120,930	3,108,695	3,271,587
Capital Stock		1,363,635	1,363,635	1,430,823	1,432,196	1,432,196	1,432,196
Capital Surplus		429,722	429,722	577,355	579,882	583,462	583,462
Retained earnings	Before distribution	463,294	669,211	1,005,999	1,296,652	1,342,910	1,447,544
	After distribution	395,112	519,211	791,447	1,048,293	1,186,798 (Note3)	1,291,432 (Note 3)
Other equities		(212,939)	(203,129)	(190,800)	(147,667)	(208,065)	(149,807)
Treasury Stock		(21,819)	-	(3,459)	(40,133)	(41,808)	(41,808)

Non-controlling interests		412,515	484,727	577,108	656,151	688,478	727,774
Total equity	Before distribution	2,456,227	2,740,707	3,397,026	3,777,081	3,797,173	3,999,361
	After distribution	2,388,045	2,590,707	3,182,474	3,528,722	3,641,061 (Note 3)	3,843,249 (Note 3)

Note 1: Information audited by the CPA using International Financial Reporting Standards.

Note 2: The Company has prepared and presented financial information for the quarter ended 31 March 2024 that has been reviewed by the CPA under IFRS as of the date of printing of the financial statements.

Note 3: The 2023 earnings distribution has been approved by the Board of Directors on 9 May 2024 and has not yet been submitted to the Shareholders' Meeting for approval.

2. Condensed Comprehensive Income Statement – IFRS

Unit: NT$ thousands

Item \ Year	Financial information for the last five years (Note 1)					Financial Information as of 31 March 2024 (Note 2)
	2019	2020	2021	2022	2023	
Revenue	2,917,026	3,264,902	4,188,347	3,844,247	3,676,095	933,635
Gross profit	496,240	726,507	1,023,745	964,041	748,794	203,135
Operating income (loss)	259,200	450,317	694,114	650,220	426,878	114,104
Non-operating incomes and expenses	(69,482)	(43,551)	5,305	49,242	652	37,282
Net income before tax	189,718	406,766	699,419	699,462	427,530	151,386
Net income (loss) from continued operations	152,082	344,563	576,384	572,952	340,694	130,793
Losses from discontinued operations	-	-	-	-	-	-
Net income (loss)	152,082	344,563	576,384	572,952	340,694	130,793
Other comprehensive income (after tax)	(93,890)	11,558	15,114	54,429	(74,148)	71,395
Total comprehensive income	58,192	356,121	591,498	627,381	266,546	202,188
Net income attributable to the shareholders of the parent	121,550	274,559	486,680	503,342	294,871	104,634
Net income attributable to non-controlling interests	30,532	70,004	89,704	69,610	45,823	26,159
Comprehensive income attributable to the shareholders of the parent	43,755	283,909	499,117	548,338	234,219	162,892
Comprehensive income attributable to non-controlling interests	14,437	72,212	92,381	79,043	32,327	39,296

Earnings per share (Note 3)	0.89	2.02	3.45	3.52	2.08	0.74

Note 1: Information audited by the CPA using International Financial Reporting Standards.
Note 2: The 2023 earnings distribution has been approved by the Board of Directors on 9 May 2024 and has not yet been submitted to the Shareholders' Meeting for approval.

(II) Information on Condensed Balance Sheet and Comprehensive Income Statement - Separate Financial Statements

1. Condensed Balance Sheet - IFRS

Unit: NT$ thousands

Item \ Year		Financial information for the last five years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		1,062,284	1,035,517	1,232,652	1,412,409	1,227,965
Property, plant and equipment		179,736	175,413	190,079	189,486	188,023
Intangible assets		2,459	2,132	1,523	1,345	1,592
Other assets		1,923,445	2,186,160	2,556,347	2,893,108	3,014,573
Total assets		3,167,924	3,399,222	3,980,601	4,496,348	4,432,153
Current liabilities	Before distribution	868,176	901,154	677,458	885,085	1,320,525
	After distribution	936,358	1,051,154	892,010	1,133,444	1,476,637 (Note 2)
Non-current liabilities		256,036	242,088	483,225	490,333	2,933
Total liabilities	Before distribution	1,143,242	1,143,242	1,160,683	1,375,418	1,323,458
	After distribution	1,192,394	1,293,242	1,375,235	1,623,777	1,479,570 (Note 2)
Equity attributable to the shareholders of the parent		2,043,712	2,255,980	2,819,918	3,120,930	3,108,695
Capital stock		1,363,635	1,363,635	1,430,823	1,432,196	1,432,196
Capital surplus		429,722	429,722	577,355	579,882	583,462
Retained earnings	Before distribution	463,294	669,211	1,005,999	1,296,652	1,342,910
	After distribution	395,112	519,211	791,447	1,048,293	1,186,798 (Note 2)
Other equities		(212,939)	(203,129)	(190,800)	(147,667)	(208,065)
Treasury Stock		-	(3,459)	(3,459)	(40,133)	(41,808)
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	2,043,712	2,255,980	2,819,918	3,120,930	3,108,695
	After distribution	1,975,530	2,105,980	2,605,366	2,872,571	2,952,583 (Note 2)

Note 1: Information audited by the CPA using International Financial Reporting Standards.
Note 2: The 2023 earnings distribution has been approved by the Board of Directors on 9 May 2024 and has not yet been submitted to the Shareholders' Meeting for approval

2. Condensed Comprehensive Income Statement - IFRS

Unit: NT$ thousands

Item \ Year	Financial information for the last five years (Note 1)				
	2019	2020	2021	2022	2023
Revenue	1,094,809	1,103,613	1,595,151	1,755,439	1,273,498
Gross profit	78,441	98,632	222,086	263,709	189,117
Operating income (loss)	45,415	53,566	163,838	189,207	103,856
Non-operating incomes and expenses	82,417	228,328	362,536	384,014	237,148
Net income before tax	127,832	281,894	526,374	573,221	341,004
Net income (loss) from continued operations	121,550	274,559	486,680	503,342	294,871
Losses from discontinued operations	-	-	-	-	-
Net income (loss)	121,550	274,559	486,680	503,342	294,871
Other comprehensive income (after tax)	(77,795)	9,350	12,437	44,996	(60,652)
Total comprehensive income	43,755	283,909	499,117	548,338	234,219
Net income attributable to the shareholders of the parent company	121,550	274,559	486,680	503,342	294,871
Net income attributable to non-controlling interests	30,532	70,040	89,704	69,610	45,823
Comprehensive income attributable to the shareholders of the parent company	43,755	283,909	499,117	548,338	234,219
Comprehensive income attributable to non-controlling interests	14,437	72,212	92,381	79,043	32,327
Earnings per share (Note 2)	0.89	2.02	3.45	3.52	2.08

Note 1: Information audited by the CPA using International Financial Reporting Standards.
Note 2: Basic earnings per share is stated.

(III) Name of the CPA and the audit opinion for the last five years

Year	Accounting Firm	CPAs	Audit Opinion
2019	Ernst & Young Taiwan	Ming-Hung Chen and Tzu-Ping Huang	Unqualified with Emphasis-of-Matter
2020	Ernst & Young Taiwan	Ming-Hung Chen and Tzu-Ping Huang	Unqualified opinion
2021	Ernst & Young Taiwan	Ming-Hung Chen and Wen-Pi Yen	Unqualified opinion
2022	Ernst & Young Taiwan	Ming-Hung Chen and Wen-Pi Yen	Unqualified opinion
2023	Ernst & Young Taiwan	Chin-Yuan Tu and Wen-Chen Lo	Unqualified opinion

II. Financial Analysis for the Past Five Fiscal Years

1. Consolidated Financial Analysis - IFRS

Item of Analysis (Note 3) / Year (Note 1)		Financial analysis for the last five years					As of 31 March 2024
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt Ratio	44.32	42.71	38.79	37.98	35.01	33.68
	Long-term capital to property, plant and equipment ratio	145.91	150.54	166.09	153.12	142.56	150.21
Solvency %	Current ratio	164.81	165.69	205.70	167.75	153.87	166.35
	Quick ratio	109.75	114.29	137.53	100.46	105.00	113.36
	Times Interest Earned (Times)	452.50	933.02	1,640.81	1,794.06	1,387.62	1,953.86
Operating performance	Accounts receivable turnover (times)	3.04	3.80	4.14	3.92	3.97	3.56
	Average Collection Period	120	97	89	94	92	103
	Inventory Turnover (times)	3.60	4.17	4.59	3.25	3.21	3.68
	Accounts payable turnover (times)	15.35	16.3	21.29	33.59	27.26	23.98
	Average days in sales	101	88	80	113	114	100
	Property, Plant and Equipment Turnover (times)	1.37	1.46	1.75	1.42	1.30	1.33
	Total Assets Turnover (times)	0.63	0.71	0.81	0.66	0.62	0.63
Profitability	Return on total assets (%)	4.24	8.34	11.86	10.41	6.16	9.25
	Return on equity (%)	6.02	13.26	18.78	15.97	9.00	13.42
	Pre-tax income to paid-in capital (%)	13.91	29.83	49.52	48.92	30.13	42.67
	Profit ratio (%)	5.21	10.55	13.76	14.90	9.27	14.01
	Earnings per share (NT$)	0.89	2.02	3.45	3.52	2.08	0.74
Cash flow	Cash flow ratio (%)	65.60	32.14	28.12	56.09	29.95	Note 2
	Cash flow adequacy ratio (%)	59.84	67.49	69.05	85.93	140.73	130.73
	Cash reinvestment ratio (%)	15.25	8.98	4.13	13.61	5.76	Note 2
Gearing	Operational leverage	1.60	1.34	1.26	1.31	1.54	1.51
	Financial leverage	1.26	1.12	1.07	1.07	1.08	1.08

Please describe the reasons for the changes in each financial ratio for the last two years. (Analysis is waived if the change is less than 20%)

1. Solvency: The decrease in times interest earned is mainly due to the unfavorable market conditions in the current period, resulting in a decline income before tax.
2. Operating performance: The decrease in accounts receivable turnover is mainly due to poor market conditions, resulting in a decrease in inventory balance.
3. Profitability: The decrease in profitability is mainly due to poor market conditions.
4. Cash flow: Mainly due to the poor market conditions, a downward revision in operating performance compared to the previous period, and a decrease in inventory compared to the end of last year, resulting in a reduction in cash inflows from operating activities in the current period compared to the previous period.

Note 1: The Company has prepared and presented financial information for the quarter ended 31 March 2024 that has been reviewed by the CPA under IFRS as of the date of printing of the financial statements.

Note 2: The total net cash flow from operating activities is negative and therefore the relevant ratio for this cash flow is not calculated.

Note 3: The financial ratios are calculated as set out in the following formula:

1. Financial structure
   (1) Debt Ratio＝total liabilities / total assets.
   (2) Long-term capital to property, plant and equipment ratio = (total equity + non-current liabilities) / net value of property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
   (3) Times Interest Earned (Times) = net income before income tax and interests expenses / interest expenses for the current period.
3. Operating Capacity
   (1) Accounts receivable (including accounts receivable and bills receivable arising from business operation) turnover rate = net sales of goods / average receivables for different periods (including balance of accounts receivable and bills receivable arising from business operation).
   (2) Average Collection Period＝365 / accounts receivable turnover.
   (3) Inventory turnover rate = operating costs / average inventory.
   (4) Accounts payable (including accounts payable and bills payable arising from business operation) turnover rate = operating costs / average payable for different period (including accounts payable and bills payable arising from business operation).
   (5) Average days in sales = 365 / inventory turnover rate.
   (6) Property, plant and equipment turnover ratio = net sales / average net worth of property, plant and equipment.
   (7) Total asset turnover ratio = net sales / total average assets.
4. Profitability
   (1) Return on total asset = (profit or loss after tax + interest expenses × (1 - tax rate)) / average total assets.
   (2) Return on equity = profit and loss after tax / net average shareholders’ equity.
   (3) Pre-tax income to paid-in capital ratio＝profit before tax／paid-in capital.
   (4) Profit ratio = profit and loss after tax / net sales of goods.
   (5) Earnings per share = (Income attributable to shareholders of the parent company - preferred share dividend) / weighted average of outstanding shares.
5. Cash flow
   (1) Cash flow ratio = net cash flow due to operating activities / current liabilities.
   (2) Net cash flow adequacy ratio = net cash flow from operating activities over the current five years /(capital expenditure + increase in inventory + cash dividends) for the current five years).
   (3) Cash re-investment ratio = (net cash flow from operation - cash dividends) / (gross property, plant and equipment + long-term investment + other non-current assets + working capital). (Note 5)
6. Gearing:
   (1) Operational leverage = (net sale - variable operating costs and expenses) / operating income.
   (2) Financial leverage = operating income / (operating income - interest expenses.

Note 4: The above equation for the calculation of earnings per share should be measured with particular attention to the following:

1. Based on the weighted average number of ordinary shares instead of the number of shares issued at the end of the year.
2. Where there is a cash capital increase or treasury stock trades, the weighted average number of shares should be calculated by taking into account the period of their circulation.
3. Where there is a capital increase from surplus or additional paid-in capital, the calculation of earnings per share for the previous years and half-year should be adjusted retrospectively in proportion to the capital increase, irrespective of the period during which the capital increase was issued.
4. If the Preferred Shares are cumulative non-convertible Preferred Shares, the dividends for the year,whether or not paid, shall be reduced by the net profit after taxation or increased by the net loss after taxation. In the case of non-cumulative preferred shares, dividends on preferred shares shall be reduced by the net profit after tax if there is a net profit after tax; in the case of losses, no adjustment shall be made.

Note 5: The cash flow analysis should be measured with particular attention to the following:

1. Net cash flow from operating activities is defined as the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow from capital investments.
3. Additions to inventories are included only if the closing balance is greater than the opening balance, or nil if inventories are reduced at the end of the year.
4. Cash dividends comprise cash dividends on ordinary and preference shares.
5. Gross property, plant and equipment represents the total amount of property, plant and equipment before accumulated depreciation.

Note 6: The issuer should distinguish between fixed and variable operating costs and operating expenses according to their nature and, where estimates or subjective judgments are involved, pay attention to their reasonableness and maintain consistency.

2.Individual Financial Analysis - IFRS

Item of Analysis (Note 3) \ Year (Note 1)		Financial analysis for the last five years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt Ratio	35.49	33.63	29.16	30.59	29.86
	Long-term capital to property, plant and equipment ratio	1279.51	1424.11	1737.77	1905.82	1654.92
Solvency %	Current ratio	122.36	114.91	181.95	159.58	92.99
	Quick ratio	100.94	91.28	150.20	125.83	70.89
	Times Interest Earned (Times)	1294.36	2840.83	5542.25	4685.77	2067.82
Operating Performance	Accounts receivable turnover (times)	1.58	1.95	2.86	2.88	2.37
	Average Collection Period	231	188	128	127	155
	Inventory Turnover (times)	4.15	5.13	6.57	6.02	3.79
	Accounts payable turnover (times)	12.66	11.92	18.34	17.96	14.76
	Average days in sales	87	72	56	61	97
	PProperty, Plant and Equipment Turnover (times)	6.05	6.29	8.73	9.25	6.75
	Total Assets Turnover (times)	0.33	0.34	0.43	0.41	0.29
Profitability	Return on total assets (%)	3.90	8.61	13.40	12.11	6.92
	Return on equity (%)	5.73	12.77	19.18	16.95	9.47
	Pre-tax income to paid-in capital (%)	9.37	20.67	37.27	40.09	24.04
	Profit ratio (%)	11.10	24.88	30.51	28.67	23.15
	Earnings per share (NT$)	0.89	2.02	3.45	3.52	2.08
Cash flow	Cash flow ratio (%)	35.66	7.56	18.98	15.68	17.63
	Cash flow adequacy ratio (%)	108.08	84.86	62.30	57.89	84.16
	Cash reinvestment ratio (%)	4.17	0.00	註 2	註 2	註 2
Gearing	Operational leverage	1.06	1.19	1.07	1.06	1.07
	Financial leverage	1.31	1.24	1.06	1.07	1.20

Description of the reasons for changes in financial ratios for the last two years (for changes of 20% or more in the previous and current periods):

1.Solvency:

(1) The decrease in current ratio and quick ratio is primarily due to the classification of corporate bonds payable as current portion of long-term debt, which is due within one year or one operating cycle, in the current period.

(2) The decrease in times interest earned is mainly due to poor market conditions in the current period, resulting in a decline income before tax.

2.Operating performance: Mainly due to the poor market conditions in the current period, resulting in a decline in various indicators of operating performance.
3.Profitability: Mainly due to the poor market conditions in the current period, resulting in a decline in various indicators of profitability.
4.Cash flow: Mainly due to poor market conditions in the current period, resulting in a significant decrease in inventory and accounts payable, leading to a reduction in net cash outflows from operating activities compared to the previous period.

Note 1: The financial information for each year is a separate financial statement audited by the CPA.

Note 2: The total net cash flow from operating activities is negative and therefore the relevant ratio for this cash flow is not calculated.

Note 3: The financial ratios are calculated as presented above.

III. Supervisor or Audit Committee's Report for the Most Recent Year's Financial Statement: Please refer to page 105.

IV. Financial Statements for the Most Recent Fiscal Year, including an Auditor's Report Prepared by a CPA, and 2-Year Comparative Balance Sheet, Statement of Comprehensive Income, Statement of Changes in Equity, Cash Flow Statement, and any Related Footnotes or Attached Appendices: Please refer to pages 107 to 204.

V. A Separate Financial Statement of the Company for the Most Recent Fiscal Year Certified by a CPA: Please refer to pages 205 to 298.

VI. 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 Publication of the Annual Report, Specify How Said Difficulties Will Affect the Company's Financial Situation: None.

Chapter VII. Review and Analysis of Financial Position and Performance, and Risk Assessments

I. Financial Position

Unit: NT$ thousands; %

Item \ Year	2022	2023	Difference	
			Amount	%
Current Assets	2,895,348	2,841,726	(53,622)	(1.85)
Property, Plant and Equipment	2,850,082	2,802,818	(47,264)	(1.66)
Intangible Assets	2,136	2,257	121	5.66
Other Assets	342,419	195,753	(146,666)	(42.83)
Total Assets	6,089,985	5,842,554	(247,431)	(4.06)
Current Liabilities	1,725,943	1,846,812	194,745	11.79
Noncurrent Liabilities	586,961	198,569	(462,268)	(69.95)
Total Liabilities	2,312,904	2,045,381	(267,523)	(11.57)
Capital	1,432,196	1,432,196	-	-
Capital Reserve	579,882	583,462	3,580	0.62
Retained Earnings	1,296,652	1,342,910	46,258	3.57
Other Equities	(147,667)	(208,065)	(60,398)	40.90
Treasury Stock	(40,133)	(41,808)	(1,675)	4.17
Non-controlling Interest	656,151	688,478	32,327	4.93
Total Shareholders’ Equity	3,777,081	3,797,173	20,092	0.53

(I) The material difference in assets, liabilities, and shareholders’ equity in the last two years (for the difference of more than 10% compared to the previous period), the main reasons and impacts:

1. Decrease in other assets: Mainly due to the reclassification of prepayments for equipment to fixed assets for the current period.
2. Increase in current liabilities and decrease in qnoncurrent liabilities: The decrease in the balance of contract liabilities during the current period is mainly due to the satisfaction of a significant portion of performance obligations for the current period and recognition of revenue accordingly, and the result from the transfer of corporate bonds with the right of sale to be executed within one year of corporate bonds payable.
3. Decrease in total liabilities: Mainly due to the significant decrease in the balance of contract liabilities and short-term notes payable for the current period.
4. Decreas in other equities: Mainly due to the increase in exchange losses on translation of foreign financial statements.

(II) If the impact is significant, future countermeasures should be explained: None.

II. Financial Performance Comparative Analysis

(I) Comparative Analysis Table for Operating Results

Unit: NT$ thousands

Item \ Year	2022	2023	Increase (Decrease) Amount	Difference Proportion (%)
Net Revenue	3,844,247	3,676,095	(168,152)	(4.37)
Operating Cost	2,880,206	2,927,301	47,095	1.64
Gross Margin	964,041	748,794	(215,247)	(22.33)
Operating Expense	313,821	321,916	8,095	2.58
Operating Income	650,220	426,878	(223,342)	(34.35)
Non-operating Income and Expense	49,242	652	(48,590)	(98.68)
Pre-tax Net Income	699,462	427,530	(271,932)	(38.88)
Tax Expense	126,510	86,836	(39,674)	(31.36)
Net Income from Continued Operations of the Period	572,952	340,694	(232,258)	(40.54)
Loss from Discontinued Operations	-	-	-	-
Net Income of the Period	572,952	340,694	(232,258)	(40.54)
Net Other Comprehensive Income	54,429	(74,148)	(128,577)	(236.33)
Total Comprehensive Income	627,381	266,546	(360,835)	(57.51)

If the proportion of increase or decrease in the last two years has changed by more than 10%, the analysis is as follows:

1. Decrease in gross margin and operating income: Mainly attributable to the adjustment of selling prices for certain products due to poor market conditions.
2. Non-Operating Income and Expense: Mainly due to the net foreign currency exchange losses generated in the current period.
3. Decrease in pre-tax net income: Mainly due to the decrease in pre-tax net income compared to the same period last year is primarily attributed to poor market conditions and exchange losses incurred in the current period.
4. Decrease in tax expense: Mainly due to the decrease in net profit before tax for the period.
5. Decrease in net income of the period and comprehensive income of the period: Mainly due to poor market conditions, resulting in reduced net revenue.
6. Decrease in other comprehensive income: Mainly due to the exchange rate fluctuations, resulting in the increase in exchange losses on translation of the financial statements of foreign operating entities.

(II) Gross Margin Difference Analysis Table

Unit: NT$ thousands

Reasons for the Difference				Total
Selling Price Difference	Cost Difference	Sales Portfolio Difference	Quantity Difference	
(412,648)	153,130	(9,522)	53,793	(215,247)

Explanation: In 2023, due to a downward revision in market demand, prices for some products were adjusted downward, leading to a decrease in revenue compared to the same period last year. As a result, unfavorable price differences and favorable quantity differences were generated.

(III) Expected Sales Volume and its Basis:
The Company will continue to strive to increase sales.

(IV) Possible Impact on Future Financial Position of the Company: None.

(V) Future Countermeasures: N/A.

III. Cash Flow Analysis

(I) Cash Flow Difference Analysis in the Most Recent Year:

Unit: NT$ thousands

Cash Balance at the Beginning of the Period (A)	Net Cash Provided by Operating Activities for the Year	Net Cash Inflow (Outflow) for the Year (B)	Cash Balance (Deficit) (A)+ (B)
834,236	553,118	64,767	899,003
1. Operating Activities: The net cash inflow from operating activities was NT$553,118 thousand, mainly due to accounts receivable collection and an increase in contract liabilities. 2. Investing Activities: The net cash outflow from investing activities was NT$130,259 thousand, mainly due to the acquisition of property, plant and equipment. 3. Financing Activities: The net cash outflow from financing activities was NT$316,308 thousand, mainly due to the repayment of loans, payment of cash dividends and repurchase of treasury stocks.			

(II) Improvement Plan for Illiquidity: None.

(III) Cash Liquidity Analysis in the Next Year:

Unit: NT$ thousands

Cash Balance at the Beginning of the Period (A)	Net Cash Provided by Operating Activities for the Year	Net Cash Outflow for the Year (B)	Projected Cash Balance (Deficit) (A)+(B)	Remedy for Projected Cash Deficit	
				Investment Plan	Financing Plan
899,003	526,027	24,703	923,706	-	-

1. Cash Flow Difference Analysis in the Next Year:
   (1) Cash inflow from operating activities: It is expected that the sales of forming aluminum foil products will grow in 2024. Additionally, due to the collection of accounts receivable from sales, cash payments for material purchases in line with revenue growth, and payment of expenses such as salaries, the operating activities generated a cash inflow of NT$526,027 thousand.
   (2) Investing and financing activities: Mainly due to the payment of NT$8,725 thousand for plant and equipment repairs, the increase of bank loans of NT$220,280 thousand, redemption of convertible corporate bonds of NT$500,000 thousand and the distribution of cash dividends of NT$212,879 thousand.
2. Remedy for projected cash deficit and liquidity analysis: N/A.

IV. The Effect upon Financial Operations of Any Major Capital Expenditures During the Most Recent Fiscal Year:

(I) Use of material capital expenditure and the source of funds: Electric erosion machine power supply and related equipment.

(II) Expected possible profits generated: Improve market share with newly developed production technology and quality.

V. The Company's Reinvestment Policy for the Most Recent Fiscal Year, the Main Reasons for the Profits/ Losses Generated Thereby, the Plan for Improving Re-Investment Profitability, and Investment Plan for the Coming Year

(I) The Company only reinvests for business and market needs.

(II) The Company's profit from direct investment was NT$174,101 thousand in 2023, which had a decrease of NT$117,134 thousand compared to 2022. The main reason is that in the second half of 2023, market demand declined, which resulted in a downturn in the growth of downstream demand. As a result, it has driven the growth of the Company's operation under the investment using the equity method, resulting in an increase in profits.

(III) Investment plan for the next year will be increasing investment depending on the demand of the Chinese market.

VI. Risks

(I) The impact of interest rate and exchange rate fluctuation, and inflation on the profit and loss of the Company, and the countermeasures in the future

Unit: NT$ thousands

Item	2022	2023
Interest Expense	41,289	33,203
Exchange Profit (Loss)	80,154	(701)
Pre-tax Net Income	699,462	427,530

Source: Financial statements attested by CPAs.

1. Interest Rate Fluctuations:
   Pay attention to interest rate changes at any time, and effectively control the financial position to reduce the impact of interest rate changes.

2. Exchange Rate Fluctuations:
   Pay attention to exchange rate changes at any time and read its movements in order to hedge using foreign exchange forward and flexibly adjust the foreign exchange position from time to time.

3. Inflation:
   Pay attention to inflation, so as to adjust the product selling price and raw material inventory appropriately.

(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. The Company has not engaged in any high-risk investments or highly leveraged investments. All investments are executed after careful evaluation. For the loans to other parties and the endorsement or guarantee to the subsidiaries of the Company, the Company would carefully implement the “Procedures for Loans to Other Parties Procedure for Lending Funds to Other Parties” and “Measures for Endorsement or Guarantees Implementation Measures for Endorsement Guarantee ” .

2. The purpose of the Company undertaking foreign exchange forward is mainly to avoid the currency risk of foreign currency debts payable due to imported raw materials and foreign currency claims receivable arising from sales of products. The Company will carefully implement the stipulated measures such as “Procedures for dealing with derivatives transactions ” .

(III) Future R&D Plan and Expected R&D Expense Invested

1. Research and development plan in the most recent year
The Company is a professional electrolysis and forming aluminum foil manufacturer. Since its establishment in 1993, it has been continuously committed to improving the production process in order to be competitive in both quality and price. Since the invested company, Ruyuan Lidon Electronic Technology Co., Ltd, has completed the transformation of low pressure etched aluminum foils production technology, the source of low pressure etched aluminum foils will have an advantage in the future. In order to strengthen the low pressure formation market, in 2023, there are plans to carry out research and development on optimizing the specific capacitance enhancement up to 64Vf for LY12 specifications and the long-term water durability process for low-voltage foils above 130Vf. In 2024, the Company will concentrate on improving to corroded black edges, as well as develop energy-saving processes through low-voltage transformation.

2. Expected R&D Expense Invested
It is estimated that the R&D expense budget for 2024 will be approximately NT$125,000 thousand.

(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:

1. Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad: None.

2. Measures to be taken in response: The Company usually collects relevant information to provide decision-making reference for the management level and adjusts the Company's relevant operating decisions based on changes in important policies and legal environments at home and abroad.

(V) Effect on the Company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response:

1. Effect on the Company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change: None.

2. Measures to be taken in response: Collect newspapers, magazines, periodicals or scientific and technological reports related to the forming aluminum foil industry at any time, so as to truly grasp the pulse and changes of the market, understand the development trend of today's technology, and develop products that meet the customer’s demand.

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

1. Effect on the Company's crisis management of changes in the Company's corporate image: None.

2. Measures to be taken in response: None.

(VII) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken:

There have been no mergers or acquisitions of the Company as of the date this report was printed.

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

There have been no plant expansions of the Company as of the date this report was printed.

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

The Company continues to diversify the purchase or sales counterparties to reduce the risk of consolidation.

(X) Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10% stake in the Company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken:

There has been no stake transferred or has otherwise changed hands in the Company as of the date this report was printed.

(XI) Effect upon and risk to Company associated with any change in governance personnel or top management, and mitigation measures being or to be taken:

There has been no change in governance personnel or top management of the Company since its establishment.

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

(XIII) Other important risks, and mitigation measures being or to be taken: None.

VII. Other Important Matters: None.

Chapter VIII. Special Items to be Included

I. Information Related to the Company's Affiliate

(I) Consolidated business report of the Company’s affiliates: Please refer to pages 299-304.

(II) Consolidated financial statement of the Company’s affiliates:
If the companies required to be included in the consolidated financial statements of affiliates under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are all the same as companies required to be included in the consolidated financial statements of the parent and subsidiary companies as provided in Financial Accounting Criteria Gazette No. 7, and if 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, the Company shall not be required to prepare separate consolidated financial statements of affiliates. Please refer to pages 107-204 for the details of the consolidated financial statements of the parent and subsidiaries.

(III) Affiliation report of the Company’s affiliates: Please refer to pages 299-304 for details

II. Where the Company has Carried Out a Private Placement of Securities During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

III. Holding or Disposal of Shares in the Company by the Company's Subsidiaries During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

IV. Other Matters that Require Additional Description: None.

Chapter IX. If Any of the Situations Listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, Which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities, has Occurred During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report:

None.

Chapter X. Supplementary Provisions

LITON TECHNOLOGY CORP.
LITON
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 Audit Report

The Board of Directors has prepared the Company's 2023 annual business report, financial statements, consolidated financial statements, and surplus earning distribution proposal, etc. Among them, the financial statements and consolidated financial statements have been audited by CPAs, Chin-Yuan Tu and Wen-Chen Lo, at Ernst & Young, Taiwan, and an audit report has been issued. The above-mentioned business report, financial statements, consolidated financial statements and surplus earning distribution proposal have been reviewed and determined to be correct and accurate by the Audit Committee. According to the relevant requirements of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

2024 Shareholders' Meeting of LITON TECHNOLOGY CORP.

Audit Committee Convener Yen-Chung Tsou

13 March 2024

LITON TECHNOLOGY CORP.
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

LITON TECHNOLOGY CORP.
Declaration of Internal Control System

Date: 13 March 2024

Based on the findings of a self-assessment, the Company states the following with regard to its internal control system during the year 2023:

I. The Company's Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Internal control system is designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency and regulatory compliance of our reporting, and compliance with applicable rulings, laws and regulations.

II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.

III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component also includes several items which can be found in the Regulations.

IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.

V. Based on the findings of such evaluation, the Company believes that, on December 31, 2023, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency and regulatory compliance of reporting, and compliance with applicable rulings, laws and regulations.

VI. This Declaration is an integral part of the Company's annual report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This Declaration was passed by the Board of Directors in their meeting held on 13 March 2024, with none of the 7 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Declaration.

LITON TECHNOLOGY CORP.

Chairman: Chih-Ming Wu

President: Sun-Hsin Ko

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of LITON TECHNOLOGY CORP. as of and for the year ended 31 December 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10 “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, LITON TECHNOLOGY CORP. and subsidiaries do not prepare a separate set of combined financial statements.

Hereby certified.

LITON TECHNOLOGY CORP.

Chih-Ming Wu
Chairman

13 March 2024

Independent Auditors' Report Translated from Chinese

To Liton Technology Corp.

Opinion

We have audited the accompanying consolidated balance sheets of Liton Technology Corp. (the "Company") and its subsidiaries (the "Group") as of 31 December 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2023 and 2022, and notes to the consolidated financial statements, including the summary of material 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 2023 and 2022, and their consolidated financial performance and cash flows for the years ended 31 December 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the 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 2023 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. Impairment of accounts receivable

As of 31 December 2023, the gross accounts receivable and loss allowance by the Group amounted to NT$865,190 thousand and NT$8,883 thousand, respectively. The net accounts receivable accounted for 15% 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.

2. Valuation for inventories

As of December 31, 2023, the net inventories amounted to NTD 795,268 thousand accounting for 14% of the total consolidated assets that could have significant impacts on the Company and its subsidiaries. The Company and its subsidiaries starts manufacturing after receiving orders from customers, so we mainly assessed the allowance for inventory valuation and slow-moving losses for raw materials, supply and parts. Due to diversity of products and uncertainty arising from rapid changes in products, allowance for obsolete and slow-moving inventory valuation requires significant management judgement, we therefore determined the issue as a key audit matter.

Our audit procedures included, but not limited to, understanding and testing the effectiveness of internal control system with respect to obsolete and slow-moving inventory; understanding the allowance for inventory loss and slow-moving inventory policies; sampling important storage locations to observe inventory counts; testing the correctness of the inventory aging intervals to make sure that the inventory aging schedule was appropriate. In addition, we sample tested inventories to check related certificates of purchases and sales and to re-calculate the unit cost of inventories to evaluate the reasonableness of the net realizable value of inventory.

In addition, we also considered the adequacy of the disclosures related to inventory in Notes 5 and 6 to the consolidated 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.

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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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 2023 and 2022.

Chin-Yuan Tu

Wen-Chen Lo

Ernst & Young, Taiwan

13 March 2024

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 China.

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 Consolidated Financial Statements Originally Issued in Chinese

LITON TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

31 December 2023 and 31 December 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of 31 December 2023	As of 31 December 2022
Current assets			
Cash and cash equivalents	4, 6(1)	$899,003	$834,236
Financial assets at fair value through profit or loss, current	4,12	1,135	1,189
Notes receivable, net	4, 6(11)	130,529	51,924
Notes receivables-related parties, net	4, 6(11),7	2,034	-
Accounts receivable, net	4, 6(2), 6(11)	703,797	621,771
Accounts receivables-related parties, net	4, 6(2), 6(11), 7	152,510	191,413
Other receivables	4	8,018	32,589
Inventories	4, 6(3)	795,268	1,029,755
Prepayment		107,317	131,771
Other current assets	8	42,115	700
Total current assets		2,841,726	2,895,348
Non-current assets			
Financial assets at fair value through other comprehensive income, non-current	4,12	5,554	5,664
Property, plant and equipment	4, 6(4), 8	2,802,818	2,850,082
Right-of-use assets	4, 6(12), 7	92,571	98,171
Intangible assets	4	2,257	2,136
Deferred tax assets	4, 6(16)	23,472	19,246
Net defined benefit assets, non-current	4, 6(8)	7,399	6,884
Other non-current assets		66,757	212,454
Total non-current assets		3,000,828	3,194,637
Total assets		$5,842,554	$6,089,985

(continued)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

LITON TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

31 December 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As of 31 December 2023	2022
Current liabilities			
Short-term loans	4, 6(5)	$958,274	$840,996
Short-term notes and bills payable	4	-	89,981
Financial liabilities at fair value through profit or loss, current	4	-	1,700
Contract liabilities, current	4, 6(10)	5,056	227,030
Accounts payable	4	26,323	59,921
Accounts payables-related parties	4, 7	124,273	4,260
Other payables		164,830	186,162
Current tax liabilities	4, 6(16)	56,463	99,512
Lease liabilities, current	4, 6(12), 7	4,265	3,402
Bond payable, current	4, 6(6)	496,127	-
Long-term liabilities, current portion	6(7)	-	130,408
Other current liabilities		11,201	8,695
Total current liabilities		1,846,812	1,652,067
Non-current liabilities			
Bonds payable	4, 6(6)	-	488,952
Deferred tax liabilities	4, 6(16)	1,480	1,377
Lease liabilities, non-current	4, 6(12), 7	53,891	56,848
Guarantee deposits received		39,009	39,784
Other non-current liabilities	4	104,189	73,876
Total non-current liabilities		198,569	660,837
Total liabilities		2,045,381	2,312,904
Equity attributable to the parent company	4, 6(9)		
Capital			
Common stock		1,432,196	1,432,196
Additional Paid-in Capital		583,462	579,882
Retained earnings			
Legal reserve		259,681	209,160
Special reserve		147,667	190,800
Unappropriated earnings		935,562	896,692
Subtotal		1,342,910	1,296,652
Other components of equity			
Exchange differences on translation of foreign operations		(206,562)	(146,164)
Unrealized gains or losses on financial assets at fair value through other comprehensive income		(1,503)	(1,503)
Subtotal		(208,065)	(147,667)
Treasury shares		(41,808)	(40,133)
Non-controlling interests	6(9)	688,478	656,151
Total equity		3,797,173	3,777,081
Total liabilities and equity		$5,842,554	$6,089,985

(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 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

		For the years ended 31 December	
	Notes	2023	2022
Operating revenues	4, 6(10), 7	$3,676,095	$3,844,247
Operating costs	6(3)	(2,927,301)	(2,880,206)
Gross profit		748,794	964,041
Operating expenses			
Sales and marketing expenses	6(13)	(54,299)	(64,764)
General and administrative expenses		(147,860)	(154,186)
Research and development expenses		(122,039)	(89,178)
Expected credit (losses) gains	6(11)	2,282	(5,693)
Subtotal		(321,916)	(313,821)
Operating income		426,878	650,220
Non-operating income and expenses	4, 6(14)		
Interest income		15,574	4,328
Other income		40,255	14,223
Other gains and losses		(21,974)	71,980
Financial costs		(33,203)	(41,289)
Subtotal		652	49,242
Income before income tax		427,530	699,462
Income tax expense	4, 6(16)	(86,836)	(126,510)
Net income		340,694	572,952
Other comprehensive income	6(15)		
Items that may not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plans		(317)	2,329
Income tax related to items that may not to be reclassified subsequently		63	(466)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(73,894)	52,566
Total other comprehensive income, net of tax		(74,148)	54,429
Total comprehensive income		$266,546	$627,381
Net income attributable to:			
Stockholders of the parent		$294,871	$503,342
Non-controlling interests		45,823	69,610
		$340,694	$572,952
Comprehensive income attributable to:			
Stockholder of the parent		$234,219	$548,338
Non-controlling interests		32,327	79,043
		$266,546	$627,381
Earnings per share (NTD)			
Earnings per share-basic	4, 6(17)	$2.08	$3.52
Earnings per share-diluted		$1.95	$3.29

(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 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to the Parent Company											
	Capital			Retained Earnings			Other components of 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	Unrealized gains(Losses) on financial assets measured at fair value through other comprehensive income	Treasury shares	Total	Non-controlling interests	Total equity
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
Acquisition of treasury shares									(36,674)	(36,674)		(36,674)
Bonds converted to stock	2,148	(775)	2,527							3,900		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	$656,151	$3,777,081
Balance as of 1 January 2023	$1,432,196	$ -	$579,882	$209,160	$190,800	$896,692	$(146,164)	$(1,503)	$(40,133)	$3,120,930	$656,151	$3,777,081
Appropriation and distribution of 2022 retained earnings												
Legal reserve				50,521		(50,521)				-		-
Cash dividends						(248,359)				(248,359)		(248,359)
Special reserve					(43,133)	43,133				-		-
Net income in 2023						294,871				294,871	45,823	340,694
Other comprehensive income, net of tax in 2023						(254)	(60,398)			(60,652)	(13,496)	(74,148)
Total comprehensive income	-	-	-	-	-	294,617	(60,398)	-	-	234,219	32,327	266,546
Bonds converted to stock									(5,134)	(5,134)		(5,134)
Acquisition of treasury shares			3,580						3,459	7,039		7,039
Balance as of 31 December 2023	$1,432,196	$ -	$583,462	$259,681	$147,667	$935,562	$(206,562)	$(1,503)	$(41,808)	$3,108,695	$688,478	$3,797,173

(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 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December	
	2023	2022
Cash flows from operating activities:		
Net income before tax	$427,530	$699,462
Adjustments to reconcile net loss (income) to net cash provided by operating activities:		
Income and expense adjustments:		
Depreciation	231,490	202,252
Amortization	804	1,008
Expected credit (income) loss	(2,282)	5,693
Net (gain) loss of financial assets/liabilities at fair value through profit or loss	(1,646)	2,694
Interest expense	33,203	41,289
Interest income	(15,574)	(4,328)
Loss from market value decline, obsolete and slow-moving of inventories	1,839	8,611
Dividends income	-	(90)
Loss on disposal of property, plant and equipment	13,689	345
Gain on financial assets measured at fair value through profit or loss	(531)	-
Changes in operating assets and liabilities:		
(Increase) decrease in notes receivable	(80,639)	20,102
(Increase) decrease in accounts receivable	(40,676)	205,480
Decrease (increase) in inventories	218,979	(288,336)
Decrease in prepayments	24,454	23,099
Decrease in other receivables	24,571	173
(Increase) decrease in other current assets	(41,415)	275
Decrease in other non-current assets	31,649	1,339
Increase in net defined benefit assets, non-current	(832)	(670)
Increase (decrease) in accounts payable	86,415	(43,134)
Decrease in other payables	(20,705)	(10,805)
(Decrease) increase in contract liabilities	(221,974)	227,013
Increase in other current liabilities	2,506	498
Cash generated from operations	670,855	1,091,970
Interest received	15,574	4,328
Dividend received	-	90
Interest paid	(26,506)	(34,220)
Income tax paid	(106,805)	(111,489)
Net cash provided by operating activities	553,118	950,679

(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 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December	
	2023	2022
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(116,701)	(95,968)
Proceeds from disposal of property, plant and equipment	5,972	86
Acquisition of right-of-use assets	-	(964)
Increase in prepayment for equipment	(19,123)	(363,448)
Acquisition of intangible assets	(938)	(776)
Proceeds from disposal of financial assets at fair value through profit or loss	531	-
Net cash used in investing activities	(130,259)	(461,070)
Cash flows from financing activities:		
Increase in short-term loans	3,149,687	1,885,418
Decrease in short-term loans	(3,027,335)	(1,754,456)
Increase in short-term notes and bills payable	209,600	149,816
Decrease in short-term notes and bills payable	(299,581)	(119,792)
Cash payments of bonds	-	(1,300)
Increase in long-term loans	-	76,484
Decrease in long-term loans (including current portion)	(127,867)	(364,172)
Cash payments for the principal portion of the lease liability	(3,896)	(3,251)
(Decrease) increase in guarantee deposits received	(775)	213
Acquisition of treasury shares	(5,134)	(36,674)
Exercise of employee shares option	7,039	-
Cash dividends	(248,359)	(214,552)
Other non-current liability - other increase	30,313	17,397
Net cash used in financing activities	(316,308)	(364,869)
Effect of exchange rate on cash and cash equivalents	(41,784)	11,754
Net increase in cash and cash equivalents	64,767	136,494
Cash and cash equivalents at beginning of period	834,236	697,742
Cash and cash equivalents at end of period	$899,003	$834,236

(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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended 31 December 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

Liton Technology Corp. (the Group) was incorporated in November 1993. The main activities of the Group include manufacturing, processing and selling electric erosion aluminum foils and forming aluminum foil.

The Group was authorized to be listed on the Taipei Exchange in April 2000, and was trade its shares over the counter on 10 June 2002. The Company's registered office and the main business location is at No.9, Zhonglong 2nd Rd., Zhongxing Industrial Zone, Tonglou Township, Miaoli County, Taiwan (R.O.C.). Lelon Electronics Corp. is the parent company of the Group and the controller of the Group.

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Company and its subsidiaries (the Group) for the years ended 31 December 2023 and 2022 were authorized for issue by the Board of Directors on 13 March 2024.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the fir st time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2023. The adoption of these new standards and amendments had no material impact on the Group.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024

(a) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(b) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(c) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

(d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2024. The new or amended standards and interpretations have no material impact on the Group.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	1 January 2023
c	Lack of Exchangeability – Amendments to IAS 21	1 January 2025

(a) IFRS 10"Consolidated Financial Statements" and IAS 28"Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(b) IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(c) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after 1 January 2025.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The new or amended standards and interpretations have no material impact on the Group.

4. Summary of significant accounting policies

(1) Statement of Compliance

The consolidated financial statements of the Group for the years ended 31 December 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee, which are endorsed by FSC.

(2) Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars (NT$) unless otherwise stated.

(3) Basis of Consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
(b) exposure, or rights, to variable returns from its involvement with the investee, and
(c) the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee
(b) rights arising from other contractual arrangements
(c) the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

(a) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
(b) derecognizes the carrying amount of any non-controlling interest;
(c) recognizes the fair value of the consideration received;
(d) recognizes the fair value of any investment retained;
(e) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, or transfer directly to retained earnings if required by other IFRSs; and
(f) recognizes any resulting difference in profit or loss.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)	
			31 December 2023	31 December 2022
The Company	LITON (BVI) CO., LTD	Holding company	100%	100%
The Company	V-TECH CO., LTD.	Selling formed aluminum foil and holding company	100%	100%
The Company	EVERTECH CAPA CO., LTD.	Selling formed aluminum foil	100%	100%
The Company	LIDON ELECTRONICS TECHNOLOGY CO., LTD. RUYUAN COUNTY	Manufacturing and selling etched aluminum foils	40%	40%
LITON (BVI) CO., LTD	LITON ELECTRONICS TECHNOLOGY (HUI ZHOU) CO., LTD.	Manufacturing and selling formed aluminum foil	100%	100%
V-TECH CO., LTD.	FOREVER CO., LTD.	Holding company	100%	100%
FOREVER CO., LTD.	LITON ELECTRONICS TECHNOLOGY (ABAZHOU) CO., LTD.	Manufacturing and selling formed aluminum foil	100%	100%
LITON ELECTRONICS TECHNOLOGY (HUI ZHOU) CO., LTD.	LIDON ELECTRONICS TECHNOLOGY CO., LTD. RUYUAN COUNTY	Manufacturing and selling etched aluminum foils	20%	20%

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in New Taiwan Dollars (NT$), which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency rates prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

(b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.

(c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

(a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
(b) The Group holds the asset primarily for the purpose of trading
(c) The Group expects to realize the asset within twelve months after the reporting period
(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Group expects to settle the liability in its normal operating cycle
(b) The Group holds the liability primarily for the purpose of trading
(c) The liability is due to be settled within twelve months after the reporting period
(d) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 3 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(a) Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

a. the Group's business model for managing the financial assets and
b. the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

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.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This 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 assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
b. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

<u>Financial asset measured at fair value through other comprehensive income</u>

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets 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.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

a. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.

b. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

c. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

   (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

   (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Group measures expected credit losses of a financial instrument in a way that reflects:

a. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

b. the time value of money; and

c. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

a. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

b. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.

c. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

(c) Derecognition of financial assets

A financial asset is derecognized when:

a. The rights to receive cash flows from the asset have expired.
b. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
c. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(d) Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 *Financial Instruments.*

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

a. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term
b. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking
c. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

a. it eliminates or significantly reduces a measurement or recognition inconsistency; or
b. a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Derivative instrument

The Group uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as assets or liabilities at fair value through profit or loss except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value though profit or loss.

(10) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or
(b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(11) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials - Purchase cost under weighted average cost method.

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(12) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Items	Useful Lives
Buildings	5～56 years
Machinery and equipment	3～40 years
Office equipment	3～15 years
Transportation equipment	5～11 years
Right-of-useassets	3～50 years
Other equipment	2～26 years
Leasehold improvements	8 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant, and equipment are reviewed at each financial year end and adjusted prospectively, if appropriat.

(13) Leases

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

(a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximizing the use of observable information.

<u>Group as a lessee</u>

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(c) amounts expected to be payable by the lessee under residual value guarantees;
(d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(a) the amount of the initial measurement of the lease liability;
(b) any lease payments made at or before the commencement date, less any lease incentives received;
(c) any initial direct costs incurred by the lessee; and
(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 "Impairment of Assets" to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements of comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(14) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies applied to the Group’s intangible assets is as follows:

	Computer software	Technology	Other intangible assets
Useful lives	3~20 years	2~3 years	5 years
Amortization method used	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life
Internally generated or acquired	Acquired	Acquired	Acquired

(15)Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (“CGU”) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(17) Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(18) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follows:

Sale of goods

The Group manufactures and sells machinery. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group are forming aluminum foils, electro erosion foils and guide pin, and revenue is recognized based on the consideration stated in the contract.

The credit period of the Group's sale of goods is from 30 to 135 days. For all of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables.

For some of the contracts, the Group has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. The Group collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract.

Rendering of services

The Group provides rendering of services are mainly based on the maintenance services for cutting processing formed aluminum foils products, which had priced or negotiated separately and recognized at revenue when the products sent to customers whom had take control of it.

(19) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(20) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(21) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee’s name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Group’s consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

(a) the date of the plan amendment or curtailment, and
(b) the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(22) Share-based payment transactions

The cost of equity-settled transactions between the Group and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

(23) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

(a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

(b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

(a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

(b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities 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. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Trade receivables–estimation of impairment loss

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(b) Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of 31 December	
	2023	2022
Cash on hand	$435	$423
Cash in transit	10,086	-
Demand deposits	583,383	664,880
Time deposits	305,099	168,933
Total	899,003	$834,236

(2) Net Accounts receivables and Net accounts receivables-related parties

	As of 31 December	
	2023	2022
Accounts receivables	$712,680	$633,101
Less: loss allowance	(8,883)	(11,330)
Subtotal	703,797	621,771
Accounts receivables- related parties	152,510	191,413
Total	$856,307	$813,184

Accounts receivables were not pledged.

Accounts receivables are generally on 30-135 day terms. The total carrying amount are NT$865,190 thousand and NT$824,514 thousand as of 31 December 2023 and 2022. Please refer to Note 6(11) for more details on loss allowance of accounts receivables for the years ended 31 December 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

(3) Inventories

(a) The details are as follows

	As of 31 December	
	2023	2022
Raw materials	$272,731	$306,121
Supplies	18,310	25,790
Work in progress	8,056	33,836
Finished goods	468,767	576,611
Merchandise	27,404	87,397
Total	$795,268	$1,029,755

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) The inventory cost recognized as operating costs for the year ended 31 December 2023 were NT$2,927,301 thousand. The price reduction of inventories related to cost of goods sold were NT$1,839 thousand.

(c) The inventory cost recognized as operating costs for the year ended 31 December 2022 were NT$2,880,206 thousand. The price reduction of inventories related to cost of goods sold were NT$8,611 thousand.

(d) No inventories were pledged.

(4) Property, plant and equipment

(a) Property, plant and equipment for self-use

	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Leasehold improvements	Unfinished work and equipment to be inspected	Total
Cost:									
As of 1 January 2023	$97,759	$583,784	$3,207,698	$94,952	$11,250	$49,740	$1,306	$75,057	$4,121,546
Additions	-	1,161	10,314	108	-	21,175	-	83,794	116,552
Disposals	-	(6,583)	(46,522)	(2,221)	(656)	(7,398)	-	-	(63,380)
Other changes	-	1,227	232,236	2,391	447	1,980	-	(147,371)	90,910
Exchange differences	-	(9,645)	(62,317)	(1,847)	(215)	(986)	(25)	(475)	(75,510)
As of 31 December 2023	$97,759	$569,944	$3,341,409	$93,383	$10,826	$64,511	$1,281	$11,005	$4,190,118
As of 1 January 2022	$97,759	$574,895	$2,678,506	$220,261	$10,979	$48,337	$1,285	$63,691	$3,695,713
Additions	-	3,529	67,544	315	805	3,336	-	38,673	114,202
Disposals	-	(2,807)	(38,119)	(1,843)	(714)	(4,484)	-	-	(47,967)
Other changes	-	-	458,984	(127,667)	-	1,960	-	(28,342)	304,935
Exchange differences	-	8,167	40,783	3,886	180	591	21	1,035	54,663
As of 31 December 2022	$97,759	$583,784	$3,207,698	$94,952	$11,250	$49,740	$1,306	$75,057	$4,121,546
Depreciation and impairment:									
As of 1 January 2023	$-	$185,680	$1,036,463	$24,650	$4,489	$19,515	$667	$-	$1,271,464
Depreciation	-	15,287	190,157	11,460	1,092	6,625	163	-	224,784
Disposals	-	(6,583)	(29,654)	(2,124)	(626)	(4,732)	-	-	(43,719)
Other changes	-	(63)	(42,198)	-	-	-	-	-	(42,261)
Exchange differences	-	(3,004)	(18,936)	(623)	(94)	(295)	(16)	-	(22,968)
As of 31 December 2023	$-	$191,317	$1,135,832	$33,363	$4,861	$21,113	$814	$-	$1,387,300

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Leasehold improvements	Unfinished work and equipment to be inspected	Total
As of 1 January 2022	$-	$170,406	$936,717	$15,799	$3,997	$17,600	$495	$-	$1,145,014
Depreciation	-	15,859	161,247	11,737	1,073	6,102	164	-	196,182
Disposals	-	(2,807)	(37,916)	(1,806)	(644)	(4,363)	-	-	(47,536)
Exchange differences	-	-	(36,283)	(1,311)	-	-	-	-	(37,594)
Other changes	-	2,222	12,698	231	63	176	8	-	15,398
As of 31 December 2022	$-	$185,680	$1,036,463	$24,650	$4,489	$19,515	$667	$-	$1,271,464

Net carrying amount	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Leasehold improvements	Unfinished work and equipment to be inspected	Total
31 December 2023	$97,759	$378,627	$2,205,577	$60,020	$5,965	$43,398	$467	$11,005	$2,802,818
31 December 2022	$97,759	$398,104	$2,171,235	$70,302	$6,761	$30,225	$639	$75,057	$2,850,082

(b) Please refer to Note 8 for more details on property, plant and equipment under pledge.

(c) There is no capitalized borrowing costs of construction in progress for the year ended 31 December 2023. Capitalized borrowing costs of construction in progress for the year ended 31 December 2022 were NT$2,865 thousand, with capitalization rate of borrowing costs at 4.18%.

(d) Components of building that have different useful lives are the main building structure, hydroelectric engineering, well sewerage engineering, ancillary works of the purification station and FRP construction work etc which are depreciated over 56 years, 45 years, 20 years, 5 years, and 3 years, respectively.

(5) Short term loans

	As of 31 December	
	2023	2022
Unsecured bank loans	$793,434	$840,996
Secured bank loans	164,840	-
Total	$958,274	$840,996

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the years ended 31 December	
	2023	2022
Interest rates applied (Unsecured bank loans)	0.65%~3.30%	0.63%~3.90%
Interest rates applied (Secured bank loans)	0.50%~3.00%	-%

Please refer to Note 8 for more details on secured bank loans.

The Group’s unused short-term lines of credits amounted to NT$1,568,900 thousand and NT$1,346,932 thousand as of 31 December 2023 and 2022.

(6) Bonds payable

	As of 31 December	
	2023	2022
Liability component		
Principal amount	$500,000	$500,000
Discounts on bonds payable	(3,873)	(11,048)
Subtotal	496,127	488,952
Less: current portion	(496,127)	-
Net	$-	$488,952
Embedded derivative	$-	$1,650
Equity component	$3,650	$12,450

(a) On 4 March 2019, the Company issued the third zero domestic coupon unsecured convertible bonds. The terms of the convertible bonds were evaluated to include a liability component, embedded derivatives (a call option and a put option) and an equity component (an option for conversion into issuer’s ordinary shares). The terms of the bonds are as follows:

Issue amount: NT$200,000 thousand

Period: 4 March 2019 ~ 4 March 2022

Redemption clauses:

a. The Company may redeem the bonds, in whole or in part, after 3 months of the issuance (5 June 2019) and prior to 40 days before the maturity date (22 January 2022), at the principal amount of the bonds with an interest calculated at the rate of 0% per annum (early redemption conversion price) if the closing price of the Company’s ordinary shares on the Taiwan Stock Exchange (TWSE) for a period of 30 consecutive trading days, is at least 130% of the conversion price.

b. The Company may redeem the bonds, in whole or in part, after 3 months of the issuance (5 June 2019) and prior to 40 days before the maturity date (22 January 2022), at the early redemption conversion price if at least 90% in principal amount of the bonds has already been exchanged, redeemed, purchased or cancelled.

c. The Company may redeem the bonds in cash, within 5 trading days after the base date of withdrawing the bonds as stated on the “Withdrawal of Convertible Bonds Notice”, at the par value if the bondholders do not reply to the share affair agency in writing before the base date.

Reversal clauses:

The Company takes the date of two years (4 March 2021) after the issuance of the convertible bonds as the sell-back base date for bondholders to sell back the bonds. The company shall send a “Notice on the Exercise of the Put-back Right” to the bondholders by registered mail 30 days before the base date of the sale and request the Over-the-Counter (OTC) to announce the exercise of the right of purchase of the convertible bonds. Bondholders may request to the company redeem the Bonds held by the company at their face value by written notice to the company's Stock Affairs Agency (effective upon delivery, with the expiration date of such period as the base date of sale, and the postmark date will be used as evidence if it is mailed) within 30 days after the announcement. The company shall redeem the Bonds in cash within five business days after the base date of the request for redemption. If the aforementioned date falls on a day when the Taipei Exchange is closed, it will be postponed to the next business day.

Terms of Exchange:

a. Underlying Securities: Common shares of the Company

b. Exchange Period: The bonds are exchangeable at any time on or after 5 June 2019 and prior to 4 March 2022 into common shares of the Company

c. Exchange Price and Adjustment: The exchange price was originally NT$31.7 per share. The exchange price will be subject to adjustments upon the occurrence of certain events set out in the indenture. After the ex-dividend on 11 October 2021, the conversion price will be adjusted from NT$29 to NT$28.4 per share.

d. Redemption on maturity：The Company's bonds will be redeemed at face value when they are due and not settled.

As of 31 December 2023, the converted amount of the Company's bonds is NT$198,700; the Company had purchased 13 convertible bonds. The difference between the amount apportioned to the equity components and he book value is NT$55 thousand, which was recorded as additional paid-in capital-lapsed stock options, and the bonds matured on 4 March 2022.

(b) On 15 July 2021, the Company issued the fourth zero domestic coupon unsecured convertible bonds. The terms of the convertible bonds were evaluated to include a liability component, embedded derivatives (a call option and a put option) and an equity component (an option for conversion into issuer's ordinary shares). The terms of the bonds are as follows:

Issue amount: NT$500,000 thousand

Period: 15 July 2021 ~ 15 July 2024

Redemption clauses:

a. The Company may redeem the bonds, in whole or in part, after 3 months of the issuance (16 October 2021) and prior to 40 days before the maturity date (5 June 2024), at the principal amount of the bonds with an interest calculated at the rate of 0% per annum (early redemption conversion price) if the closing price of the Company's ordinary shares on the Taiwan Stock Exchange (TWSE) for a period of 30 consecutive trading days, is at least 130% of the conversion price.

b. The Company may redeem the bonds, in whole or in part, after 3 months of the issuance (16 October 2021) and prior to 40 days before the maturity date (5 June 2024), at the early redemption conversion price if at least 90% in principal amount of the bonds has already been exchanged, redeemed, purchased or cancelled.

c. The Company may redeem the bonds in cash, within 5 trading days after the base date of withdrawing the bonds as stated on the “Withdrawal of Convertible Bonds Notice”, at the par value if the bondholders do not reply to the share affair agency in writing before the base date.

Reversal clauses:

The Company takes the date of two years (15 July 2023) after the issuance of the convertible bonds as the sell-back base date for bondholders to sell back the bonds. The company shall send a “Notice on the Exercise of the Put-back Right” to the bondholders by registered mail 40 days before the base date of the sale and request the Over-the-Counter (OTC) to announce the exercise of the right of purchase of the convertible bonds. Bondholders may request the company to redeem the Bonds held by the company at their face value by written notice to the company's Stock Affairs Agency (effective upon delivery, with the expiration date of such period as the base date of sale, and the postmark date will be used as evidence if it is mailed) within 30 days after the announcement. The company shall redeem the Bonds in cash within five business days after the base date of the request for redemption. If the aforementioned date falls on a day when the Taipei Exchange is closed, it will be postponed to the next business day.

Terms of Exchange:

a. Underlying Securities: Common shares of the Company

b. Exchange Period: The bonds are exchangeable at any time on or after 16 October 2021 and prior to 15 July 2024 into common shares of the Company.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

c. Exchange Price and Adjustment: The exchange price was originally NT$47.7 per share. The exchange price will be subject to adjustments upon the occurrence of certain events set out in the indenture. After the ex-dividend on 26 August 2023, the conversion price will be adjusted from NT$44.4 to NT$42.3 per share.

d. Redemption on due date: The Company's bonds will be redeemed at face value when they are due and not settled.

In accordance with IFRS 9, said financial instrument is classified as an embedded derivative so the exercise price of the embedded put option is allocated to the liability component and equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. The difference between the equity component and the book value was recognized in profit or loss. The difference between the liability component and the book value was recognized in “Additional paid-in capital-warrants”. The financial liabilities of convertible bonds are measured at amortized cost, fair value through profit or loss amounted to NT$0 thousand as of 31 December 2023.

The Company's bonds have not been converted as of 31 December 2023.

(7) Long-term loans

There is no long-term loans as of 31 December 2023.

Details of long-term loans as of 2022 is as follows:

Lenders	As of 31 Dec. 2022	Interest Rate	Maturity date and terms of repayment
E.SUN Bank (China) Dongguan Branch unsecured bank loans	$34,075	4.20%	From 14 September 2021 to 14 March 2023, starting from the date of first use, the principal will be amortized in six installments and every three months is one installment. 5% of the principal is amortized in the first installment, 10% of the principal is amortized in the second to fifth installments, and the remaining principal is fully repaid in the last installment.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Lenders	As of 31 Dec. 2022	Interest Rate	Maturity date and terms of repayment
E.SUN Bank (China) Dongguan Branch unsecured bank loans	33,690	4.15%	From 22 February 2022 to 22 August 2023, starting from the date of first use, the principal will be amortized in six installments and every three months is one installment. 5% of the principal is amortized in the first installment, 10% of the principal is amortized in the second to fifth installments, and the remaining principal is fully repaid in the last installment.
E.SUN Bank (China) Dongguan Branch unsecured bank loans	26,829	4.15%	From 20 May 2022 to 20 November 2023, starting from the date of first use, the principal will be amortized in six installments and every three months is one installment. 5% of the principal is amortized in the first installment, 10% of the principal is amortized in the second to fifth installments, and the remaining principal is fully repaid in the last installment.
E.SUN Bank (China) Dongguan Branch unsecured bank loans	18,208	4.20%	From 30 July 2021 to 30 January 2023, starting from the date of first use, the principal will be amortized in six installments and every three months is one installment. 5% of the principal is amortized in the first installment, 10% of the principal is amortized in the second to fifth installments, and the remaining principal is fully repaid in the last installment.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Lenders	As of 31 Dec. 2022	Interest Rate	Maturity date and terms of repayment
E.SUN Bank (China) Dongguan Branch unsecured bank loans	17,606	4.20%	From 29 October 2021 to 29 April 2023, starting from the date of first use, the principal will be amortized in six installments and every three months is one installment. 5% of the principal is amortized in the first installment, 10% of the principal is amortized in the second to fifth installments, and the remaining principal is fully repaid in the last installment.
Subtotal	130,408		
Less: current portion	(130,408)		
Total	$-		

Please refer to Note 8 for more details on secured bank loan.

(8) Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C.

Under the Labor Pension Act, the Company and its domestic subsidiaries will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Pension expenses under the defined contribution plan for the years ended 31 December 2023 and 2022 were NT$2,384 thousand and NT$2,366 thousand, respectively.

Defined benefits plan

The Company and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15^{th} year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company and its domestic subsidiaries assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company and its domestic subsidiaries will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandation, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute NT$753 to its defined benefit plan during the 12 months beginning after 31 December 2023.

The average duration of the defined benefits plan obligation as at 31 December 2023 and 2022 are 2 years and 5 years.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Pension costs recognized in profit or loss are as follows for the years ended 31 December 2023 and 2022:

	For the years ended 31 December	
	2023	2022
Current service costs	$-	$-
Net interest on the net defined benefit assets	(79)	(22)
Total	$(79)	$(22)

Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets at fair value are as follows:

	As of		
	31 Dec. 2023	31 Dec. 2022	1 Jan. 2022
Defined benefit obligation	$20,787	$20,096	$20,466
Plan assets at fair value	(28,186)	(26,980)	(24,351)
Accrued pension liabilities (assets) recognized on the consolidated balance sheets	$(7,399)	$(6,884)	$(3,885)

Reconciliation of liabilities (assets) of the defined benefit plan are as follows:

	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities(assets)
As of 1 January 2022	$20,466	$(24,351)	$(3,885)
Current service cost	-	-	-
Interest expense (income)	117	(139)	(22)
Subtotal	20,583	(24,490)	(3,907)
Remeasurements of the defined benefit liabilities /assets:			
Actuarial gains and losses arising from changes in financial assumptions	(711)	-	(711)
Experience adjustments	224	-	224
Remeasurements of the defined benefit assets	-	(1,842)	(1,842)
Subtotal	(487)	(1,842)	(2,329)
Payments of benefit obligation	-	-	-
Contributions by employer	-	(648)	(648)
As of 31 December 2022	20,096	(26,980)	(6,884)
Current period service costs	-	-	-
Interest expense (income)	231	(310)	(79)
Subtotal	20,327	(27,290)	(6,963)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities(assets)
Remeasurements of the defined benefit liabilities /assets:			
Actuarial gains and losses arising from changes in financial assumptions	22	-	22
Experience adjustments	438	-	438
Remeasurements of the defined benefit assets	-	(143)	(143)
Subtotal	460	(143)	317
Payments of benefit obligation	-	-	-
Contributions by employer	-	(753)	(753)
As of 31 December 2023	$20,787	$(28,186)	$(7,399)

The principal assumptions used in determining the Company's defined benefit plan are shown below:

	As of 31 December	
	2023	2022
Discount rate	1.06%	1.15%
Expected rate of salary increases	1.00%	1.00%

Sensitivity analysis for significant assumption are shown below:

	For the years ended 31 December			
	2023		2022	
	Defined benefit obligation increase	Defined benefit obligation decrease	Defined benefit obligation increase	Defined benefit obligation decrease
Discount rate increase by 0.5%	$-	$(120)	$-	$(426)
Discount rate decrease by 0.5%	381	-	518	-
Future salary increase by 0.5%	376	-	514	-
Future salary decrease by 0.5%	-	(121)	-	(429)

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(9) Equities

(a) Common stock

The Company's authorized capital was NT$3,600,000 thousand as of 1 January 2022. The issued capital was NT$1,430,048 thousand in a total of 143,005 thousand shares. Each share has one voting right and a right to receive dividends.

The investors requested to convert the Company's unsecured convertible bonds into common stocks in the amount of NT$67,188 thousand in a total of 6,719 thousand shares from 1 January 2021 to 31 December 2021. As the registration process has not been completed, the accumulated book value of certificate of entitlement to new shares from convertible bond amounted to NT$775 thousand in a total of 78 thousand shares as of 31 December 2021. The change registration had completed on 22 February 2022.

The investors requested to convert the Company's unsecured convertible bonds into common stocks in the amount of NT$1,373 thousand in a total of 137 thousand shares from 1 January 2022 to 31 December 2022. The change registration had completed on 27 May 2022.

As of 31 December 2023 and 2022, the Company's authorized capital was NT$3,600,000 thousand. The issued capital were NT$1,432,196 thousand in a total of 143,220 thousand shares in both years. Each share has one voting right and a right to receive dividends.

(b) Additional paid-in capital

	As of 31 December	
	2023	2022
Additional paid-in capital	$521,223	$521,223
Share options	22,050	22,050
Treasury share transactions	21,325	17,745
Expired share options	11,376	11,376
Employee share option	7,488	7,488
Total	$583,462	$579,882

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

According to the Company Act, the additional paid-in capital shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the additional paid-in capital related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(c) Treasury shares

The changes in 2023 are as follows:

Reason for withdrawal	Balance as of 1 January	Increase	Decrease	Balance as of 31 December
Transfer of shares to employees	1,328	157	(185)	1,300

The changes in 2022 are as follows:

Reason for withdrawal	Balance as of 1 January	Increase	Decrease	Balance as of 31 December
Transfer of shares to employees	185	1,143	-	1,328

a. As of 31 December 2023 and 2022, the fair value of the treasury shares held by the Company was NT$41,808 thousand and NT$40,133 thousand, and the number of shares was 1,300 thousand shares and 1,328 thousand shares.

b. As of 26 March 2020, it has transferred to employees through the acquisition of treasury shares by the board of directors. A total of 185 thousand shares were repurchased from 13 April to 26 May 2020, with an average purchase price of NT$18.70 per share and a total of NT$3,459 thousand.On 22 March 2023, the Directors approved that the base date of employee subcription was 22 March 2023. A total of 185 thousand Treasury shares were transferred to employees.

c. As of 9 November 2022, it has transferred to employees through the acquisition of treasury shares by the board of directors. A total of 1,300 thousand shares were repurchased from 16 November 2022 to 6 January 2023, with an average price of NT$32.16 per share and a total amounted to NT$41,808 thousand.

d. Under Securities and Exchange Act, the proportion of the number of shares that the Company buy back shall not exceed 10% of the Company’s issued shares. The total amount of shares purchased shall not exceed retained earnings plus the premium on issued shares and the balance of the realized additional paid-in capital.

(d) Retained earnings and dividend policies

According to the Company’s Articles of Incorporation, current year’s earnings, if any, shall be distributed in the following order:

a. Payment of all taxes and dues;
b. Offset prior years’ operation losses;
c. Set aside 10% as legal reserve;
d. Set aside or reverse special reserve in accordance with law and regulations;
e. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders’ meeting.

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets; as well as the interest of the shareholders, share bonus equilibrium and long-term financial planning etc. The Board of Directors shall make the distribution proposal annually and present it at the shareholders’ meeting. For the payment of dividend. The cash dividend ratio is not less than 10% of the total dividend. If the cash dividend per share is less than NT$0.5, the board of directors is authorized to draft a proposal, and the shareholders' meeting decides to pay cash dividends or stock dividends.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the distributable earnings.

After the adoption of IFRS, the Company complies with the provisions of Order No. Financial-Supervisory- Securities-Corporate-1090150022 issued on 31 March 2021 by FSC. On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

The Company did not reverse any special reserve as a result of use, disposal or reclassification of related assets during the years ended 31 December 2023 and 2022.

Details of the 2022 and 2021 earnings distribution and dividends per share as approved and resolved by the Board of Directors' meeting and shareholders' meeting on 30 June 2023 and 24 June 2022, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2022	2021	2022	2021
Legal reserve	$50,521	$48,679		
Special reserve	(43,133)	(12,329)		
Common stock -cash dividend	248,359	214,552	$1.75	$1.50

Please refer to Note 6(13) for details on employees' compensation and remuneration to directors and supervisors.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(e) Non-controlling interests

	For the years ended 31 December	
	2023	2022
Beginning balance	$656,151	$577,108
Gains attributable to non-controlling interests	45,823	69,610
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of foreign operations	(13,496)	9,433
Ending balance	$688,478	$656,151

(10) Operating revenue

	For the years ended 31 December	
	2023	2022
Revenue from contracts with customers		
Sale of goods	$3,664,596	$3,796,857
Rendering of services	11,499	47,390
Total	$3,676,095	$3,844,247

Analysis of revenue from contracts with customers for the years ended 31 December 2023 and 2022 are as follows:

(a) Disaggregation of revenue

For the year ended 31 December 2023

	Taiwan Segment	China Segment	Total
Sale of goods	$1,273,498	$2,391,098	$3,664,596
Rendering of services	-	11,499	11,499
Total	$1,273,498	$2,402,597	$3,676,095

For the year ended 31 December 2022

	Taiwan Segment	China Segment	Total
Sale of goods	$1,755,136	$2,041,721	$3,796,857
Rendering of services	303	47,087	47,390
Total	$1,755,439	$2,088,808	$3,844,247

The Timing of revenue recognition of the Group are all at a point in time.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Contract balances

Contract liabilities – current

	31 Dec. 2023	31 Dec. 2022	1 Jan. 2022
Sales of goods	$5,056	$227,030	$17

The decrease in the balance of the Group's contract liabilities in 2023 is due to the total transaction price of NT$227,030 thousand apportioned by the satisfied performance obligations; The increase in the balance of contract liabilities in 2022 was due to the fact that most of the performance obligations had not been satisfied (including partially unsatisfied) in the current period and recognized as income in the current period.

(c) Transaction price allocated to unsatisfied performance obligations

As the Group’s dient contracts are less than one year, it is not necessary to provide information on outstanding performance obligations.

(d) Assets recognized from costs to fulfil a contract

None.

(11) Expected credit losses

	For the years ended 31 December	
	2023	2022
Operation expense- Expected credit losses(gains)		
Account receivables	$(2,282)	$5,693

Please refer to Note 12 for more details on credit risk.

The Group measures the loss allowance of trade receivables (including note receivables and account receivables) at an amount equal to lifetime expected credit losses and by counterparties’ credit rating and its loss allowance is measured by using a provision matrix. The assessment of the Group’s loss allowance are as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of 31 December 2023

Group 1: Some counterparties were assessed individually. The amount of long-term receivables was NT$17,159 thousand recognized as other non-current assets, which was overdue, and the loss allowance was NT$17,159 thousand.

Group 2: The amount of loss allowance is measured at the lifetime expected credit loss rate, details are as follows:

		Overdue				
	Not yet due (Note)	31-90 days	91-180 days	181-365 days	Upon 366 days	Total
Gross carrying amount	$891,846	$95,771	$3,585	$4,639	$1,912	$997,753
Loss rate	-%	1-3%	4-5%	80-100%	100%	
Lifetime expected credit losses	-	(2,823)	(170)	(3,978)	(1,912)	(8,883)
Carrying amount	$891,846	$92,948	$3,415	$661	$-	$988,870

As of 31 December 2022

Group 1: Some counterparties were assessed individually. The amount of long-term receivables was NT$17,159 thousand recognized as other non-current assets, which was overdue, and the loss allowance was NT$17,159 thousand.

Group 2: The amount of loss allowance is measured at the lifetime expected credit loss rate,details are as follows:

		Overdue				
	Not yet due (Note)	31-90 days	91-180 days	181-365 days	Upon 366 days	Total
Gross carrying amount	$822,679	$40,199	$4,149	$7,240	$2,171	$876,438
Loss rate	-%	1-5%	5-6%	90-100%	90-100%	
Lifetime expected credit losses	-	(2,119)	(230)	(6,810)	(2,171)	(11,330)
Carrying amount	$822,679	$38,080	$3,919	$430	$-	$865,108

Note: The Group’s note receivables are not overdue.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The movement in the provision for impairment of note receivables, account receivables and long-term receivables during the 31 December 2023 and 2022 are as follows:

	Note receivables	Account receivables	Long-term receivables	Total
Beginning balance at 1 Jan. 2023	$-	$11,330	$17,159	$28,489
Addition for the current period	-	(2,282)	-	(2,282)
Exchange differences	-	(165)	-	(165)
Ending balance at 31 Dec. 2023	$-	$8,883	$17,159	$26,042
Beginning balance at 1 Jan. 2022	$-	$5,570	$17,159	$22,729
Reversal for the current year	-	5,693	-	5,693
Exchange differences	-	67	-	67
Ending balance at 31 Dec. 2022	$-	$11,330	$17,159	$28,489

(12) Leases

(a) The Group as a lessee

The Group leases various properties, including real estate such as land and buildingsand transportation equipment. The lease terms range from 3 to 50 years.

The Group’s leases effect on the financial position, financial performance and cash flows are as follow:

a. Amounts recognized in the balance sheet

(i) Right-of-use asset

The carrying amount of right-of-use assets

	As of 31 December	
	2023	2022
Land	$39,046	$41,288
Buildings	51,120	56,626
Transportation equipment	1,988	257
Other equipment	417	-
Total	$92,571	$98,171

During the years ended 31 December 2023 and 2022, the Group’s additions to right-of-use assets amounting to NT$2,921 thousand and NT$27,269 thousand.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(ii) Lease liabilities

	As of 31 December	
	2023	2022
Lease liabilities		
Current	$4,265	$3,402
Non-Current	53,891	56,848
Total	$58,156	$60,250

Please refer to Note 6,14(c) for the interest on lease liabilities recognized during the years ended 31 December 2023 and 2022. Refer to Note 12 (5) liquidity risk management for the maturity analysis for lease liabilities as of 31 December 2023 and 2022.

b. Amounts recognized in the statements of comprehensive income

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2023	2022
Land	$4,473	$4,089
Buildings	1,460	1,468
Transportation equipment	654	513
Other equipment	119	-
Total	$6,706	$6,070

c. Income and costs relating to leasing activities

	For the years ended 31 December	
	2023	2022
The expenses relating to short-term leases	$421	$414

d. Cash outflow related to lessee and lease activity

During the years ended 31 December 2023 and 2022, the Group's total cash outflows for leases amounting to NT$8,343 thousand and NT$7,450 thousand.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(13) Summary statement of employee benefits, depreciation and amortization expenses by function for the years ended 31 December 2023 and 2022:

	For the years ended 31 December					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$110,327	$98,107	$208,434	$116,351	$97,341	$213,692
Labor and health insurance	15,865	12,153	28,018	18,068	8,794	26,862
Pension	1,138	1,167	2,305	1,188	1,156	2,344
Other employee benefits expense	4,205	6,099	10,304	4,255	4,957	9,212
Depreciation	220,678	10,812	231,490	190,230	12,022	202,252
Amortization	529	275	804	705	303	1,008

According to the Articles of Incorporation, no lower than 2.5% of profit of the current year is distributable as employees’ compensation and no higher than 2.5% of profit of the current year is distributable as remuneration to directors and supervisors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees’ compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders’ meeting. Information on the Board of Directors’ resolution regarding the employees’ compensation and remuneration to directors and supervisors can be obtained from the “Market Observation Post System” on the website of the TWSE.

Based on the profit for the year ended 31 December 2023, the Company estimated the amounts of the employees’ compensation and remuneration to directors and supervisors for the year ended of 31 December 2023 to be 2.78% and 1.04% of profit, respectively. The employees’ compensation and remuneration to directors and supervisors for the year ended of 31 December 2023 amount to NT$9,870 thousand and NT$3,700 thousand, respectively, recognized as employee benefits expense. Based on the profit for the year ended 31 December 2022, the Company estimated the amounts of the employees’ compensation and remuneration to directors and supervisors for the year ended of 31 December 2022 to be 3.50% and 1.75% of profit, respectively. The employees’ compensation and remuneration to directors and supervisors for the year ended of 31 December 2022 amount to NT$21,180 thousand and NT$10,600 thousand, respectively, recognized as employee benefits expense.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A resolution was passed at the Board of Directors meeting held on 13 March 2024 to distribute NT$9,870 thousand and NT$3,700 thousand in cash as employees' compensation and remuneration to directors and supervisors of 2023, respectively. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended 31 December 2023.

Actual distribution of employees' compensation and remuneration to directors and supervisors of 2023 amount to NT$21,103 and NT$10,600, respectively, whereas the estimated amount accrued in the financial statements for the year ended 31 December 2022 were NT$21,180 and NT$10,600, respectively. Differences between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended 31 December 2022 were NT$77 and NT$0, respectively, are recognized in profit or loss of the subsequent year in 2023.

(14) Non-operating income and expenses

(a) Interest Income

	For the years ended 31 December	
	2023	2022
Financial assets measured at amortized cost	$15,574	$4,328

(b) Other income

	For the years ended 31 December	
	2023	2022
Other income	$40,255	$14,133
Dividends income	-	90
Total	$40,255	$14,223

(c) Other gains and losses

	For the years ended 31 December	
	2023	2022
Losses on disposal of property, plant and equipment	$(13,689)	$(345)
Gains (losses) on financial asset at fair value through profit or loss	1,646	(2,694)
Foreign exchange (losses) gains, net	(701)	80,154
Gains on disposals of investments	531	-
Other expense	(9,761)	(5,135)
Total	$(21,974)	$71,980

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(d) Finance costs

	For the years ended 31 December	
	2023	2022
Interest on loans from bank	$(22,002)	$(30,156)
Interest on bonds payable	(7,175)	(7,348)
Interest on lease liabilities	(4,026)	(3,785)
Total	$(33,203)	$(41,289)

(15) Components of other comprehensive income

For the year ended 31 December 2023:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$(317)	$-	$(317)	$63	$(254)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(73,894)	-	(73,894)	-	(73,894)
Total of other comprehensive income	$(74,211)	$-	$(74,211)	$63	$(74,148)

For the year ended 31 December 2022:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$2,329	$ -	$2,329	$(466)	$1,863
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	52,566	-	52,566	-	52,566
Total of other comprehensive income	$54,895	$ -	$54,895	$(466)	$54,429

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(16) Income tax

The major components of income tax expenses for the years ended 31 December 2023 and 2022 are as follows:

(a) Income tax expense recognized in profit or loss

	For the years ended 31 December	
	2023	2022
Current income tax expense:		
Current income tax charge	$75,078	$132,533
Adjustments in respect of current income tax of prior periods	15,818	(4,239)
Deferred tax (income)expense:		
Deferred tax (income)expense relating to origination and reversal of temporary differences	(4,060)	(1,784)
Total income tax expense	$86,836	$126,510

(b) Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2023	2022
Deferred tax expense (income):		
Remeasurements of defined benefit plans	$(63)	$466
Income tax relating to components of other comprehensive income	$(63)	$466

(c) A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended 31 December	
	2023	2022
Accounting profit before tax from continuing operations	$427,530	$699,462
At the Company's statutory income tax rate	$85,506	$139,892
Tax effect of different tax rates for entities in other tax regions	6,809	35,682
Tax effect of revenues exempt from taxation	(33,389)	(56,309)
Adjustments in respect of current income tax of prior periods	15,818	(4,239)
Corporate income surtax on undistributed retained earnings	12,092	11,484
Total income tax expense recognized in profit or loss	$86,836	$126,510

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(d) Deferred tax assets (liabilities) relate to the following:

a. For the year ended 31 December 2023

	Balance as of 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Balance as of 31 December
Temporary differences				
Unrealized intragroup profits and losses	$10,450	$(431)	$-	$10,019
Unrealized foreign exchange gains or losses	1,091	1,703	-	2,794
Loss from price reduction of inventories	395	(53)	-	342
Defined benefit liability	(214)	(166)	-	(380)
Profits and losses of defined benefit plans	(1,163)	-	63	(1,100)
Deferred income-government grants	7,310	3,007	-	10,317
Deferred tax (income)/ expense		$4,060	$63	
Net deferred tax assets/ (liabilities)	$17,869			$21,992
Reflected in balance sheet as follows:				
Deferred tax assets	$19,246			$23,472
Deferred tax liabilities	$(1,377)			$(1,480)

b. For the year ended 31 December 2022

	Balance as of 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Balance as of 31 December
Temporary differences				
Unrealized intragroup profits and losses	$10,793	$(343)	$-	$10,450
Unrealized foreign exchange gains or losses	(101)	1,192	-	1,091
Loss from price reduction of inventories	83	312	-	395
Defined benefit liability	(80)	(134)	-	(214)
Profits and losses of defined benefit plans	(697)	-	(466)	(1,163)
Deferred income-government grants	6,553	757	-	7,310
Deferred tax (income)/ expense		$1,784	$(466)	
Net deferred tax asset/ (liabilities)	$16,551			$17,869
Reflected in balance sheet as follows:				
Deferred tax assets	$17,429			$19,246
Deferred tax liabilities	$(878)			$(1,377)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(e) Unrecognized deferred tax assets

As of 31 December 2023 and 2022, deferred tax assets have not been recognized in respect of unused tax losses, unused tax credits and deductible temporary differences amounting to NT$3,187 and NT$2,890, respectively, as the future taxable profit may not be available.

(f) Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Group did not recognize any deferred tax liability for taxes that would be payable on the unremitted earnings of the Group's overseas subsidiaries, as the Group has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future. As at 31 December 2023 and 2022, the taxable temporary differences associated with investment in subsidiaries, for which deferred tax liabilities have not been recognized, aggregate to NT$1,280,272 and NT$1,104,970, respectively.

(g) The assessment of income tax returns

	The assessment of income tax returns
Liton Technology Corp.	Assessed and approved up to 2021
Liton Electronics Technology (Hui Zhou) Co., Ltd.	Assessed up to 2023
Liton Electronics Technology (Abazhou) Co., Ltd.	Assessed up to 2023
Lidon Electronics Technology Co., Ltd. (Ruyuan County)	Assessed up to 2023

(17) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended 31 December	
	2023	2022
(a) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	$294,871	$503,342
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	141,877	142,974
Basic earnings per share (NT$)	$2.08	$3.52
(b) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	$294,871	$503,342
Interest expense from convertible bonds	5,740	5,740
Profit attributable to ordinary equity holders of the Company after dilution (in thousands)	$300,611	$509,082
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	141,877	142,974
Effect of dilution:		
Employee compensation-stock (in thousands)	392	735
Convertible bonds (in thousands)	11,820	11,261
Weighted average number of ordinary shares outstanding after dilution (in thousands)	154,089	154,970
Diluted earnings per share (NT$)	$1.95	$3.29

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and completion of the financial statements.

(18) Subsidiaries that have material non-controlling interests

Subsidiaries that have material non-controlling interests in the Group are as follows:

Name	Country of Incorporation and operation	Proportion of equity interest held by non-controlling interests 31 Dec. 2023	31 Dec. 2022
Lidon Electronics Technology Co., Ltd. Ruyuan County	China	40%	40%

The consolidated financial information of the above-mentioned subsidiaries is as follows. The financial information is prepared in accordance with the International Financial Reporting Standards recognized by the Financial Supervisory Commission, and has reflected the fair value adjustments made by the Group on the acquisition date and the adjustments made for differences in accounting policies. And the financial information is the amount before the transaction within the group has not been eliminated.

(Expressed in Thousands of CNY)

	As of 31 December	
	2023	2022
Current assets	$132,281	$125,564
Non-current assets	413,621	443,751
Current liabilities	(112,022)	(168,068)
Non-current liabilities	(36,190)	(29,616)
Equities	$397,690	$371,631
Ending balance of non-controlling interests	$159,076	$148,652

	For the years ended 31 December	
	2023	2022
Operating revenue	$466,407	$494,587
Net income from continuing operations	$26,058	$39,348
Other comprehensive income	-	-
Total comprehensive income for the period	26,058	$39,348
Net income for the period attributable to non-controlling interests	$10,423	$15,739
Total comprehensive income for the period attributable to non-controlling interests	$10,423	$15,739

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the years ended 31 December	
	2023	2022
Cash flow from operating activities	$54,083	$156,115
Cash flow from investing activities	(11,206)	(84,687)
Cash flow from financing activities	(25,256)	(67,013)
Increase (decrease) in cash and net cash equivalents	$17,621	$4,415

7. Related party transactions

Information of the related parties that had transactions with the Group during the financial reporting period is as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Lelon Electronics Corp.	Parent company
Lelon Electronics (SUZHOU) Corp.	Affiliates of the company
Lelon Electronics (HUIZHOU) Corp.	Affiliates of the company
Lelon Electronics Technology (SUZHOU) Corp.	Affiliates of the company
Ruyuan Yao Autonomous County Hec Actinic Foil Co., Ltd	Substantive related party
Ruyuan Hec Youai Xijie Fine Foil Co., Ltd	Substantive related party
Youai Xi Jiedong Hec (Shaoguan) Aluminium Sales Co., Ltd	Substantive related party
Shaoguan Hec Magnetic Materials Co., Ltd	Substantive related party
Ruyuan Hec New Energy Materials Co., Ltd	Substantive related party
Chih-Ming Wu and other nine people	Directors and Deputy General Manager of the Company

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Significant transactions with related parties

(1) Sales

	For the years ended 31 December	
	2023	2022
Ruyuan Yao Autonomous County Hec Actinic Foil Co., Ltd	$564,111	$778,715
Lelon Electronics (HUIZHOU) Corp.	143,535	204,198
Lelon Electronics (SUZHOU) Corp.	107,047	230,991
Lelon Electronics Technology (SUZHOU) Corp.	55,571	1,999
Shaoguan Hec Magnetic Materials Co., Ltd	6,029	-
Total	$876,293	$1,215,903

The sales price to the above related parties was determined through mutual agreement based on the market rates. The sales transaction conditions of related parties are 90~135 days for the end of the following month. Funds in circulation at the end of the year are unsecured, interest-free and must be settled in cash. No guarantee is received for the accounts receivable.

(2) Purchases

	For the years ended 31 December	
	2023	2022
Youai Xijie Hec (Shaoguan) Aluminium Sales Co., Ltd	$778,101	$664,106
Ruyuan Yao Autonomous County Hec Actinic Foil Co., Ltd	148,582	256,552
Ruyuan Hec Youai Xijie Fine Foil Co., Ltd	10,149	1,428
Ruyuan Hec New Energy Materials Co., Ltd	-	15,757
Total	$936,832	$937,843

The purchase price of the Group from related parties is negotiated by both parties with reference to market conditions,the payment period of the Group to related parties are 30~120 days.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Account Receivables

	As of 31 December	
	2023	2022
Lelon Electronics (HUIZHOU) Corp.	$81,992	$98,717
Lelon Electronics Technology (SUZHOU) Corp.	52,583	47
Lelon Electronics (SUZHOU) Corp.	16,609	92,649
Shaoguan Hec Capacitor Co., Ltd	3,360	-
Total	$154,544	$191,413

(4) Account Payables

	As of 31 December	
	2023	2022
Youai Xijie Hec (Shaoguan) Aluminium Sales Co., Ltd	$116,160	$-
Ruyuan Yao Autonomous County Hec Actinic Foil Co., Ltd	6,107	1,332
Ruyuan Hec Youai Xijie Fine Foil Co., Ltd	2,006	1,281
Ruyuan Hec New Energy Materials Co., Ltd	-	1,647
Total	$124,273	$4,260

(5) Contract liabilities－current

	As of 31 December	
	2023	2023
Ruyuan Yao Autonomous County Hec Actinic Foil Co., Ltd	$4,946	$227,028

(6) Lease－related parties

Right-of-use assets

	As of 31 December	
	2023	2022
Ruyuan Yao Autonomous County Hec Actinic Foil Co., Ltd	$51,120	$56,626

Lease liabilities

	As of 31 December	
	2023	2022
Ruyuan Yao Autonomous County Hec Actinic Foil Co., Ltd	$55,740	$59,990

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Interest expense

	For the years ended 31 December	
	2023	2022
Ruyuan Yao Autonomous County Hec Actinic Foil Co., Ltd	$4,002	$3,779

The determination and collection of rental expenses is determined with reference to the general market conditions.

(7) Key management personnel compensation

	For the years ended 31 December	
	2023	2022
Short-term employee benefits	$16,255	$25,452
Share-based payment	989	-
Post-employment benefits	167	161
Total	$17,411	$25,613

8. Assets pledged as security

The following table lists assets of the Group pledged as security:

	Carrying amount		
Items	31 Dec.2023	31 Dec.2022	Secured liabilities
Property, Plant and Equipment-Machinery and equipment	$769,730	$857,124	Short-term and long-terms borrowings
Other Current Assets-Time deposit	36,870	-	Short-term borrowings
Total	$806,600	$857,124	

9. Significant contingencies and unrecognized contractual commitments

Amounts available under unused letters of credit as of 31 December 2023 are NT$25,857 thousand.

As of 31 December 2023, the important contracts of construction in progress are as following equity:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Contract object	Subject of the contract	Total contract price	Contract amount has not been paid as of 31 December 2023
Company A	Machinery and equipment	$129,840	$6,309

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Other

(1) Categories of financial instruments

	As of 31 December	
Financial assets	2023	2022
Financial assets at fair value through profit or loss:		
Mandatorily measured at Fair value through profit or loss	$1,135	$1,189
Financial assets at fair value through other comprehensive income	5,554	5,664
Financial assets measured at amortized cost (Note)	1,888,761	1,669,168

	As of 31 December	
Financial liabilities	2023	2022
Financial liabilities at amortized cost:	$-	$1,700
Short-term loans	958,274	840,996
Short-term notes and bills payable	-	89,981
Notes and accounts payable	150,596	64,181
Bonds payable (including current portion with maturity less than 1 year)	496,127	488,952
Long-term loans (including current portion with maturity less than 1 year)	-	130,408
Lease liabilities	58,156	60,250

Note: Including cash and cash equivalents(not including cash on hand), notes receivable, trade receivables and other receivables(not including tax receivables).

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for JPY, USD and RMB.

(a) When NTD strengthens/weakens against JPY by 1%, the profit for the years ended 31 December 2023 and 2022 is increased /decreased by $956 thousand and $708 thousand, respectively; and no impact on the equity.

(b) When NTD strengthens/weakens against USD by 1%, the loss for the years ended 31 December 2023 and 2022 is decreased/increased by $5,824 thousand and $6,471 thousand, respectively; and no impact on the equity.

(c) When NTD strengthens/weakens against RMB by 1%, the loss for the years ended 31 December 2023 and 2022 is decreased/increased by $7,069 thousand and $3,913 thousand, respectively; and no impact on the equity.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings with fixed interest rates and variable interest rates.

The Group's interest rate sensitivity analysis is performed on borrowings with variable interest rates as at the end of the reporting period. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended 31 December 2023 and 2022 decrease/increase by NT$958 thousand and NT$1,061 thousand.

Equity price risk

The fair value of the Group's listed and unlisted equity securities and conversion rights of the Euro-convertible bonds issued are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed and unlisted equity securities are classified under financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income, while conversion rights of the Euro-convertible bonds issued are classified as financial liabilities at fair value through profit or loss as it does not satisfy the definition of an equity component. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the

Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

A change of 10% in the price of the listed equity securities measured at fair value through profit or loss could increase/decrease the Group's profit for the year ended 31 December 2023 and 2022 by NT$113 and NT$114, respectively

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for trade and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of 31 December 2023 and 2022, trade receivables from top ten customers represented 39.51% and 50.62% of the total trade receivables of the Group, respectively. The credit concentration risk of other trade receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds and finance leases. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of 31 December 2023					
Short-term loans	$958,832	$-	$-	$-	$958,832
Notes and accounts payable	150,596				150,596
Convertible bonds	500,000				500,000
Lease liabilities	8,028	15,520	14,040	46,481	84,069
As of 31 December 2022					
Short-term loans	$842,032	$-	$-	$-	$842,032
Short-term notes and bills payable	90,000	-	-	-	90,000
Notes and accounts payable	64,181	-	-	-	64,181
Convertible bonds	-	500,000	-	-	500,000
Long-term loans	135,855	-	-	-	135,855
Lease liabilities	7,420	14,320	14,320	54,562	90,622

Derivative financial liabilities

None.

(6) Reconciliation of liabilities from financing activities

Reconciliation of liabilities for the year ended 31 December 2023:

	Short-term loans	Long-term loan (including maturity within a year)	Short-term notes and bills payable	Bonds payable (including maturity within a year)	Lease liabilities	Guarantee Deposits received	Total liabilities from financing activities
As of 1 Jan. 2023	$840,996	$130,408	$89,981	$488,952	$60,250	$39,784	$1,650,371
Cash flows	122,352	(127,867)	(89,981)	-	(3,896)	(775)	(100,167)
Non-cash changes	-	-	-	7,175	2,921	-	10,096
Foreign exchange movement	(5,074)	(2,541)	-	-	(1,119)	-	(8,734)
As of 31 Dec. 2023	$958,274	$-	$-	$496,127	$58,156	$39,009	$1,551,566

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Reconciliation of liabilities for the year ended 31 December 2022:

	Short-term loans	Long-term loan (including maturity within a year)	Short-term notes and bills payable	Bonds payable (including maturity within a year)	Lease liabilities	Guarantee Deposits received	Total liabilities from financing activities
As of 1 Jan. 2022	$710,034	$411,277	$59,957	$486,803	$36,597	$39,571	$1,744,239
Cash flows	130,962	(287,688)	30,024	(1,300)	(3,251)	213	(131,040)
Non-cash changes	-	-	-	3,449	26,305	-	29,754
Foreign exchange movement	-	6,819	-	-	599	-	7,418
As of 31 Dec. 2022	$840,996	$130,408	$89,981	$488,952	$60,250	$39,784	$1,650,371

(7) Fair values of financial instruments

(a) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

a. The carrying amount of cash and cash equivalents, accounts receivables, other current assets, accounts payable and other current liabilities approximate their fair value due to their short maturities.

b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.).

c. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

d. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

e. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

(b) Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and liabilities measured at amortized cost approximate their fair value.

(c) Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative financial instruments

The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of 31 December 2023 and 2022 are as follows:

Embedded derivatives

The embedded derivatives arising from issuing convertible bonds have been separated from the host contract and carried at fair value through profit or loss. Please refer to Note 6(6) for further information on this transaction.

(9) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Group's assets and liabilities

The Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As of 31 December 2023

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Stocks	$1,135	$-	$-	$1,135
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	-	-	5,554	5,554

As of 31 December 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Stocks	$1,139	$ -	$ -	$1,139
Embedded derivative-bonds	-	50	-	50
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	-	-	5,664	5,664
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Embedded derivative-bonds	$ -	$1,700	$ -	$1,700

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Transfers between Level 1 and Level 2 during the period

During the years ended 31 December 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

The Group's recurring fair value assets and liabilities fall under the third level of fair value, and the reconciliation of the opening to closing balances is set out below:

	Assets
	At fair value through other comprehensive income
	Stocks
Beginning balances as of 1 January 2023	$5,664
Total gains and losses recognized for the year ended 31 December 2023:	
Amount recognized in OCI (presented in "Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	-
Foreign exchange movement	(110)
Ending balances as of 31 December 2023	$5,554

	Assets
	At fair value through other comprehensive income
	Stocks
Beginning balances as of 1 January 2022	$5,572
Total gains and losses recognized for the year ended 31 December 2022:	
Amount recognized in OCI (presented in "Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	-
Foreign exchange movement	92
Ending balances as of 31 December 2022	$5,664

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of 31 December 2023

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Stocks	Asset approach	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	1% increase (decrease) in the discount for lack of marketability would result in increase (decrease) in the Group's profit or loss by NT$ 56 thousand

As of 31 December 2022

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Stocks	Asset approach	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	1% increase (decrease) in the discount for lack of marketability would result in increase (decrease) in the Group's profit or loss by NT$ 57 thousand

<u>Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy</u>

The Group's Financial Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

(c) Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed

None.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As of 31 December 2023			As of 31 December 2022		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
Financial assets						
Monetary items:						
USD	$18,955	30.7250	$582,392	$21,068	30.7150	$647,104
JPY	173,754	0.2172	37,739	227,044	0.2332	52,947
RMB	258,154	4.3280	1,117,291	188,467	4.4140	831,893
Financial liabilities						
Monetary items:						
JPY	$614,108	0.2172	$133,384	$530,480	0.2332	$123,708
RMB	94,832	4.3280	410,433	99,822	4.4140	440,614

The Group has a number of different functional currencies; therefore, we are unable to disclose the exchange loss and gain of monetary financial assets and financial liabilities under each foreign currency that has significant impact. The Group recognized NT$701 thousand losses and NT$ 80,154 thousand foreign exchange gains for the years ended 31 December 2022 and 2023.

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

(11) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payments to shareholders, return capital to shareholders or issue new shares.

13. Other disclosure

(1) Information at significant transactions

(a) Financing provided to others for the year ended 31 December 2023: The transaction that reversed between consolidated entities has been adjusted to be reversed.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

No	Lender	Counterparty	Financial statement account	Related Party	Maximum balance for the period	Ending balance(the amount approved by the board of directors)	Amount Actually drawn	Interest rate	Nature of financing (Note 1)	Transaction Amounts	Reason for financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party (Note2,4)	Limit of total financing amount (Note3,4)
													Item	Value		
3	Liton Electronics Technology (Hui Zhou) Co., Ltd.	Liton Electronics Technology (Abazhou) Co., Ltd.	Other receivable - Abazhou	Yes	$69,248	$-	$-	According to the company's contract	2	$-	For operating and fund capital	$-	-	$-	$863,164	$863,164

Note1: "1" is for business dealing, "2" is for the need of short-term financing.
Note2: Financing to individual counterparty was limited to 10% of the total transaction amounts with the lender.
Note3:The total amount available for lending purposes shall not exceed 40% of the Company’s net worth.
Note4:The Company directly and indirectly holds 100% of the voting shares and engages in capital lending between foreign companies, not subject to the above limits. However, the total amount of loans and individual loans shall not exceed 100% of the net value of the lending company.

(b) Endorsement/Guarantee provided to others for the year ended 31 December 2023:

None.

(c) Securities held as of 31 December 2023(Excluding subsidiaries, associates and joint ventures):

Held Company Name	Marketable Securities Type and Name	Relationship between Issuer and the Company	Account Stated	As of 31 December 2023			
				Shares/Units	Book Value	Ratio%	Fair Value
Liton Technology Corp.	Stocks China Development Finance Holdings Corp.	-	Financial assets at fair value through profit or loss, current	90,411	$983	-%	$1,135
				Subtotal	983		
				Adjustment of financial asset evaluation	152		
				Total	$1,135		
Liton Electronics Technology (Hui Zhou) Co., Ltd.	Lijing Real Estate Development (Huizhou) Co., Ltd		Financial assets at fair value through other comprehensive income, non current	1,303,537	$6,507	4.49%	$5,554
				Subtotal	6,507		
				Adjustment of financial asset evaluation	(953)		
				Total	$5,554		
Liton Technology Corp.	Pan Win Biotechnology Inc.		Financial assets at fair value through other comprehensive income, non current	100,000	$550	5%	$-
				Subtotal	550		
				Adjustment of financial asset evaluation	(550)		
				Total	$-		

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2023: None.

(e) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2023: None.

(f) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2023: None.

(g) Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock for the year ended 31 December 2023:

Company Name	Counter-party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)	
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Payment Terms	Unit price	Payment Terms	Balance	Percentage of total notes and accounts receivable (payable)
Liton Technology Corp.	V-TECH CO., LTD	Subsidiary of Liton Technology Corp.	Purchase	$858,805	56.16%	Mutual offsetting of creditor's rights and debts	Trading condition is the same as other supplier	Mutual offsetting of creditor's rights and debts	$-	-%
Liton Technology Corp.	V-TECH CO., LTD	Subsidiary of Liton Technology Corp.	Sales	(161,470)	(4.39)%	Mutual offsetting of creditor's rights and debts	Trading condition is the same as other supplier	Mutual offsetting of creditor's rights and debts	191,456	19.36%
V-TECH CO., LTD.	Liton Electronics Technology (Abazhou) Co., Ltd.	Subsidiary of V-TECH CO., LTD	Purchase	453,172	29.64%	Mutual offsetting of creditor's rights and debts	Trading condition is the same as other supplier	Mutual offsetting of creditor's rights and debts	-	-%
V-TECH CO., LTD.	Liton Electronics Technology (Hui Zhou) Co., Ltd.	Sub-subsidiary of Liton Technology Corp.	Sales	(113,399)	(3.08)%	Mutual offsetting of creditor's rights and debts	Trading condition is the same as other supplier	Mutual offsetting of creditor's rights and debts	168,892	17.08%
V-TECH CO., LTD.	Liton Electronics Technology (Hui Zhou) Co., Ltd.	Sub-subsidiary of Liton Technology Corp.	Purchase	409,837	26.80%	Mutual offsetting of creditor's rights and debts	Trading condition is the same as other supplier	Mutual offsetting of creditor's rights and debts	-	-%

LITON TECHNOLOGY CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Company Name	Counter-party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)	
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Payment Terms	Unit price	Payment Terms	Balance	Percentage of total notes and accounts receivable (payable)
Liton Technology Corp.	Liton Electronics Technology (Abazhou) Co., Ltd.	Subsidiary of V-TECH CO., LTD	Sales	(161,151)	(4.38%)	Mutual offsetting of creditor's rights and debts	Trading condition is the same as other supplier	Mutual offsetting of creditor's rights and debts	-	-%
Liton Electronics Technology (Abazhou) Co., Ltd.	Lidon Electronics Technology Co., Ltd.Ruyuan County	Sub-subsidiary of Liton Technology Corp.	Purchase	578,929	37.86%	30 days after EOAP	Trading condition is the same as other supplier	Regular	(66,700)	(44.29)%
Liton Electronics Technology (Hui Zhou) Co., Ltd.	Lidon Electronics Technology Co., Ltd.Ruyuan County	Sub-subsidiary of Liton Technology Corp.	Purchase	292,166	19.11%	30 days after EOAP	Trading condition is the same as other supplier	Regular	(49,633)	(32.96)%
Liton Technology Corp.	Lidon Electronics Technology Co., Ltd.Ruyuan County	Subsidiary of Liton Technology Corp.	Purchase	105,312	6.89%	60 days after EOAP	Trading condition is the same as other supplier	Regular	(21,570)	(14.32)%
Lidon Electronics Technology Co., Ltd.Ruyuan County	Dongyang, Ruyuan Yao Autonomous County Actinic Foil Co., Ltd.	Lidon Electronics Technology Co., Ltd's related party	Sales	(564,111)	(15.35)%	30 days after EOAP	Trading condition is the same as other supplier	Regular	-	-%
Lidon Electronics Technology Co., Ltd.Ruyuan County	Youai Xi Jiedong Sunshine (Shaoguan) Aluminum Sales Co., Ltd	Lidon Electronics Technology Co., Ltd's related party	Purchase	778,101	50.88%	30 days after EOAP	Trading condition is the same as other supplier	Regular	(116,160)	(77.13)%

Note1: The Company complies with the provisions of Letter No. 00747 of the Securities and Futures Commission dated March 18 1998 Taiwan Financial Securities (6)., When outsourced processing, if the parties have agreed to be shipped back for processing or sold on behalf of the party, title and risk of processed products have not passed, when the material is removed, it will be treated according to the accounting of outsourcing processing, it will not be disposed of for sale.

Note2: The transaction that reversed between consolidated entities has been adjusted to be reversed.

(h) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of the capital stock as of 31 December

Company Name	Related Party	Relationship	Accounts receivable-related parties	Turnover Rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for bad debts
			Ending Balance		amount	collection status		
Liton Technology Corp.	V-TECH CO., LTD.	Subsidiary of Liton Technology Corp.	Accounts receivable $191,456	-	$-	-	Mutual offsetting of creditor's rights and debts	$-
V-TECH CO., LTD.	Liton Electronics Technology (Hui Zhou) Co., Ltd.	Sub-subsidiary of Liton Technology Corp.	Accounts receivable $168,892	-	$-	-	Mutual offsetting of creditor's rights and debts	$-

2023:

Note1: The transaction that reversed between consolidated entities has been adjusted to be reversed.

(i) Financial instruments and derivative transactions: Please refer to Note 12 (8).

(j) The business relationship, significant transactions and amounts between parent company and subsidiaries: (amount exceeding the lower of NT$100 million or 20 percent of the capital stock).

No (Note1)	Company Name	Counter Party	Nature of Relationship (Note2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (Note3)
0	Liton Technology Corp. (Note4)	V-TECH CO., LTD.	1	Purchases	$858,805	Mutual offsetting of creditor's rights and debts	23.36%
0	Liton Technology Corp. (Note4)	V-TECH CO., LTD.	1	Sales	(161,470)	Mutual offsetting of creditor's rights and debts	(4.39)%
1	V-TECH CO., LTD.	Liton Electronics Technology (Abazhou) Co., Ltd.	3	Purchases	453,172	Mutual offsetting of creditor's rights and debts	12.33%
1	V-TECH CO., LTD.	Liton Electronics Technology (Hui Zhou) Co., Ltd.	3	Sales	(113,399)	Mutual offsetting of creditor's rights and debts	(3.08)%
1	V-TECH CO., LTD.	Liton Electronics Technology (Hui Zhou) Co., Ltd.	3	Purchases	409,837	Mutual offsetting of creditor's rights and debts	11.15%
0	Liton Technology Corp. (Note4)	Liton Electronics Technology (Abazhou) Co., Ltd.	1	Sales	(161,151)	Mutual offsetting of creditor's rights and debts	(4.38)%
2	Liton Electronics Technology (Abazhou) Co., Ltd.	Lidon Electronics Technology Co., Ltd. Ruyuan County	3	Purchases	578,929	30 days after EOAP	15.75%
3	Liton Electronics Technology (Hui Zhou) Co., Ltd.	Lidon Electronics Technology Co., Ltd. Ruyuan County	3	Purchases	292,166	30 days after EOAP	7.95%
0	Liton Technology Corp. (Note4)	Lidon Electronics Technology Co., Ltd. Ruyuan County	3	Purchases	105,572	60 days after EOAP	2.87%
0	Liton Technology Corp. (Note4)	V-TECH CO., LTD.	1	Accounts receivable	191,456	Mutual offsetting of creditor's rights and debts	3.28%
1	V-TECH CO., LTD.	Liton Electronics Technology (Hui Zhou) Co., Ltd.	3	Accounts receivable	168,892	Mutual offsetting of creditor's rights and debts	2.89%

Note 1: The Company and its subsidiaries are coded as follows:

(1) The Company is coded "0".

(2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Transactions are categorized as follows:

(1) represents the transactions from the parent company to a subsidiary.

(2) represents the transactions from a subsidiary to the parent company.

(3) represents the transaction between subsidiaries.

Note 3: The ratio of transaction amount to the consolidated income or assets is recognized as follows: for assets or liability, the ratio is accounted as the ending balance to consolidated total assets; however, for income or loss accounts, the ratio is based on mid-term accumulated amount to consolidated income.

Note 4: According to the provisions of Letter No. 00747 of the Securities and Futures Commission dated March 18 1998 Taiwan Financial Securities (6) No. 00747, if the two parties have agreed to ship it back for processing or sell it on behalf of the party, and the ownership and risk of the processed products have not been transferred, they will be treated according to the accounting of the outsourcing processing at the time of material removal, and will not be treated as sales.

Note 5: The amounts of the above transactions are fully eliminated at the time of preparation of the consolidated financial statements.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Information on investees:

Names, locations, main businesses and products, original investment amount, investment as of 31 December 2023, net income (loss) of investee company and investment income (loss) recognized as of 31 December 2023 (excluding investees in Mainland China):

Investor Company	Investee Company	locations	Main businesses and products	Original Investment Amount		Investment as of 31 December 2023			Net income (loss) of investee company	Investment income (loss) recognized	Note
				31 December 2023	31 December 2022	Number of shares	Percentage of ownership (%)	Book value			
Liton Technology Corp.	LITON(BVI) CO., LTD.	P.O. BOX 3340, Road Town, Tortola, British Virgin Islands	Equity investment	$216,857 (USD7,058 thousand)	$216,857 (USD7,058 thousand)	7,057,715	100%	$892,350	$72,570	$72,570	Note1
Liton Technology Corp.	V-TECH CO., LTD.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	Selling and equity invest aluminum foil, Aluminum electrolysis capacitor and related materials	1,341,054 (USD43,647 thousand)	1,341,054 (USD43,647 thousand)	43,647,362	100%	1,429,080	57,581	57,581	Note1, 2
Liton Technology Corp.	EVERTECH CAPA CO., LTD.	Jipfa Buiding,3rd Floor, Road Town, Tortola, British Virgin Islands.	Selling	307 (USD10 thousand)	307 (USD10 thousand)	10,000	100%	-	-	-	-
V-TECH CO., LTD.	FOREVER CO., LTD.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	Equity investment	1,178,396 (USD38,353 thousand)	1,178,396 (USD38,353 thousand)	38,353,012	100%	1,519,100	72,920	72,920	Note1

Note1: Current investment income from investees recognized by the Company included investment gain/loss recognized by these investees from reinvest company.

Note2: Current investment income from investees recognized by the Company included investment gain/loss recognized by these investees from upstream/downstream transactions.

(3) Information on investments in mainland China

(a) Investment in「LITON (BVI) CO., LTD.」、「V-TECH CO., LTD.」 and Mainland China:

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of 1 January 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 31 December 2023	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of 31 December 2023	Accumulated Inward Remittance of Earnings asof 31 December 2023
					Outflow	Inflow						
Liton Electronics Technology (Hui Zhou) Co., Ltd.	Manufacturing aluminum foil, Aluminum electrolysis capacitor and related materials	$509,390 (USD16,579 thousand)	Investment in Mainland China companies through a company invested and established in a third region	$355,765 (USD11,579 thousand)	$-	$-	$355,765 (USD11,579 thousand)	$73,023	100%	$73,023 (Note 1)	$870,938	$-
Liton Electronics Technology (Abazhou) Co., Ltd.	Manufacturing aluminum foil, Aluminum electrolysis capacitor and related materials	1,308,885 (USD42,600 thousand)	Investment in Mainland China companies through a company invested and established in a third region	1,155,260 (US37,600 thousand)	-	-	1,155,260 (US37,600 thousand)	72,920	100%	72,920 (Note 1)	1,519,100	-
Lidon Electronics Technology Co., Ltd. Ruyuan County	Manufacturing and selling Etched Aluminum Foils and forming aluminum foil	692,480 (RMB160,000 thousand)	Directly invested Mainland China company	276,992 (RMB 64,000 thousand)	-	-	276,992 (RMB 64,000 thousand)	114,558	60%	44,995 (Note 1, 2)	1,032,719	-

Note1: Based on the financial statements audited by the certified accountants of the parent company in Taiwan.

Note2: Current investment income from investees recognized by the Company included investment gain/loss recognized by these investees from upstream/downstream transactions.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Accumulated Investment in Mainland China as of 31 December 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (60% of net worth)
$1,788,017 (USD 49,179 thousand and RMB 64,000 thousand)	$2,095,267 (USD 59,179 thousand and RMB 64,000 thousand)	Not applicable (Note 1)

Note1: According to Letter No. Shen-Zi-11120425300 issued by Ministry of Economic Affairs, R.O.C., the Company's investment in Mainland China is not limited to 60% of net worth or consolidated net worth specified by the Investment Commission.

Note2: The relevant figures in this table should be presented in New Taiwan Dollars, and in the case of foreign currencies, they should be converted into New Taiwan Dollars at the exchange rate at the balance sheet date.

(b) Directly or indirectly significant transactions through third regions with the investees in Mainland China: Please refer to Note 13,1 (g)

(4) Information of major shareholders

As of 31 December 2023

Shareholders \ Shares	Holding of Shares	Shareholding Ratio
Lelon Electronics Corp.	43,731,598	30.53%
Guangdong Dongyang Technology Holdings Co., Ltd	23,296,875	16.26%

14. Segment information

For management purposes, the Group is organized into business units based on their products and services and has three reportable operating segments as follows:

(1) Taiwan segment: The segment is responsible for manufacturing and selling aluminum foil.

(2) China segment: The segment is responsible for manufacturing aluminum foil, Aluminum electrolysis capacitor and related materials.

(3) Other segment: This segment is responsible for the import and export trade business about above products.

No operating segments have been aggregated to form the above reportable operating segments.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements. However, income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segment are on an arm's length basis in a manner similar to transactions with third parties.

(1) Information on profit or loss of the reportable segment:

(a) For the year ended 31 December 2023

	Taiwan segment	China segment	Other segment	Reportable segments subtotal	Adjustment and elimination	Total
Revenue						
External customer	$1,273,498	$2,402,597	$-	$3,676,095	$-	$3,676,095
Inter-segment	-	1,864,843	1,020,275	2,885,118	(2,885,118)	-
Total revenue	$1,273,498	$4,267,440	$1,020,275	$6,561,213	$(2,885,118)	$3,676,095
Interest expenses	$17,329	$16,213	$-	$33,542	$(339)	$33,203
Depreciation and amortization	8,506	227,902	-	236,408	(4,114)	232,294
Segment losses and gains	$341,004	$300,532	$203,071	$844,607	$(417,077)	$427,530
Investments accounted under equity method	$2,993,127	$344,240	$3,909,138	$7,246,505	$7,246,505	$-
Capital expenditure of non-current assets	$3,433	$113,119	$-	$116,552	$-	$116,552
Segment assets	$4,432,153	$5,220,259	$4,169,059	$13,821,471	$(7,978,917)	$5,842,554
Segment liabilities	$(1,323,459)	$(1,109,023)	$(314,320)	$(2,746,802)	$701,421	$(2,045,381)

(b) For the year ended 31 December 2022

	Taiwan segment	China segment	Other segment	Reportable segments subtotal	Adjustment and elimination	Total
Revenue						
External customer	$1,755,439	$2,088,808	$-	$3,844,247	$-	$3,844,247
Inter-segment	-	2,389,739	1,412,925	3,802,664	(3,802,664)	-
Total revenue	$1,755,439	$4,478,547	$1,412,925	$7,646,911	$(3,802,664)	$3,844,247
Interest expenses	$12,500	$29,753	$-	$42,253	$(964)	$41,289
Depreciation and amortization	8,612	198,733	-	207,345	(4,085)	203,260
Segment losses and gains	$573,221	$456,881	$364,497	$1,394,599	$(695,137)	$699,462
Invesments acccounted under equity method	$2,876,733	$328,076	$3,767,069	$6,971,878	$(6,971,878)	$-
Capital expenditure of non-current assets	$7,598	$70,136	$-	$77,734	$-	$77,734
Segment assets	$4,496,348	$5,386,173	$4,120,398	$14,002,919	$(7,912,934)	$6,089,985
Segment liabilities	$(1,375,418)	$(1,454,796)	$(391,937)	$(3,222,151)	$909,247	$(2,312,904)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) The reporting of each departments' revenue, profit and loss, assets, liabilities and other major items should not be adjusted

(3) Geographical information

Revenue from external customers:

	For the years ended 31 December	
	2023	2022
Mainland China	$2,483,653	$2,229,813
Indonesia	349,478	413,545
Malaysia	279,371	298,442
Japan	256,533	323,621
Taiwan	73,253	96,384
Other countries	233,807	482,442
Total	$3,676,095	$3,844,247

The revenue information above is based on the location of the customers.

Non-current assets:

	As of 31 December	
	2023	2022
Mainland China	$2,764,345	$2,964,234
Taiwan	207,457	205,493
Total	$2,971,802	$3,169,727

(4) Information about major customers

The customer to that the Company's sales exceeded 10% of its net consolidated sales in 2023 and 2022 is as follows:

a. For the year ended 31 December 2023

Client name	Sales amount	%
Customer A	$564,111	15.35%

b. For the year ended 31 December 2022

Client name	Sales amount	%
Customer A	$778,715	20.26%
Customer B	413,545	10.76%
Total	$1,192,260	31.02%

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 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2023 and 2022, and notes to the parent company only financial statements, including the summary of material accounting policies. (together "the parent company only financial statements").

In our opinion, the accompanying parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of the Company as of 31 December 2023 and 2022, and its parent company only financial performance and cash flows for the years ended 31 December 2023 and 2022, 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 Financial Statements Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the 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 2023 the 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.

1. Impairment of accounts receivable

As of 31 December 2023, the gross accounts receivable and loss allowance by the Company amounted to NT$435,276 thousand and NT$763 thousand, respectively. The net accounts receivable accounted for 10% 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.

2. Valuation for inventories

As of 31 December 2023, the Company’s net inventories amounted to NT$286,025 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 classifed 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.

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 the 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 audit committee or supervisors, 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 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 the parent company only financial statements.

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

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

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

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 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.

5. 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.

6. 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 the 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 2023 the 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.

Chin-Yuan Tu

Wen-Chen Lo

Ernst & Young, Taiwan

13 March 2024

Notice to Readers

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

Accordingly, the accompanying parent company only financial statements and report of independent auditors 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 2023 and2022

(Expressed in Thousands of New Taiwan Dollars)

		As of 31 December	
Assets	Notes	2023	2022
Current assets			
Cash and cash equivalents	4, 6(1)	$453,065	$458,832
Financial assets at fair value through profit or loss, current	4, 12	1,135	1,189
Notes receivable, net	4, 6(12)	4,243	6,592
Accounts receivable, net	4, 6(2), 6(12)	215,281	274,346
Accounts receivables-related parties, net	4, 6(2), 6(12), 7	219,232	354,545
Other receivables	4, 7	5,625	17,579
Inventories	4, 6(3)	286,025	287,104
Prepayment		5,831	11,646
Other current assets	8	37,528	576
Total current assets		1,227,965	1,412,409
Non-current assets			
Financial assets at fair value through other comprehensive income, non-current	4, 6(4)	2,993,126	2,876,733
Property, plant and equipment	4, 6(5), 8	188,023	189,486
Right-of-use assets	4, 6(13)	2,405	257
Intangible assets	4	1,592	1,345
Deferred tax assets	4, 6(17)	3,604	1,713
Net defined benefit assets, non-current	4, 6(9)	7,399	6,884
Other non-current assets		8,039	7,521
Total non-current assets		3,204,188	3,083,939
Total assets		$4,432,153	$4,496,348

(continued)

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

LITON TECHNOLOGY CORP.

PARENT COMPANY ONLY BALANCE SHEETS

31 December 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As of 31 December 2023	As of 31 December 2022
Current liabilities			
Short-term loans	4, 6(6), 12	$681,282	$580,570
Short-term notes and bills payable	4, 6(7), 12	-	89,981
Financial liabilities at fair value through profit or loss, current	4, 12	-	1,700
Contract liabilities, current	4, 6(11)	-	2
Accounts payable	4	17,155	14,400
Accounts payables-related parties	7	32,008	83,571
Other payables		49,070	60,355
Current tax liabilities	4, 6(17)	43,673	54,042
Lease liabilities, current	4, 6(13), 12	966	260
Long-term liabilities, current portion	4, 6(8), 12	496,127	-
Other current liabilities	4	244	204
Total current liabilities		1,320,525	885,085
Non-current liabilities			
Bonds payable	4, 6(8)	-	488,952
Deferred tax liabilities	4, 6(17)	1,480	1,377
Lease liabilities, non-current	4, 6(13), 12	1,449	-
Other current liabilities, non-current		4	4
Total non-current liabilities		2,933	490,333
Total liabilities		1,323,458	1,375,418
Equity attributable to the parent company	4, 6(10)		
Capital			
Common stock		1,432,196	1,432,196
Additional Paid-in Capital		583,462	579,882
Retained earnings			
Legal reserve		259,681	209,160
Special reserve		147,667	190,800
Unappropriated earnings		935,562	896,692
Subtotal		1,342,910	1,296,652
Other components of equity			
Exchange differences on translation of foreign operations		(206,562)	(146,164)
Unrealized gains or losses on financial assets at fair value through other comprehensive income		(1,503)	(1,503)
Subtotal		(208,065)	(147,667)
Treasury shares		(41,808)	(40,133)
Total equity		3,108,695	3,120,930
Total liabilities and equity		$4,432,153	$4,496,348

(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 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

		For the years ended 31 December	
	Notes	2023	2022
Operating revenues	4, 6(11), 7	$1,273,498	$1,755,439
Operating costs	6(3), 6(14), 7	(1,085,512)	(1,489,853)
Gross profit		187,986	265,586
Unrealized intercompany profit	7	(7,771)	(8,902)
Realized intercompany profit	7	8,902	7,025
Gross profit		189,117	263,709
Operating expenses			
Sales and marketing expenses	6(14)	(13,330)	(11,988)
General and administrative expenses	6(14)	(55,744)	(58,144)
Research and development expenses	6(14)	(16,225)	(4,176)
Expected credit (losses) gains	6(12)	38	(194)
Subtotal		(85,261)	(74,502)
Operating income		103,856	189,207
Non-operating income and expenses			
Other income	4, 6(15)	51,673	20,698
Other gains and losses	6(15)	28,703	84,581
Financial costs	6(15)	(17,329)	(12,500)
Share of profit or loss of subsidiaries, associates and joint ventures	4, 6(4)	174,101	291,235
Subtotal		237,148	384,014
Income before income tax		341,004	573,221
Income tax expense	4, 6(17)	(46,133)	(69,879)
Net income		294,871	503,342
Other comprehensive income	6(16), 6(17)		
Items that may not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plans		(317)	2,329
Income tax related to items that may not to be reclassified subsequently		63	(466)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	6(4), 6(16)	(60,398)	43,133
Total other comprehensive income, net of tax		(60,652)	44,996
Total comprehensive income		$234,219	$548,338
Earnings per share (NTD)	4, 6(18)		
Earnings per share-basic		$2.08	$3.52
Earnings per share-diluted		$1.95	$3.29

(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 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Capital			Retained Earnings			Other components of 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	Treasury shares	Total equity
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
Balance as of 1 January 2023	$1,432,196	$ -	$579,882	$209,160	$190,800	$896,692	$(146,164)	$(1,503)	$(40,133)	$3,120,930
Appropriation and distribution of 2022 retained										
Legal reserve				50,521		(50,521)				-
Cash dividends						(248,359)				(248,359)
Special reserve					(43,133)	43,133				-
Net income in 2023						294,871				294,871
Other comprehensive income, net of tax in 2023						(254)	(60,398)			(60,652)
Total comprehensive income	-	-	-	-	-	294,617	(60,398)	-	-	234,219
Acquisition of treasury shares									(5,134)	(5,134)
Bonds converted to stock			3,580						3,459	7,039
Balance as of 31 December 2023	$1,432,196	$ -	$583,462	$259,681	$147,667	$935,562	$(206,562)	$(1,503)	$(41,808)	$3,108,695

(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 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December	
	2023	2022
Cash flows from operating activities:		
Net income before tax	$341,004	$573,221
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Income and expense adjustments:		
Depreciation	7,823	7,730
Amortization	683	882
Expected credit (income) loss	(38)	194
Net gain (loss) of financial assets/liabilities at fair value through profit or loss	(1,646)	2,694
Interest expense	17,329	12,500
Interest income	(10,714)	(1,104)
Dividends income	-	(90)
Share of profit of subsidiaries,associates and joint ventures	(174,101)	(291,235)
Unrealized intercompany (gain) loss	(1,131)	1,877
Gain(loss) from market value decline, obsolete and slow-moving of inventories	(262)	1,561
Gains on diposals of investments	531	-
Other item	(4,115)	(4,084)
Changes in operating assets and liabilities:		
Decrease (increase) in notes receivable	2,349	(166)
Decrease (increase) in accounts receivable	194,416	(50,800)
Decrease (increase) in other receivable	11,954	(8,578)
Decrease (increase) in inventories	1,341	(80,612)
Decrease (increase) in prepayments	5,815	(4,595)
(Increase) decrease in other current assests	(36,952)	36
Increase in net defined benefit assets, non-current	(832)	(670)
(Increase) decrease in other non-current assets	(518)	3,912
Decrease in contract liabilities	(2)	(15)
(Decrease) increase in accounts payable	(48,808)	30,022
(Decrease) increase in other payables	(13,739)	1,990
Increase in other current liabilities	40	10
Cash generated from operations	290,427	194,680
Interest received	10,714	1,104
Dividend received	-	90
Interest paid	(10,107)	(5,072)
Income tax paid	(58,227)	(52,028)
Net cash provided by operating activities	232,807	138,774

(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 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December	
	2023	2022
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(5,840)	(7,111)
Proceeds from disposal of property, plant and equipment	5,216	-
Acquisition of intangible assets	(930)	(704)
Proceeds from disposal of financial assets at fair value through profit or loss	(531)	-
Net cash used in investing activities	(2,085)	(7,815)
Cash flows from financing activities:		
Increase in short-term loans	2,807,775	1,620,672
Decrease in short-term loans	(2,707,063)	(1,489,616)
Increase in short-term notes and bills payable	209,600	149,816
Decrease in short-term notes and bills payable	(299,581)	(119,792)
Cash payments of bonds	-	(1,300)
Acquisition of treasury shares	(5,134)	(36,674)
Exercise of employee share options	7,039	-
Cash payments for the principal portion of the lease liability	(766)	(516)
Increase in guarantee deposits received	-	(306)
Cash dividends	(248,359)	(214,552)
Net cash used in by financing activities	(236,489)	(92,268)
Net (decrease) increase in cash and cash equivalents	(5,767)	38,691
Cash and cash equivalents at beginning of period	458,832	420,141
Cash and cash equivalents at end of period	$453,065	$458,832

(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 CO. LTD.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended 31 December 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

Liton Technology Co. Ltd. (the Company) was incorporated in Republic of China (R.O.C) in November 1993. The main activities of the Company include manufacturing, processing and selling etched aluminum foils and aluminum formed foil.

The Company was authorized to be listed on the Taipei Exchange in April 2000, and was trade its shares over the counter on 10 June 2002. The Company's registered office and the main business location is at No.9, Zhonglong 2nd Rd., Tonglou Township, Miaoli, Taiwan (R.O.C.). Lelon Electronics Co. Ltd. is the parent company of the company and the controller of the Group.

2. Date and procedures of authorization of financial statements for issue

The parent company only financial statements of the Company for the years ended 31 December 2023 and 2022 were authorized for issue by the Board of Directors on 13 March 2024.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2023. The adoption of these new standards and amendments had no material impact on the Company.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024

(a) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(b) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(c) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

(d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2024. The new or amended standards and interpretations have no material impact on the Group.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	1 January 2023
c	Lack of Exchangeability – Amendments to IAS 21	1 January 2025

(a) IFRS 10“Consolidated Financial Statements” and IAS 28“Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

(b) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4“Insurance Contracts” – from annual reporting periods beginning on or after 1 January 2023.

(c) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after 1 January 2025.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The new or amended standards and interpretations have no material impact on the Company.

4. Summary of material accounting policies

(1) Statement of Compliance

The parent company only financial statements of the Company for the years ended 31 December 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations")

(2) Basis of Preparation

The Company prepared the parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

(3) Foreign Currency Transactions

The Company’s parent company only financial statements are presented in its functional currency, New Taiwan Dollars (NT$). Items included in the financial statements are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Company’s entities at their respective functional currency rates prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rate of exchange at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in foreign currency are translated using the exchange rates as of the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

(b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.

(c) Exchange differences arising on a monetary item that forms part of a reporting entity’s net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(5) Current and non-current distinction

An asset is classified as current when:

(a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
(b) The Company holds the asset primarily for the purpose of trading
(c) The Company expects to realize the asset within twelve months after the reporting period
(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Company expects to settle the liability in its normal operating cycle
(b) The Company holds the liability primarily for the purpose of trading
(c) The liability is due to be settled within twelve months after the reporting period
(d) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 3 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(a) Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

a. the Company's business model for managing the financial assets and
b. the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

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.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This 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 assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

b. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets 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.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

a. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.

b. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

c. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(i) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

(ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

<u>Financial asset measured at fair value through profit or loss</u>

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(2) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Company measures expected credit losses of a financial instrument in a way that reflects:

a. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

b. the time value of money; and

c. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

a. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

b. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.

c. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

(3) Derecognition of financial assets

A financial asset is derecognized when:

a. The rights to receive cash flows from the asset have expired.
b. The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
c. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(4) Financial liabilities and equity

<u>Classification between liabilities or equity</u>

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

<u>Equity instruments</u>

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Company evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Company assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled. For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 Financial Instruments.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

a. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term
b. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking
c. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

a. it eliminates or significantly reduces a measurement or recognition inconsistency; or
b. a Company of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(5) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Derivative instrument

The Company uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as assets or liabilities at fair value through profit or loss except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value though profit or loss.

(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or
(b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials - Purchase cost under weighted average cost method.

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(11) Investments accounted for under the equity method

According to Article 21 of the Regulation, the Company's investment in subsidiaries was presented as "Investments accounted for using equity method" and made necessary adjustments. The profit or loss during the period and other comprehensive income presented in the parent company only financial statements shall be the same as the allocations of profit or loss during the period and of other comprehensive income attributable to shareholders of the parent presented in the financial statements prepared on a consolidated basis, and the shareholders' equity presented in the parent company only financial statements shall be the same as the equity attributable to shareholders of the parent presented in the financial statements prepared on a consolidated basis.

The adjustment was considered the difference between investment in subsidiaries in consolidated financial statements according to IFRS 10 “Consolidated financial statements” and application of IFRS to different reporting entities, debit/credit “Investment accounted for using equity method”, “Share of profit or loss of subsidiaries, associates and joint ventures” or “Share of other comprehensive profit or loss of subsidiaries, associates and joint ventures” etc.

The Company’s investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company’s share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company’s related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Company’s percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a pro-rata basis.

When the associate issues new stock, and the Company’s interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in additional paid-in capital and investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Company estimates:

(a)Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or

(b)The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, 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 entity continues to apply the equity method and does not remeasure the retained interest.

(12) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment.* When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Items	Useful Lives
Buildings	5～56 years
Machinery and equipment	3～40 years
Office equipment	3～15 years
Transportation equipment	5～11 years
Right of use assets	3～50 years
Leasehold improvements	8 years
Other equipment	2～26 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant, and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate, and are treated as changes in accounting estimates.

(13) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

(a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximizing the use of observable information.

<u>Company as a lessee</u>

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(c) amounts expected to be payable by the lessee under residual value guarantees;
(d) the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(a) the amount of the initial measurement of the lease liability;
(b) any lease payments made at or before the commencement date, less any lease incentives received;
(c) any initial direct costs incurred by the lessee; and
(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements of comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(14) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies applied to the Company’s intangible assets is as follows:

	Computer software	Technology	Other intangible assets
Useful lives	3~20 years	2~3 years	5 years
Amortization method used	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life
Internally generated or acquired	Acquired	Acquired	Acquired

(15) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (“CGU”) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or Company's of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit, then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Treasury stocks

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(17) Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follows:

<u>Sale of goods</u>

The Company manufactures and sells machinery. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Company are computer peripherals, connectors, wires and other parts and revenue is recognized based on the consideration stated in the contract.

The credit period of the Company's sale of goods is from 30 to 120 days, for all of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract.

Rendering of services

The Company provides maintenance services for cutting processing formed aluminum foil products which had priced or negotiated separately and recognized at revenue when products sent to customers whom had take control of it.

(18) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(19) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Company's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

(a) the date of the plan amendment or curtailment, and

(b) the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(20) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

<u>Current income tax</u>

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

(a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

(b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

(a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

(b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities 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. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(a) Accounts receivables–estimation of impairment loss

The Company estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(b) Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

6. Contents of significant accounts

(1)Cash and cash equivalents

	As of 31 December	
	2023	2022
Cash on hand	$61	$60
Demand deposits	147,905	289,840
Time deposits	305,099	168,932
Total	$434,065	$458,832

(2)Net Accounts receivables and Net Accounts receivables-related parties

	As of 31 December	
	2023	2022
Net Accounts receivables	$216,044	$275,147
Less: loss allowance	(763)	(801)
Subtotal	215,281	274,346
Net Accounts receivables-related parties	219,232	354,545
Total	$434,513	$628,891

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Net Accounts receivables were not pledged.

Net Accounts receivables are generally on 30-135 day terms. The total carrying amount are NT$435,276 thousand and NT$629,692 thousand as of 31 December 2023 and 2022. Please refer to Note 6(12) for more details on loss allowance of trade receivables for the years ended 31 December 2023 and 2022. Refer to Note 12 for more details on credit risk management.

(3)Inventories

	As of 31 December	
	2023	2022
Raw materials	$66,643	$84,432
Supplies	4,701	5,275
Finished goods	69,542	81,368
Merchandise	145,139	116,029
Total	$286,025	$287,104

The inventory cost recognized as operating costs for the years ended 31 December 2023 were NT$1,085,512 thousand, respectively. The price increase (gain from undersupply) of inventories related to cost of goods sold were NT$262 thousand.

The inventory cost recognized as operating costs for the years ended 31 December 2022 were NT$1,489,853 thousand, respectively. The price reduction (gain from price recovery) of inventories related to cost of goods sold were NT$1,561 thousand.

No inventories were pledged.

(4)Investments accounted for using the equity method

The following table lists the investments accounted for using the equity method of the Company:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	As of 31 December			
	2023		2022	
	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership
Associates:				
LITON (BVI) CO., LTD.	$892,349	100%	$835,612	100%
V-TECH CO.,LTD	1,429,080	100%	1,404,238	100%
EVERTECH CAPA CO.,LTD	-	100%	-	100%
LIDON Electronics Technology Co., Ltd.	671,697	40%	636,883	40%
Total	$2,993,126		$2,876,733	

The aforementioned investment in subsidiaries were not pledged.

(a)For the years ended 31 December 2023 and 2022, the Company recognized share of profit or loss of associates and joint ventures and exchange differences on translation of foreign operations with report of independent accountants, the details as follows:

	For the year ended 31 December			
	2023		2022	
Investee companies	Share of profit or loss of associates and joint ventures	Exchange differences on translation of foreign operations	Share of profit or loss of associates and joint ventures	Exchange differences on translation of foreign operations
LITON (BVI) CO., LTD.	$72,176	$(17,011)	$87,353	$12,163
V-TECH CO.,LTD	56,930	(29,891)	135,101	21,536
LIDON Electronics Technology Co., Ltd.	44,995	(13,496)	68,781	9,434
Total	$174,101	$(60,398)	$291,235	$43,133

(b)Information of joint ventures that are significant to the Company is as follows:

Company name: Ruyuan Lidon Electronic Technology Co., Ltd.

Relationship: The enterprise is engaged in the manufacturing and sales of related products of the company's industrial chain, and the company has jointly invested in the enterprise based on the consideration of upstream and downstream integration.

Place of business (country of registration): China

The fair value of an open market quotation: Ruyuan Lidon Electronic Technology Co., Ltd it is a private entity and it is not listed on any stock exchange.

The aggregated financial information and reconciliation with the carrying amount of the investment are set out below:

(Expressed in Thousands of CNY)

	2023.12.31	2022.12.31
Current assests	$132,281	$125,564
Non current assests	413,621	443,751
Current liabilities	(112,022)	(168,068)
Non current liabilities	(36,190)	(29,616)
Equity	397,690	371,631
Company's shareholding	40.00%	40.00%
Subtotal	159,076	148,652
Intercompany transactions eliminated	(3,878)	(4,365)
Carrying amount of the investment	$155,198	$144,287

	2023	2022
Operating income	$466,407	$494,587
Continuing operation net income	26,058	39,348
Total comprehensive income	26,058	39,348

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(5)Property, plant and equipment

(a) Owner occupied property, plant and equipment

As of 31 December 2023

	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Unfinished work and equipment to be inspected	Total
Cost :								
1 January 2023	$97,759	$86,514	$221,589	$420	$161	$11,916	$156	$418,515
Additions	-	1,162	4,253	-	-	2,832	-	8,247
Disposals	-	(611)	-	(80)	(161)	(3,230)	-	(4,082)
Other	-	-	-	-	-	156	(156)	-
31 December 2023	$97,759	$87,065	$225,842	$340	$-	$11,674	$-	$422,680
Depreciation and impairment:								
1 January 2023	$-	$38,199	$185,038	$156	$161	$5,475	$-	$229,029
Depreciation	-	2,778	3,111	59	-	1,102	-	7,050
Disposals	-	(611)	-	(80)	(161)	(570)	-	(1,422)
31 December 2023	$-	$40,366	$188,149	$135	$-	$6,007	$-	$234,657

As of 31 December 2022

	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Unfinished work and equipment to be inspected	Total
Cost :								
1 January 2022	$97,759	$84,174	$219,274	$1,039	$161	$12,507	$-	$414,914
Additions	-	3,529	2,315	135	-	489	156	6,624
Disposals	-	(1,189)	-	(754)		(1,080)		(3,023)
31 December 2022	$97,759	$86,514	$221,589	$420	$161	$11,916	$156	$418,515
Depreciation and impairment:								
1 January 2022	$-	$36,569	$181,932	$765	$161	$5,408	$-	$224,835
Depreciation	-	2,819	3,106	145	-	1,147	-	7,217
Disposals	-	(1,189)	-	(754)	-	(1,080)	-	(3,023)
31 December 2022	$-	$38,199	$185,038	$156	$161	$5,475	$-	$229,029
Net carrying amount ：								
31 December 2023	$97,759	$46,699	$37,693	$205	$-	$5,667	$-	$188,023
31 December 2022	$97,759	$48,315	$36,551	$264	$-	$6,441	$156	$189,486

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Property,plant and equipment was not pledged.

(c) There was no capitalization of interest arising from the purchase of property, plant and equipment by the Company in 2023 and 2022.

(d) Components of company's buildings that have different useful lives are main building structure, hydroelectric engineering ,steel structure corrosion prevention and factory roof decoration ancillary works, etc which are depreciated over 56 years, 45 years, 25 years and 5 years.

(6) Short-term loans

	As of 31 December	
	2023	2022
Secured bank loans	$646,282	$580,570
Unsecured bank loans	35,000	-
Total	$681,282	$580,570

	2023	2022
Interest rates applied (Unsecured)	0.65~1.73%	0.63%~1.88%
Interest rates applies (Secured)	0.50%	-%

Please refer to Note 8 for more details on secured bank loans.

The Company’s unused short-term lines of credits amounted NT$1,239,972 thousand and NT$1,342,518 thousand as of 31 December 2023 and 2022.

(7) Short-term notes payable

		As of 31 December	
Item	Guarantee or acceptance agency	2023	2022
Commercial promissory notes payable	Dah Chung bills finance corp.	$-	$60,000
	Taiwan finance corporation	-	30,000
Discount payable for short-term tickets		-	(19)
Net short-term notes payable		$-	$89,981

	2023	2022
Interest rates applied	-	1.30%~1.70%
Expiry date	-	6 January 2023

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(8) Bonds payable

	As of 31 December	
	2023	2022
Liability component		
Principal amount	$500,000	$500,000
Discounts on bonds payable	(3,873)	(11,048)
Subtotal	496,127	488,952
Less: current portion	(496,127)	-
Net	$-	$488,952
Embedded derivative	$-	$1,650
Equity component	$3,650	$12,450

(a) On 4 March 2019, the Company issued the thrid zero coupon unsecured convertible bonds. The terms of the convertible bonds were evaluated to include a liability component, embedded derivatives (a call option and a put option) and an equity component (an option for conversion into issuer’s ordinary shares). The terms of the bonds are as follows:

Issue amount: NT$200,000 thousand

Period: 4 March 2019 ~ 4 March 2022

Redemption clauses:

a. The Company may redeem the bonds, in whole or in part, after 3 months of the issuance (5 June 2019) and prior to 40 days before the maturity date (22 January 2022), at the principal amount of the bonds with an interest calculated at the rate of 0% per annum (early redemption conversion price) if the closing price of the Company’s ordinary shares on the Taiwan Stock Exchange (TWSE) for a period of 30 consecutive trading days, is at least 130% of the conversion price.

b. The Company may redeem the bonds, in whole or in part, after 3 months of the issuance (5 June 2019) and prior to 40 days before the maturity date (22 January 2022), at the early redemption conversion price if at least 90% in principal amount of the bonds has already been exchanged, redeemed, purchased or cancelled.

c. The Company may redeem the bonds in cash, within 5 trading days after the base date of withdrawing the bonds as stated on the “Withdrawal of Convertible Bonds Notice”, at the par value if the bondholders do not reply to the share affair agency in writing before the base date.

Reversal clauses:

The bondholders have the right to require the Company to redeem all or any portion of the bonds, 30 days prior to 2 year anniversary (4 March 2021) of the issuance, a "Notice of use of Right of Sale" issued to bondholders by registered mail and the letter requests the Taipei Exchange center to announce the exercise of the right of sale of the holders of the converted debentures, bondholders may notify the Company's equity agent in writing within 30 days after the announcement（effective upon delivery and the expiry date of that period shall be the base date for the sale, which shall be supported by the postmark）requiring to redeem its principal conversion bonds at the denomination value of the bonds. Upon acceptance of the resale request, the Company shall redeem the converted bonds in cash within five business days after the basis date of the sale. If the above date falls short of business on the Taipei Exchange center, it will be postponed to the next business day.

Terms of Exchange:

a. Underlying Securities: Common shares of the Company

b. Exchange Period: The bonds are exchangeable at any time on or after 5 June 2019 and prior to 4 March 2022 into common shares of the Company

c. Exchange Price and Adjustment: The exchange price was originally NT$31.7 per share. The exchange price will be subject to adjustments upon the occurrence of certain events set out in the indenture. Since 11 October 2021, the conversion price has been adjusted after the ex-dividend and reduced from NT$29 per share to NT$28.4.

d. Redemption on maturity：When the Company's bonds are due and have not been settled, they will be redeemed at book value.

The Company's bonds matured on 4 March 2022, the converted amount of the Company’s bonds is NT$198,700; the Company had purchased 13 convertible bonds. The difference between the amount apportioned to the equity components and he book value is NT$55 thousand, which was recorded as capital surplus-lapsed stock options, and the bonds matured on 4 March 2022.

(b) On 15 July 2021, the Company issued the fourth zero coupon unsecured convertible bonds. The terms of the convertible bonds were evaluated to include a liability component, embedded derivatives (a call option and a put option) and an equity component (an option for conversion into issuer’s ordinary shares). The terms of the bonds are as follows:

Issue amount: NT$500,000 thousand

Period: 15 July 2021 ~ 15 July 2024

Redemption clauses:

a. The Company may redeem the bonds, in whole or in part, after 3 months of the issuance (16 October 2021) and prior to 40 days before the maturity date (5 June 2024), at the principal amount of the bonds with an interest calculated at the rate of 0% per annum (early redemption conversion price) if the closing price of the Company’s ordinary shares on the Taiwan Stock Exchange (TWSE) for a period of 30 consecutive trading days, is at least 130% of the conversion price.

b. The Company may redeem the bonds, in whole or in part, after 3 months of the issuance (16 October 2021) and prior to 40 days before the maturity date (5 June 2024), at the early redemption conversion price if at least 90% in principal amount of the bonds has already been exchanged, redeemed, purchased or cancelled.

c. The Company may redeem the bonds in cash, within 5 trading days after the base date of withdrawing the bonds as stated on the “Withdrawal of Convertible Bonds Notice”, at the par value if the bondholders do not reply to the share affair agency in writing before the base date.

Reversal clauses:

The Company takes the date of two years (15 July 2023) after the issuance of the convertible bonds as the sell-back base date for bondholders to sell back the bonds. The company shall send a “Notice on the Exercise of the Put-back Right” to the bondholders by registered mail 40 days before the base date of the sale and request the Over-the-Counter (OTC) to announce the exercise of the right of purchase of the convertible bonds. Bondholders may request the company to redeem the Bonds held by the company at their face value by written notice to the company's Stock Affairs Agency (effective upon delivery, with the expiration date of such period as the base date of sale, and the postmark date will be used as evidence if it is mailed) within 40 days after the announcement. The company shall redeem the Bonds in cash within five business days after the base date of the request for redemption. If the aforementioned date falls on a day when the Taipei Exchange is closed, it will be postponed to the next business day.

Terms of Exchange:

a. Underlying Securities: Common shares of the Company

b. Exchange Period: The bonds are exchangeable at any time on or after 16 October 2021 and prior to 15 July 2024 into common shares of the Company.

c. Exchange Price and Adjustment: The exchange price was originally NT$47.7 per share. The exchange price will be subject to adjustments upon the occurrence of certain events set out in the indenture. Since 26 August 2023, the conversion price has been adjusted after the ex-dividend and reduced from NT$44.4 per share to NT$42.3.

d. Redemption on due date: The Company's bonds will be redeemed at face value when they are due and not settled.

In accordance with IFRS 9, said financial instrument is classified as an embedded derivative so the exercise price of the embedded put option is allocated to the liability component and equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. The difference between the equity component and the book value was recognized in profit or loss. The difference between the liability component and the book value was recognized in “Share premium-warrants”. The financial liabilities of convertible bonds are measured at amortized cost, fair value through profit or loss amounted to NT$0 thousand as of 31 December 2023.

The Company's bonds have not been converted as of December 31 2023.

(9)Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C.

Under the Labor Pension Act, the Company and its domestic subsidiaries will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Pension expenses under the defined contribution plan for the years ended 31 December 2023 and 2022 were NT$2,384 thousand and NT$2,025 thousand dollars.

Defined benefits plan

The Company and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company and its domestic subsidiaries assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company and its domestic subsidiaries will make up the difference in one appropriation before the end of March the following year.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under discretionary accounts, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute NT$753 thousand to its defined benefit plan during the 12 months beginning after 31 December 2023.

The average duration of the defined benefits obligation was 2 years and 5 years as of 31 December 2023 and 2022.

Pension costs recognized in profit or loss are as follows:

	For the years ended 31 December	
	2023	2022
Current service costs	$-	$-
Net interest on the net defined benefit liabilities (assets)	(79)	(22)
Total	$(79)	$(22)

Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets at fair value are as follows:

	As of		
	31 Dec. 2023	31 Dec. 2022	1 Jan. 2022
Defined benefit obligation	$20,787	$20,096	$20,466
Plan assets at fair value	(28,186)	(26,980)	(24,351)
Net defined benefit liabilities (assets)	$(7,399)	$(6,884)	$(3,885)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Reconciliation of liabilities (assets) of the defined benefit plan are as follows:

	As of		
	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities
As of 1 January 2022	$20,466	$(24,351)	$(3,885)
Current service cost	-	-	-
Interest expense (income)	117	(139)	(22)
Subtotal	20,583	(24,490)	(3,907)
Remeasurements of the defined benefit liabilities /assets:			
Actuarial gains and losses arising from changes in financial assumptions	(711)	-	(711)
Experience adjustments	224	-	224
Remeasurements of the defined benefit assets	-	(1,842)	(1,842)
Subtotal	(487)	(1,842)	(2,329)
Payments of benefit obligation	-	-	-
Contributions by employer	-	(648)	(648)
As of 31 December 2022	20,096	(26,980)	(6,884)
Current period service costs	-	-	-
Interest expense (income)	231	(310)	(79)
Subtotal	20,327	(27,290)	(6,963)
Remeasurements of the defined benefit liabilities /assets:			
Actuarial gains and losses arising from changes in financial assumptions	22	-	22
Experience adjustments	438	-	438
Remeasurements of the defined benefit assets	-	(143)	(143)
Subtotal	460	(143)	317
Payments of benefit obligation	-	-	-
Contributions by employer	-	(753)	(753)
As of 31 December 2023	$20,787	$(28,186)	$(7,399)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The principal assumptions used in determining the Company's defined benefit plan are shown below:

	As of 31 December	
	2023	2022
Discount rate	1.06%	1.15%
Expected rate of salary increases	1.00%	1.00%

Sensitivity analysis for significant assumption are shown below:

	For the years ended 31 December			
	2023		2022	
	Defined benefit obligation increase	Defined benefit obligation decrease	Defined benefit obligation increase	Defined benefit obligation decrease
Discount rate increase by 0.50%	$-	$(120)	$-	$(426)
Discount rate decrease by 0.50%	381	-	518	-
Future salary increase by 0.50%	376	-	514	-
Future salary decrease by 0.50%	-	(121)	-	(429)

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(10) Equities

(a) Common stock

The Company's authorized capital was NT$3,600,000 thousand as of 31 December 2022. The issued capital was NT$1,430,048 thousand in a total of 143,005 thousand shares, respectively. Each share has one voting right and a right to receive dividends.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The investors requested to convert the Company's unsecured convertible bonds into common stocks in the amount of NT$67,188 thousand in a total of 6,719 thousand shares from 1 January 2022 to 31 December 2021. As the registration process has not been completed, the accumulated book value of certificate of entitlement to new shares from convertible bond amounted to NT$775 thousand in a total of 78 thousand shares as of 31 December 2022, and 78 thousand shares had completed the registration process as of 22 February 2022.

The investors requested to convert the Company's unsecured convertible bonds into common stocks in the amount of NT$1,373 thousand in a total of 137 thousand shares from 1 January 2022 to 31 December 2022, and 137 thousand shares had completed the registration process as of 27 May 2022.

As of 31 December 2023 and 2022, the Company's authorized capital was NT$3,600,000 thousand. The issued capital were both NT$1,432,196 thousand in a total of 143,220 thousand shares. Each share has one voting right and a right to receive dividends.

(b)Capital surplus

	As of 31 December	
	2023	2022
Additional paid-in capital	$521,223	$521,223
Share options	22,050	22,050
Treasury share transactions	21,325	17,745
Lapsed stock options	11,376	11,376
Employee stock option	7,488	7,488
Total	$583,462	$579,882

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(c)Treasury shares

Reason for withdrawal	Balance as of 1 January	Increase	Decrease	Balance as of 31 December
Transfer of shares to employees	1,328	157	(185)	1,300

The changes in 2022 are as follows:

Reason for withdrawal	Balance as of 1 January	Increase	Decrease	Balance as of 31 December
Transfer of shares to employees	185	1,143	-	1,328

a.As of 31 December 2023 and 2022, the fair value of the treasury shares held by the Company was NT$41,808 thousand and NT$40,133 thousand, and the number of shares was 1,300 thousand shares and 1,328 thousand shares.

b.As of 26 March 2020, it has transferred to employees through the acquisition of treasury shares by the board of directors. A total of 185 thousand shares were repurchased from 13 April to 26 May 2020, with an average purchase price of NT$18.70 per share and a total of NT$3,459 thousand.On 22 March 2023, the Directors approved that the base date of employee subcription was 22 March 2023. A total of 185 thousand Treasury shares were transferred to employees.

c.As of 9 November 2022, it has transferred to employees through the acquisition of treasury shares by the board of directors. A total of 1,300 thousand shares were repurchased from 16 November 2022 to 6 January 2023, with an average price of NT$32.16 per share and a total amounted to NT$41,808 thousand.

d.Under Securities and Exchange Act, the proportion of the number of shares that the Company buy back shall not exceed 10% of the Company’s issued shares. The total amount of shares purchased shall not exceed retained earnings plus the premium on issued shares and the balance of the realized capital reserve.

(d)Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

a. Payment of all taxes and dues;
b. Offset prior years' operation losses;
c. Set aside 10% as legal reserve;
d. Set aside or reverse special reserve in accordance with law and regulations;
e. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets; as well as the interest of the shareholders, share bonus equilibrium and long-term financial planning etc. The Board of Directors shall make the distribution proposal annually and present it at the shareholders' meeting. For the payment of dividend. The cash dividend ratio is not less than 10% of the total dividend. If the cash dividend per share is less than NT$0.5, the board of directors is authorized to draft a proposal, and the shareholders' meeting decides to pay cash dividends or stock dividends.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The FSC on 31 March 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

The Company did not reverse any special reserve as a result of use, disposal or reclassification of related assets during the years ended 31 December 2023 and 2022.

Details of the 2022 and 2021 earnings distribution and dividends per share as approved and resolved by the Board of Directors' meeting and shareholders' meeting on 30 June 2023 and 24 June 2022, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2022	2021	2023	2022
Legal reserve	$50,521	$48,679		
Special reserve	(43,133)	(12,329)		
Common stock -cash dividend	248,359	214,552	$1.75	$1.50

Please refer to Note 6(14) for details on employees' compensation and remuneration to directors and supervisors.

(11)Operating revenue

	For the years ended 31 December	
	2023	2022
Revenue from contracts with customers		
Sale of goods	$1,273,498	$1,755,136
Service revenue	-	303
Total	$1,273,498	$1,755,439

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Analysis of revenue from contracts with customers for the years ended 31 December 2023 and 2022 are as follows:

(1)Contract balances

Contract liabilities – current

	As of		
	1 Jan. 2023	31 Dec. 2023	Difference
Sales of goods	$2	$-	$(2)

The decrease in the balance of contract liabilities in 2023 was due to the fact that most of the performance obligations had been satisfied in the current period and recognized as income in the current period.

(2)Transaction price allocated to unsatisfied performance obligations

None.

(3)Assets recognized from costs to fulfil a contract

None.

(12)Expected credit losses

	For the years ended 31 December	
	2023	2022
Operation expense- Expected credit losses		
Trade receivables	$(38)	$194

Please refer to Note 12 for more details on credit risk.

The Company considers the grouping of trade receivables (including note receivables and trade receivables) by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix. The assessment of the Group's loss allowance are as follows:

As at 31 December 2023

Group 1: Some counterparties were assessed individually. The amount of long-term receivables was NT$17,159 thousand recognized as other non-current assets, which was overdue, and the loss allowance was NT$17,159 thousand. As at the financial reporting date, the contract amount of the long-term payments that had been written off and there were still recourse activities was $17,159 thousand.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Group 2: The amount of loss allowance is measured at the lifetime expected credit loss rate, details are as follows:

	Not yet due (Note)	Overdue 31-90 days	Overdue 91-180 days	Overdue 181-365 days	Overdue Upon 366 days	Total
Gross carrying amount	$437,195	$981	$1,040	$-	$303	$439,519
Loss rate	0-1%	0-1%	1-5%	-%	100%	
Lifetime expected credit losses	(437)	(5)	(18)	-	(303)	(763)
Carrying amount	$436,758	$976	$1,022	$-	$-	$438,756

As at 31 December 2022

Group 1: Some counterparties were assessed individually. The amount of long-term receivables was NT$17,159 thousand recognized as other non-current assets, which was overdue, and the loss allowance was NT$17,159 thousand. As at the financial reporting date, the contract amount of the long-term payments that had been written off and there were still recourse activities was $17,159 thousand.

Group 2: The amount of loss allowance is measured at the lifetime expected credit loss rate, details are as follows:

	Not yet due (Note)	Overdue 31-90 days	Overdue 91-180 days	Overdue 181-365 days	Overdue Upon 366 days	Total
Gross carrying amount	$631,598	$4,383	$-	$-	$303	$636,284
Loss rate	0-1%	1-5%	-%	-%	100%	
Lifetime expected credit losses	(471)	(27)	-	-	(303)	(801)
Carrying amount	$631,127	$4,356	$-	$-	$-	$635,483

Note: The Group’s note receivables are not overdue.

The movement in the provision for impairment of note receivables and trade receivables during the 31 December 2023 and 2022 are as follows:

	Note receivables	Account receivables	Long-term receivables	Total
Beginning balance at 1 Jan. 2023	$-	$801	$17,159	$17,960
Addition for the current period	-	(38)	-	(38)
Ending balance at 31 Dec. 2023	$-	$736	$17,159	$17,922
Beginning balance at 1 Jan. 2022	$-	$607	$17,159	$17,766
Reversal for the current year	-	194	-	194
Ending balance at 31 Dec. 2022	$-	$801	$17,159	$17,960

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(13)Leases

(a)The Company is a lessee

The Company leases transportation equipment. The lease terms range from 3 years.

The Group's leases effect on the financial position, financial performance and cash flows are as follow:

a. Amounts recognized in the balance sheet

(i)Right-of-use asset

The carrying amount of right-of-use assets

	As of 31 December	
	2023	2022
Transportation equipment	$1,988	$257
Other equipment	417	-
	$2,405	$257

As of 31 December 2023 and 2022, the Company's right-of-use assets was NT$2,921 thousand and NT$0 thousand, respectively.

(ii)Lease liabilities

	As of 31 December	
	2023	2022
Lease liabilities		
Current	$966	$260
Non-Current	1,449	-
Total	$2,415	$260

Please refer to Note 6,15(3) for the interest on lease liabilities recognized during the years ended 31 December 2023 and 2022. Refer to Note 12 (5) liquidity risk management for the maturity analysis for lease liabilities as of 31 December 2023 and 2022.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

b. Amounts recognized in the statements of comprehensive income

Depreciation charge for right-of-use assets

	As of 31 December	
	2023	2022
Transportation equipment	$654	$513
Other equipment	119	-
	$773	$513

c. Income and costs relating to leasing activities

	For the years ended 31 December	
	2023	2022
The expenses relating to short-term leases	$105	$94

d. Cash outflow related to lessee and lease activity

During the years ended 31 December 2023 and 2022, the Group's total cash outflows for leases amounting to NT$895 thousand and NT$616 thousand.

(14)Summary statement of employee benefits, depreciation and amortization expenses by function for the years ended 31 December 2023 and 2022:

	For the years ended 31 December					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$29,263	$34,485	$63,748	$29,400	$37,475	$66,875
Labor and health insurance	2,908	3,129	6,037	2,890	2,128	5,018
Pension	1,138	1,167	2,305	1,188	815	2,003
Other employee benefits expense	1,831	1,922	3,753	1,706	1,287	2,993
Director's fees	-	3,960	3,960	-	10,845	10,845
Depreciation	5,996	1,827	7,823	6,121	1,609	7,730
Amortization	484	199	683	659	223	882

The number of employees of the Company from 31 December 2023 and 2022 was 87 and 78 . Among them the number of board who are not concurrently employees is 6 and 6 .

The average employee welfare expenses of the Company from 31 December 2023 and 2022 were NT$936 thousand and NT$1,068 thosuand .

The average salary expenses of the Company from 31 December 2023 and 2022 were NT$787 thousand and NT$929 thousand.

The average employee salary fee of the Company from 31 December 2023 decreased by 15% compared with the average employee salary fee from 31 December 2022.

Note: The decrease in average salary expenses in 2023 compared with 2022 was mainly due to the improvement of employee remuneration in the previous year, which led to the increase in employee remuneration to motivate employees, and the decrease in profit this year led to a decrease in employee remuneration, resulting in a decrease in the average salary expense of the current year compared with last year.

The Company has set up an Audit Committee in 2021 to replace the Supervisor, and therefore there is no Auditor's remuneration in 2023 and 2022.

The remuneration policy of directors, managers and employees of the Company is as follows:

The Company has set out policies on directors' remuneration and employee remuneration in its articles of association, and has set up a remuneration committee to evaluate and supervise the remuneration system of directors and managers of the Company. The procedures for determining the remuneration of directors and managers are based on the performance evaluation method of the board of directors and the performance appraisal of employees of the Company, and in addition to taking into account the company's operating performance, future risks, development strategies and industry trends, they also consider the contribution of individuals to the company's performance and give reasonable remuneration.

In accordance with laws and regulations and the needs of various regions, the company has formulated a complete employee welfare system to provide employees with good remuneration and welfare conditions. Employee remuneration includes monthly salary, bonus based on business performance, and employee remuneration based on annual profitability and articles of association. The company regularly conducts performance appraisal of all employees of the company every year to understand the work performance of employees as the basis for promotion, training and development and salary payment.

According to the Articles of Incorporation, no lower than 2.5% of profit of the current year is distributable as employees' compensation and no higher than 2.5% of profit of the current year is distributable as remuneration to directors and supervisors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on the profit for the year ended 31 December 2023, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended of 31 December 2023 to be 2.78% and 1.04% of profit, respectively. The employees' compensation and remuneration to directors and supervisors for the year ended of 31 December 2023 amount to NT$9,870 thousand and NT$3,700 thousand, respectively, recognized as employee benefits expense. Based on the profit for the year ended 31 December 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended of 31 December 2022 to be 3.50% and 1.75% of profit, respectively. The employees' compensation and remuneration to directors and supervisors for the year ended of 31 December 2022 amount to NT$21,180 thousand and NT$10,600 thousand, respectively, recognized as employee benefits expense.

A resolution was passed at the Board of Directors meeting held on 13 March 2024 to distribute NT$9,870 thousand and NT$3,700 thousand in cash as employees' compensation and remuneration to directors and supervisors of 2023, respectively. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended 31 December 2023.

Actual distribution of employees' compensation and remuneration to directors and supervisors of 2023 amount to NT$21,103 and NT$10,600, respectively, whereas the estimated amount accrued in the financial statements for the year ended 31 December 2022 were NT$21,180 and NT$10,600, respectively. Differences between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended 31 December 2022 were NT$77 and NT$0, respectively, are recognized in profit or loss of the subsequent year in 2023.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(15)Non-operating income and expenses

(a)Other income

	For the years ended 31 December	
	2023	2022
Others income	$40,959	$19,504
Interest income		
Financial assets measured at amortized cost	10,714	1,104
Dividend income	-	90
Total	$51,673	$20,698

(b) Other gains and losses

	For the years ended 31 December	
	2023	2022
Foreign exchange gains, net	$27,015	$87,599
Gains (losses) of financial asset at fair value through profit or loss	1,645	(2,694)
Gains on disposals of investments	531	-
Other expense	(488)	(324)
Total	$28,703	$84,581

(c) Finance costs

	For the years ended 31 December	
	2023	2022
Interest on loans from bank	$(10,130)	$(5,146)
Interest on bonds payable	(7,175)	(7,348)
Interest on lease liabilities	(24)	(6)
Total	$(17,329)	$(12,500)

(16)Components of other comprehensive income

For the year ended 31 December 2023:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$(317)	$-	$(317)	$63	$(254)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(60,398)	-	(60,398)	-	(60,398)
Total of other comprehensive income	$(60,715)	$-	$(60,715)	$63	$(60,652)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the year ended 31 December 2022

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$2,329	$ -	$2,329	$(466)	$1,863
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	43,133	-	43,133	-	43,133
Total of other comprehensive income	$45,462	$ -	$45,462	$(466)	$44,996

(17)Income tax

(a)Income tax expense recognized in profit or loss

	For the years ended 31 December	
	2023	2022
Current income tax expense:		
Current income tax charge	$47,956	$70,846
Adjustments in respect of current income tax of prior periods	(99)	612
Deferred tax expense:		
Deferred tax expense relating to origination and reversal of temporary differences	(1,724)	(1,579)
Total income tax expense	$46,133	$69,879

(b)Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2023	2022
Deferred tax expense (income):		
Remeasurements of defined benefit plans	$(63)	$466
Income tax relating to components of other comprehensive income	$(63)	$466

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(c)A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended 31 December	
	2023	2022
Accounting profit before tax from continuing operations	$341,004	$573,221
The amount of tax calculated at the applicable domestic tax rate on income from the relevant country	$68,201	$114,644
Tax effect of revenues exempt from taxation	(34,061)	(56,861)
Adjustment of current income tax for prior years in the current period	(99)	612
Corporate income surtax on undistributed retained earnings	12,092	11,484
Total income tax expense recognized in profit or loss	$46,133	$69,879

(d)Deferred tax assets (liabilities) relate to the following:

a.For the year ended 31 December 2023

	Balance as of 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Balance as of 31 December
Temporary differences				
Unrealized intragroup profits and losses	$1,091	$1,703	$-	$2,794
Allowance loss from price reduction of inventories	395	(53)	-	342
Defined benefit liability	(214)	(166)	-	(380)
Profits and losses of defined benefit plans	(1,163)	-	63	(1,100)
Unrealized gain or loss between individuals within the company	227	241	-	468
Deferred tax (income) /expense		$1,725	$63	
Net deferred tax assets (liabilities)	$336			$2,124
Reflected in balance sheet as follows:				
Deferred tax assets	$1,713			$3,604
Deferred tax liabilities	$(1,377)			$(1,480)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

b.For the year ended 31 December 2022

	Balance as of 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Balance as of 31 December
Temporary differences				
Unrealized intragroup profits and losses	$(101)	$1,192	$-	$1,091
Allowance loss from price reduction of inventories	83	312	-	395
Defined benefit liability	(80)	(134)	-	(214)
Profits and losses of defined benefit plans	(697)	-	(466)	(1,163)
Unrealized gain or loss between individuals within the company	18	209	-	227
Deferred tax (income) /expense		$1,579	$(466)	
Net deferred tax assets (liabilities)	$(777)			$336
Reflected in balance sheet as follows:				
Deferred tax assets	$101			$1,713
Deferred tax liabilities	$(878)			$(1,377)

(e)Unrecognized deferred tax assets

As of 31 December 2023 and 2022, the total amount of deferred tax assets not recognized by the Company due to non-substantial taxable income amounted to NT$3,187 and NT$2,890 thousand .

(f)Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Company will not recognize the relevant deferred income tax liabilities for the income tax payable that may arise when the undistributed surplus of a foreign subsidiary is remitted back, in accordance with the undistributed surplus expected not to be allocated by the future subsidiary. The taxable temporary differences not recognized as deferred tax liabilities at 31 December 2023 and 2022 amounted to NT$1,280,272 and NT$1,104,970 thousand.

(g)As of December 31 2023, the income tax of the company's profit-making business was approved by the National Taxation Bureau until 2021.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(18)Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended 31 December	
	2023	2022
(a) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand dollars)	$294,871	$503,342
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	141,877	142,974
Basic earnings per share (NT$)	$2.08	$3.52
(b) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand dollar)	$294,871	$503,342
Interest expense from convertible bonds	5,740	5,740
Profit attributable after dilution (in thousand dollars)	$300,611	$509,082
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	141,877	142,974
Effect of dilution:		
Employee compensation-stock (in thousand shares)	392	735
Convertible bonds (in thousand shares)	11,820	11,261
Weighted average number of ordinary shares outstanding after dilution (in thousand shares)	154,089	154,9700
Diluted earnings per share (NT$)	$1.95	$3.29

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and completion of the financial statements.

7. Related party transactions

(1) Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Lelon Electronics Corp.	Parent company
Lelon Electronics (SUZHOU) Corp.	Affiliates of the company
Lelon Electronics (HUIZHOU) Corp.	Affiliates of the company
LITON (BVI) CO., LTD.	Subsidiary of the company
Forever CO.,LTD	Subsidiary of the company
V-TECH CO.,LTD	Subsidiary of the company
Ruyuan Lidon Electronic Technology Co., Ltd.	Subsidiary of the company
Liton Electronics Technology (Abazhou) Co., Ltd.	Sub-Subsidiary of the company
C.M Wu and- other nine people	Director and Deputy General Manager of the Company

(2) Significant transactions and balances with related parties

(a) Sales

	2023	2022
V-TECH CO.,LTD	$161,470	$181,058
Liton Electronics Technology (Abazhou) Co., Ltd.	161,151	115,730
Lelon Electronics (SUZHOU) Corp.	37,313	78,999
Lelon Electronics (HUIZHOU) Corp.	35,041	49,422
Total	$394,975	$425,209

The sales price to the above related parties was determined through mutual agreement based on the market rates. The sales transaction conditions of related parties are 90~135 days for the end of the following month. Funds in circulation at the end of the year are unsecured, interest-free and must be settled in cash. No guarantee is received for the accounts receivable.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Purchases

	2023	2022
V-TECH CO.,LTD	$858,805	$1,231,612
Lidon Electronics Technology Co., Ltd.	105,572	131,050
Total	$964,377	$1,362,662

The purchase price of the Company from related parties is negotiated by both parties with reference to market conditions.The payment terms for purchases made by the Company to related parties V-TECH Co., Ltd. are offset against debts and creditors, while the payment terms for purchases made by the Company to other related parties are equivalent to those of general manufacturers, and the payment terms are 30~120 days.

(c) Account Receviables

	2023	2022
V-TECH CO.,LTD	$191,456	$291,281
Lelon Electronics (SUZHOU) Corp.	9,481	40,872
Lelon Electronics (HUIZHOU) Corp.	18,295	22,392
Total	$219,232	$354,545

(d) Account Payables

	2023	2022
Liton Electronics Technology (Abazhou) Co., Ltd.	$10,984	$74,930
Lidon Electronics Technology Co., Ltd.	21,024	8,641
Total	$32,008	$83,571

(e) Processing cost

	2023	2022
V-TECH CO.,LTD	$-	$255

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(f) Other receivables

	2023	2022
Ruyuan Lidon Electronic Technology Co., Ltd.	$-	$14,139
V-TECH CO.,LTD	686	785
Total	$686	$14,924

(g) Non-operating income

	2023	2022
Ruyuan Lidon Electronic Technology Co., Ltd.	$34,565	$14,178
V-TECH CO.,LTD	1,709	1,206
Total	$36,274	$15,384

(h) Deferred unrealized benefits

The entrusted parties LITON (BVI) CO., LTD. and V-TECH CO., LTD are processed according to the accounting treatment of the entrusted processing and not selling the goods, the deferred benefits arising therefrom are NT$ 7,771 thousand and NT$ 8,902 thousand in the year of 2023 and 2022, it will be sold only when the processing is completed and then remove.

(i) Key management personnel compensation

	For the years ended 31 December	
	2023	2022
Short-term employee benefits	$12,320	$21,535
Share-based payment	989	-
Post-employment benefits	167	161
Total	$13,476	$21,696

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

8. Assets pledged as security

	Carrying amount		
Items	112.12.31	111.12.31	Secured liabilities
Other current assets －time deposit	$36,870	$-	Short-term borrowing

9. Commitments and contingencies

As at 31 December 2023, the Group had opened an unused credit line of NT$ 25,857 thousand.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Financial instruments

(1) Categories of financial instruments

Financial assets

	As of 31 December	
	2023	2022
Financial assets at fair value through profit or loss:		
Mandatorily measured at Fair value through profit or loss	$1,135	$1,189
Financial assets measured at amortized cost (Note)	892,446	1,109,179

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Financial liabilities

	As of 31 December	
	2023	2022
Current financial liabilities at fair value through profit or loss	$-	$1,700
Financial liabilities at amortized cost:		
Short-term loans	681,282	$580,570
Short-term bonds payable	-	89,981
Notes and accounts payable	49,163	97,971
Bonds payable (including current portion with maturity less than 1 year)	496,127	488,952
Lease liability	2,415	260

Note: Including cash and cash equivalents(not including cash on hand), notes receivable, trade receivables and other receivables(not including tax receivables).

(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Company also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for JPY, USD and RMB, The information of the sensitivity analysis is as follows:

When NTD strengthens against JPY by 1%:

	Increase (decrease) in equity	(Loss)or Profit
2023	$-	$956
2022	$-	$708

When NTD strengthens against USD by 1%:

	Increase (decrease) in equity	(Loss)or Profit
2023	$-	$(5,791)
2022	$-	$(5,538)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

When NTD strengthens against RMB by 1%:

	Increase (decrease) in equity	(Loss)or Profit
2023	$-	$(636)
2022	$-	$(640)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company’s exposure to the risk of changes in market interest rates relates primarily to the Company’s bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on borrowings with variable interest rates as at the end of the reporting period. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit decrease NT$681 thousand and increase NT$671 thousand for the years ended 31 December 2023 and 2022.

Equity price risk

The fair value of the Group’s listed and unlisted equity securities and conversion rights of the Euro-convertible bonds issued are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group’s listed and unlisted equity securities are classified under financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income, while conversion rights of the Euro-convertible bonds issued are classified as financial liabilities at fair value through profit or loss as it does not satisfy the definition of an equity component. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group’s senior management on a regular basis. The Group’s Board of Directors reviews and approves all equity investment decisions.

At the reporting date, a change of 10% in the price of the listed equity securities measured at fair value through profit or loss could increase/decrease the Group’s profit for the three-month periods ended 31 March 2023 and 2022 by NT$113 thousand and NT$114 thousand, respectively.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of 31 December 2023 and 2022, amounts receivables from top ten customers represented 53% and 50% of the total accounts receivables of the Company, respectively. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds and finance leases. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of 31 December 2023					
Short-term loans	$681,579	$-	$-		$681,579
Notes and accounts payable	49,163	-	-		49,163
Convertible bonds	500,000	-	-		500,000
Lease liability	1,008	1,480	-		2,488
As of 31 December 2022					
Short-term loans	$580,820	$-	$-	$-	$580,820
Short-term bonds payable	90,000	-	-	-	90,000
Notes and accounts payable	97,971	-	-	-	97,971
Convertible bonds	-	500,000	-	-	500,000
Lease liability	261	-	-	-	261

Derivative financial liabilities

None.

(6)Reconciliation of liabilities from financing activities

Reconciliation of liabilities for the year ended 31 December 2023:

	Short-term loans	Short-term tickets payable	Bonds payable (including maturity within a year)	Lease liabilities	Deposits received	Total liabilities from financing activities
As of 1 January 2023	$580,570	$89,981	$488,952	$260	$4	$1,159,767
Cash flow	100,712	(89,981)	-	(766)	-	9,965
Non-cash change	-	-	7,175	2,921	-	10,096
As of 31 December 2023	$681,282	$-	$496,127	$2,415	$4	$1,179,828

Reconciliation of liabilities for the year ended 31 December 2022:

	Short-term loans	Short-term tickets payable	Bonds payable (including maturity within a year)	Lease liabilities	Deposits received	Total liabilities from financing activities
As of 1 January 2022	$449,514	$59,957	$486,803	$776	$310	$997,360
Cash flow	131,056	30,024	-	(552)	(306)	160,252
Non-cash change	-	-	2,149	6	-	2,155
As of 31 December 2022	$580,570	$89,981	$488,952	$260	$4	$1,159,767

(7) Fair values of financial instruments

(a) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

a. The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.

b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.

c. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

d. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

e. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

(b) Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets and liabilities measured at amortized cost approximate their fair value.

(c) Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Company.

(8) Derivative financial instruments

The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of 31 December 2023 and 2022 are as follows:

<u>Embedded derivatives</u>

The embedded derivatives arising from issuing convertible bonds have been separated from the host contract and carried at fair value through profit or loss. Please refer to Note 6(8) for further information on this transaction.

(9) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Group's assets and liabilities

The Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As of 31 December 2023

	Level 1	Level 2	Level 3	Total
Financial assets at fair value:				
Financial assets at fair value through profit or loss				
Stocks	$1,135	$-	-	$1,135
Embedded derivative-bonds				
Financial liabilities at fair value:				
Financial liabilities at fair value through profit or loss				
Embedded derivative-bonds	$-	-	-	$-

As at 31 December 2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value:				
Financial assets at fair value through profit or loss				
Stocks	$1,139	$ -	$ -	$1,139
Embedded derivative-bonds	-	50	-	50
Financial liabilities at fair value:				
Financial liabilities at fair value through profit or loss				
Embedded derivative-bonds	$ -	$1,700	$ -	$1,700

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Transfers between Level 1 and Level 2 during the period

During the years ended 31 December 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

(c) Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed.

None.

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As of 31 December 2023			As of 31 December 2022		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
Financial assets						
Monetary items:						
USD	$18,848	30.7250	$579,105	$18,031	30.7150	$553,822
JPY	173,754	0.2172	37,739	227,044	0.2332	52,947
RMB	14,701	4.3280	63,626	14,504	4.4140	64,021
Financial liabilities						
Monetary items:						
JPY	$614,108	0.2172	$133,384	$530,480	0.2332	$123,708

The Company has a number of different functional currencies; therefore, we are unable to disclose the exchange loss and gain of monetary financial assets and financial liabilities under each foreign currency that has significant impact. The Company recognized NT$27,015 thousand and NT$ 87,599 thousand foreign exchange gains for the years ended 31 December 2023 and 2022.

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(11) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payments to shareholders, return capital to shareholders or issue new shares.

13. Other disclosure

(1) Information at significant transactions

(a) Financing provided to others for the year ended 31 December 2023: None.

(b) Endorsement/Guarantee provided to others for the year ended 31 December 2023(not include Affiliates and Subsidiary of the company): None.

(c) Securities held as of 31 December 2023:

Company Name	Securities Held	Relationship between Issuer and the Company (Note 1)	Account Stated	As at 31 December 2023			
				Number of shares	Book Value	Ratio%	Fair Value
Liton Technology Corp.	Stocks China Development Finance Holdings Co., Ltd	-	Financial assets at fair value through profit or loss-current	90,411	$983	-%	$1,135
				Subtotal	983		
				Adjustment of financial asset evaluation	152		
				Total	$1,135		
Liton Technology Corp.	Bang Ying Biotechnology Co., Ltd	-	Financial assets at fair value through other comprehensive income-non current	100,000	$550	5%	$-
				Subtotal	550		
				Adjustment of financial asset evaluation	(550)		
				Total	$-		

(d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2023: None.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(e) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2023: None.

(f) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2023: None.

(g) Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock for the year ended 31 December 2023:

Company Name	Counter-party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)	
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total Receivable (payable)
Liton Technology Corp.	V-TECH CO., LTD	Subsidiary of Liton Technology Corp.	Purchase	$858,805	56.16%	Mutual offsetting of claims and debts	Regular	Mutual offsetting of claims and debts	$-	-%
Liton Technology Corp.	V-TECH CO., LTD	Subsidiary of Liton Technology Corp.	Sales	(161,470)	(4.39)%	Mutual offsetting of claims and debts	Regular	Mutual offsetting of claims and debts	$191,456	19.36%
Liton Technology Corp.	Liton Electronics Technology (Abazhou) Co., Ltd.	Subsidiary of V-TECH CO., LTD	Sales	(161,151)	(4.38%)	Mutual offsetting of claims and debts	Regular	Mutual offsetting of claims and debts	-	-%
Liton Technology Corp.	Lidon Electronics Technology Co., Ltd.Ruyuan County	Subsidiary of Liton Technology Corp.	Purchase	$105,312	6.89%	60 days after EOAP	Regular	Regular	(21,024)	(42.76)%

Note1: The Company complies with the provisions of Letter No. 00747 of the Securities and Futures Commission dated March 18 1998 Taiwan Financial Securities (6)., When outsourced processing,If the parties have agreed to be shipped back for processing or sold on behalf of the party,title and risk of processed products have not passed, when the material is removed, it will be treated according to the accounting of outsourcing processing, it will not be disposed of for sale.

(h) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of the capital stock as of 31 December 2023:

Company Name	Related Party	Relationship	Accounts receivable-related parties	Turnover Rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for bad debts t
			Ending Balance		amount	collection status		
Liton Technology Corp.	V-TECH CO., LTD.	Subsidiary of Liton Technology Corp.	Accounts receivable $191,456	-	$-	-	Mutual offsetting of claims and debts	$-

(i) Financial instruments and derivative transactions: Please refer to Note 12 (8).

(2) Information on investees:

(a) Names, locations, main businesses and products, original investment amount, investment as of 31 December 2023, net income (loss) of investee company and investment income (loss) recognized as of 31 December 2023 (excluding investees in Mainland China):

Investor Company	Investee Company	Address	Main businesses and products	Initial Investment Amount		Investment as at 31 December 2023			Net income (loss) of investee company	Investment income (loss) recognized	Note
				31 December 2023	31 December 2022	Number of shares	Percentage of ownership (%)	Book value			
Liton Technology Corp.	LITON(BVI) CO., LTD.	P.O. BOX 3340, Road Town, Tortola, British Virgin Islands	Equity investment	$216,857 (USD7,058 thousand dollar)	$216,857 (USD7,058 thousand dollar)	7,057,715	100%	$892,350	$72,570	$72,570	Note1
Liton Technology Corp.	V-TECH CO., LTD.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	Selling and equity invest aluminum foil, Aluminum electrolysis capacitor and related materials	1,341,054 (USD43,647 thousand dollar)	1,341,054 (USD43,647 thousand dollar)	43,647,362	100%	1,429,080	57,581	57,581	Note1, 2
Liton Technology Corp.	EVERTECH CAPA CO., LTD.	Jipfa Buiding,3rd Floor, Road Town, Tortola, British Virgin Islands.	Selling	307 (USD10 thousand dollar)	307 (USD10 thousand dollar)	10,000	100%	-	-	-	
V-TECH CO., LTD.	FOREVER CO., LTD.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	Equity investment	1,178,396 (USD38,353 thousand dollar)	1,178,396 (USD38,353 thousand dollar)	38,353,012	100%	1,519,100	72,920	72,920	Note1

Note1: Current investment income from investees recognized by the Company included investment gain/loss recognized by these investees from reinvest company.

Note2: Current investment income from investees recognized by the Company included investment gain/loss recognized by these investees from upstream/downstream transactions.

(b) Information on major transactions of investee companies with control capabilities:

I. Funds are lent to others

Number	Lend funds of companies	Credits and objects	Correspondence subjects	Related party	Maximum balance this period	Closing balance (Board of Directors Approval Amount)	Actual mobilization amount	Interest rate zone	Nature of Funds Loan (Note 1)	The amount of business transactions	The reason why short-term financing is necessary	Provision is made for the amount of loss	Collateral		Funds and limits for individual targets (Note 2 and Note 4)	Funds and total limits (Note 3 and Note 4)
													Name	Value		
3	Liton Electronics Technology (HUIZHOU) Co., Ltd.	Liton Electronics Technology (Abazhou) Co., Ltd.	Other receviables -Abazhou	yes	$69,248	-	-	By Company's contract	2	-	Operating and capital turnover needs	-	-	-	$863,164	$863,164

Note 1: Table 1 shows those who have business dealings, and Form 2 shows those who have the necessary short-term financing funds.
Note 2: The limit of short-term financing funds for individual targets is limited to 10% of the company's net value.
Note 3: The total limit of funds and loans is limited to 40% of the company's net value.
Note 4: Capital loans between foreign companies in which the Company directly and indirectly holds 100% of the voting shares are not subject to the above. The limit is limited to the total amount of loans and the amount of individual loans not exceeding 100% of the net value of the lending company.

II. Endorsement of others: None.

III. Holding of marketable securities at the end of the period (excluding investment subsidiaries, affiliated enterprises and joint venture control parts):

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

HOLDING Company	Securities Type and name	Relationship with the issuer of securities	Subjects	FINAL				notes
				Shares/ units	Book Amount	Shareholding ratio	Fair Value	
Liton Electronics Technology (HUIZHOU) Co., Ltd.	Lijing Real Estate Development (HUIZHOU) Co., Ltd	-	Financial assets measured at fair value through other comprehensive gains and losses - non-current	1,303,537	$6,507	4.49%	$5,554	
				Adjustment of financial asset evaluation	(953)			
				Total	$5,554			

IV. The cumulative purchase or sale of the same marketable securities in the current period reaches NT$300 million or more than 20% of the paid-up capital: None.

V. The amount of immovable property acquired is NT$300 million or more than 20% of the paid-up capital: None.

VI. The amount of disposed of immovable property is NT$300 million or more than 20% of the paid-up capital: None.

VII. The amount of goods purchased or sold with related party reaches NT$100 million or more than 20% of the paid-up capital:

LITON TECHNOLOGY CO. LTD.

NOTES TO FINANCIAL STATEMENTS (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Related-party	Counter-party	Relationship	Intercompany Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)	
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Terms	Price	Terms	Carrying amount	Percentage of total consolidated receivables (payable)
LITON TECHNOLOGY CO. LTD.	V-TECH CO., LTD	Subsidiary of the company	Purchases	$858,805	56.16%	Mutual offsetting of claims and debts	Same as Normal transaction	Offset of creditor's rights and debts	$-	-%
LITON TECHNOLOGY CO. LTD.	V-TECH CO., LTD	Subsidiary of the company	Sales	(161,470)	(4.39)%	Mutual offsetting of claims and debts	Same as Normal transaction	Offset of creditor's rights and debts	191,456	19.36%
V-TECH CO., LTD	Liton Electronics Technology (Abazhou) Co., Ltd.	Subsidiary of V-TECH CO., LTD.	Purchases	453,172	29.64%	Mutual offsetting of claims and debts	Same as Normal transaction	Offset of creditor's rights and debts	-	-%

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Related-party	Counter-party	Relationship	Intercompany Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)	
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Terms	Price	Terms	Carrying amount	Percentage of total consolidated receivables (payable)
V-TECH CO., LTD	Liton Electronics Technology (HUIZHOU) Co., Ltd.	The Company's subsidiary	Sales	(113,399)	(3.08)%	Mutual offsetting of claims and debts	Same as Normal transaction	Offset of creditor's rights and debts	168,892	17.08%
V-TECH CO., LTD	Liton Electronics Technology (HUIZHOU) Co., Ltd.	The Company's subsidiary	Purchases	409,837	26.80%	Mutual offsetting of claims and debts	Same as Normal transactio	Offset of creditor's rights and debts	-	-%
LITON TECHNOLOGY CO. LTD	Liton Electronics Technology (Abazhou) Co., Ltd.	The Company's subsidiary	Sales	(161,151)	(4.38)%	Mutual offsetting of claims and debts	Same as Normal transaction	Offset of creditor's rights and debts	-	-%
Liton Electronics Technology (Abazhou) Co., Ltd.	Lidon Electronics Technology Co., Ltd. Ruyuan County	The Company's sub-subsidiary	Purchases	578,929	37.86%	Mutual offsetting of claims and debts	Same as Normal transaction	Same as Normal transaction	(66,700)	(44.29)%

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Related-party	Counter-party	Relationship	Intercompany Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)	
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Terms	Price	Terms	Carrying amount	Percentage of total consolidated receivables (payable)
Liton Electronics Technology (HUIZHOU) Co., Ltd.	Lidon Electronics Technology Co., Ltd. Ruyuan County	The Company's sub-subsidiary	Purchases	292,166	19.11%	Net 30 days from the end of the month when invoice is issued s	Same as Normal transaction	Same as Normal transaction	(49,633)	(32.96)%
LITON TECHNOLOGY CO. LTD	Lidon Electronics Technology Co., Ltd. Ruyuan County	The Company's sub-subsidiary	Purchases	105,312	6.90%	Net 30 days from the end of the month when invoice is issued	Same as Normal transaction	Same as Normal transaction	(21,570)	(14.32)%
Lidon Electronics Technology Co., Ltd. Ruyuan County	Dongyang, Ruyuan Yao Autonomous County Actinic Foil Co., Ltd.	Lidon Electronics Technology Co., Ltd's related party	Sales	(564,111)	(15.35)%	Net 30 days from the end of the month when invoice is issued	Same as Normal transaction	Same as Normal transaction	-	-%
Lidon Electronics Technology Co., Ltd. Ruyuan County	Youai Xi Jiedong Sunshine (Shaoguan) Aluminum Sales Co., Ltd	Lidon Electronics Technology Co., Ltd's related party	Purchase	778,101	50.88%	Net 30 days from the end of the month when invoice is issued	Same as Normal transaction	Same as Normal transaction	(116,160)	(77.13)%

Note: The Company complies with the provisions of Letter No. 00747 of the Securities and Futures Commission dated March 18 1998 Taiwan Financial Securities (6)., When outsourced processing, if the parties have agreed to be shipped back for processing or sold on behalf of the party, title and risk of processed products have not passed, when the material is removed, it will be treated according to the accounting of outsourcing processing, it will not be disposed of for sale.

VIII. The amount receivable from related persons reaches NT$100 million or more than 20% of the paid-up capital:

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue receivables		Amounts Received in Subsequent Period	Loss allowance
					Amount	Terms		
LITON TECHNOLOGY CO. LTD.	V-TECH CO., LTD.	The Company's subsidiary	Accounts receivable $191,456	-	$-	-	Write-off of debts	$-
V-TECH CO., LTD.	Liton Electronics Technology (HUIZHOU) Co., Ltd	The Company's sub-subsidiary	Accounts receivable $168,892	-	$-	-	Write-off of debts	$-

IX. Engage in derivatives trading: None.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Information on investments in mainland China

(a) Investment in「LITON (BVI) CO., LTD.」, 「V-TECH CO., LTD.」 and Mainland China:

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as at 1 January 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as at 31 December 2023	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as at 31 December 2023	Accumulated Inward Remittance of Earnings as at 31 December 2023
					Outflow	Inflow						
Liton Electronics Technology (Hui Zhou) Co., Ltd.	Manufacturing aluminum foil, Aluminum electrolysis capacitor and related materials	$509,390 (USD16,579 thousand dollar)	Investment in Mainland China companies through a company invested and established in a third region	$355,765 (US11,579 thousand dollar)	$-	$-	$355,765 (US11,579 thousand dollar)	$73,023	100%	$73,023 (Note 2)	$870,938	$-
Liton Electronics Technology (Abazhou) Co., Ltd.	Manufacturing aluminum foil, Aluminum electrolysis capacitor and related materials	$1,308,885 (USD42,600 thousand dollar)	Investment in Mainland China companies through a company invested and established in a third region	$1,155,260 (US37,600 thousand dollar)	$-	$-	$1,155,260 (US37,600 thousand dollar)	72,920	100%	$72,920 (Note 1)	1,519,100	-
Lidon Electronics Technology Co., Ltd. Ruyuan County	Manufacturing and selling Etched Aluminum Foils and forming aluminum foil	$692,480 (RMB160,000 thousand dollar)	Directly invested Mainland China company	$276,992 (RMB 64,000 thousand dollar)	$-	$-	$276,992 (RMB 64,000 thousand dollar)	114,558	60%	$44,995 (Note 1, 2)	1,032,719	-

Note1: Based on the financial statements audited by the certified accountants of the parent company in Taiwan.

Note2: Current investment income from investees recognized by the Company included investment gain/loss recognized by these investees from upstream/downstream transactions.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Accumulated Investment in Mainland China as at 31 December 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (60% of net worth)
$1,788,017 (USD 49,179 thousand and RMB 64,000 thousand)	$2,095,267 (USD 59,179 thousand and RMB 64,000 thousand)	Not applicable (Note 1)

Note1: According to Letter No. Shen-Zi-11120425300 issued by Ministry of Economic Affairs, R.O.C., the Company's investment in Mainland China is not limited to 60% of net worth or consolidated net worth specified by the Investment Commission.

Note2: The relevant figures in this table should be presented in New Taiwan Dollars, and in the case of foreign currencies, they should be converted into New Taiwan Dollars at the exchange rate at the balance sheet date.

(b) Directly or indirectly significant transactions through third regions with the investees in Mainland China: Please refer to Note 13,1(g) and Note 13,2(b)

(4) Information of major shareholders

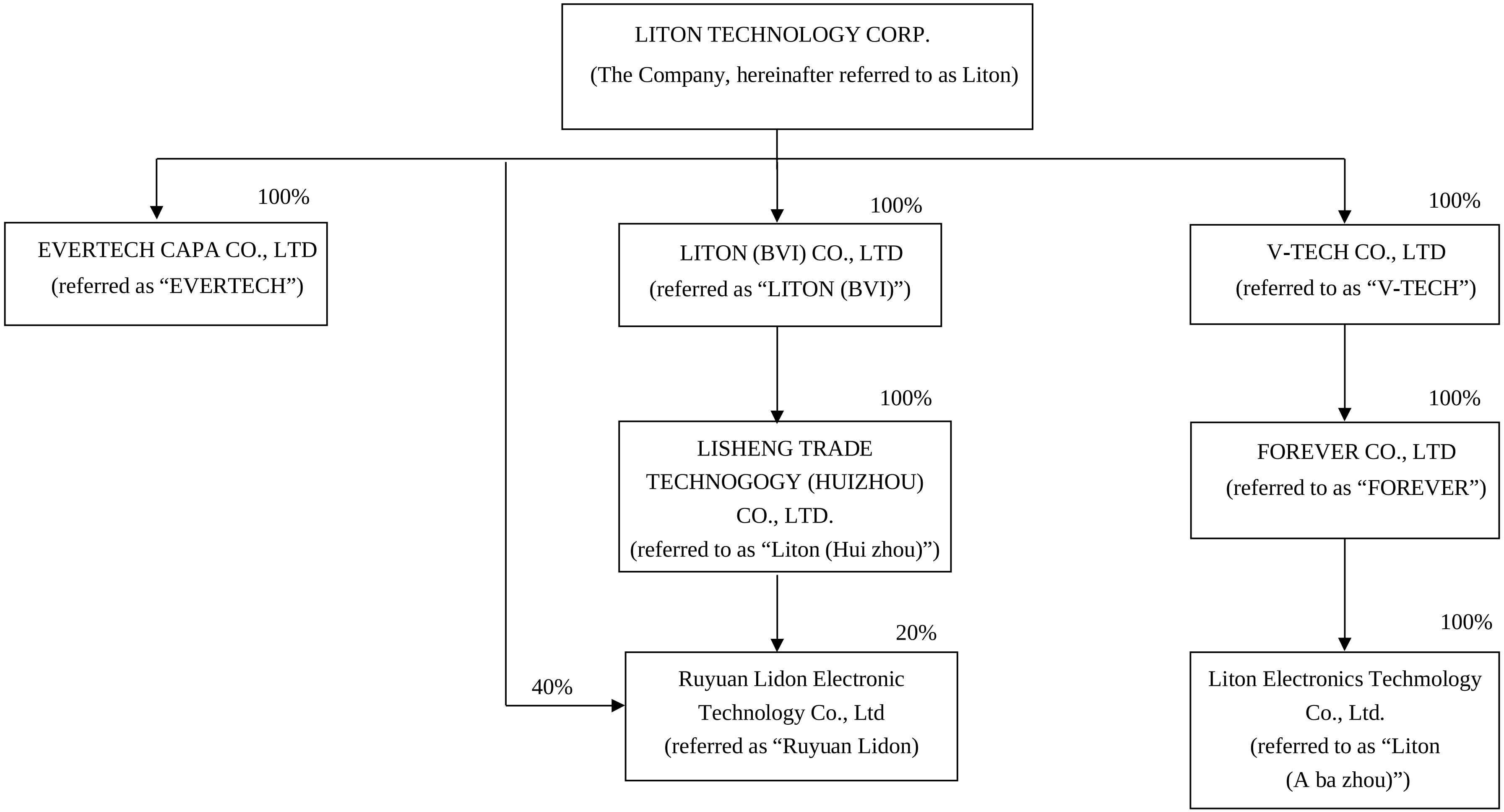
As of 31 December 2023

Shareholders \ Shares	Total Shares Owned	Ownership Percentage
Lelon Electronics Corp.	43,731,598	30.53%
Guangdong Dongyang Technology Holdings Co., Ltd	23,296,875	16.26%

I. Information related to the Company's affiliates

(I) Consolidated business report of the Company’s affiliates

1. Organizational Chart of the affiliates of LITON TECHNOLOGY CORP.



2. Information related to the Company's each affiliate

Name of Enterprise	Date of Establishment	Address	Paid-in Capital	Major Business or Production Item
LITON (BVI) CO., LTD	16 November 1999	PO BOX 3340, Road Town, Tortola, British Virgin Islands.	USD 7,057,715	Equity investment and trade
Liton Electronics Technology (Hui Zhou) Co., Ltd.	28 January 2000	Tai-Yang Industrial Zone, Hui-Zhou City, Hui-Dong Country, Kwangtung, China	USD 16,579,031	Production of forming aluminum foil and guide pin, OEM, and trade
V-TECH CO., LTD	29 April 2002	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD 43,647,362	Equity investment and trade
EVERTECH CAPA CO., LTD	14 September 2001	Jipfa Buiding,3rd Floor, Road Town, Tortola, British Virgin Islands.	USD 10,000	Trade
FOREVER CO., LTD	29 April 2002	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD 38,353,012	Equity investment
Liton Electronics Technology (Abazhou) Co., Ltd.	15 August 2002	New industrial parks Wenchuan Country, A ba zhou, Sichuan, China	USD 42,600,000	Production of forming aluminum foil, OEM, and trade
Ruyuan Lidon Electronic	29 January 2015	DONGYANGGUANG INDUSTRIAL PARK RUCHENG TOWN RUYUAN COUNTY SHAOGUAN CITY	RMB 160,000,000	Production and manufacturing of etched aluminum foils and forming aluminum foil and trade

Exchange Rate as of 31 December 2023: USD/NTD=30.725、RMB/NTD=4.328

Note 1: All affiliates, regardless of size, should be disclosed.
Note 2: Each affiliate has a plant, and if the sales value of the plant’s products exceeds 10% of the controlling Company's revenue, the name of the plant, date of establishment, address, and the main products produced by the plant shall be listed.
Note 3: If the affiliate is a foreign company, the name and address of the company can be expressed in English, the date of the establishment can also be expressed in A.D., and the paid-in capital can be expressed in foreign currency (but the exchange rate on the reporting date should be noted).

3. Information on the existence of the controlling and subordinate relation of the same shareholders: None.

4. The industries covered by the business operations of the affiliates:

Name of the Affiliate	Industry Type
LITON (BVI) CO., LTD	Equity investment
LITON ELECTRONICS TECHNOLOGY (HUI ZHOU) CO., LTD.	Production of low-voltage forming aluminum foil and production guide pin, OEM, and sales
V-TECH CO., LTD	Equity investment and sales of the Company's products
EVERTECH CAPA CO., LTD	Sales of the Company's products
FOREVER CO., LTD	Equity investment
LITON ELECTRONICS TECHNOLOGY (A BA ZHOU) CO., LTD.	Production of the medium, high- and low-pressure forming aluminum foil, OEM, and sales
RUYUAN LIDON ELECTRONIC TECHNOLOGY CO., LTD	Production and manufacturing of teched aluminum foils and forming aluminum foil, and trade

5. Where connections exist among the businesses operated by individual affiliates, a description of the mutual dealings and division of work among such affiliates:

Name of the Affiliate	Division of Work
LITON (BVI) CO., LTD	Equity investment
LITON ELECTRONICS TECHNOLOGY (HUI ZHOU) CO., LTD.	Production of low-voltage forming aluminum foil and guide pin, OEM, and sales
V-TECH CO., LTD	Equity investment and sales of the Company's products
EVERTECH CAPA CO., LTD	Sales of the Company's products
FOREVER CO., LTD	Equity investment
LITON ELECTRONICS TECHNOLOGY (A BA ZHOU) CO., LTD.	Production of medium, high and low-voltage forming aluminum foil, OEM, and sales
RUYUAN LIDON ELECTRONIC TECHNOLOGY CO., LTD	Production and manufacturing of teched aluminum foils and forming aluminum foil, and trade

6. Information on the directors, supervisors, and presidents of each affiliate

Unit: Share; %

Name of Enterprise	Title	Name or Representative	Shares Held	
			Shares	%
LITON(BVI)CO,.LTD	Director	TE-CHUAN WU	-	-
LITON ELECTRONICS TECHNOLOGY (HUI ZHOU) CO., LTD.	Director Director Director Supervisor	LITON (BVI) CO., LTD Representative of the juristic person: CHIH-MING WU TSUN-HSIN KO TUNG-JUNG LI KUN-JEN KU	16,579,031	100%
V-TECH CO,.LTD	Director	TE-CHUAN WU	-	-
EVERTECH CAPA CO,.LTD	Director	TE-CHUAN WU	-	-
FOREVER CO,.LTD	Director	TE-CHUAN WU	-	-
LITON ELECTRONICS TECHNOLOGY (A BA ZHOU) CO., LTD.	Director Director Director Supervisor	FOREVER CO., LTD Representative of the juristic person: CHIH-MING WU TSUN-HSIN KO TUNG-JUNG LI KUO-CHUAN WANG	42,600,000	100%
RUYUAN LIDON ELECTRONIC TECHNOLOGY CO., LTD	Director	LITON TECHNOLOGY CORP. Representative of the juristic person: TSUN-HSIN KO	64,000,000	40%
	Director	Liton Electronics Technology (Hui Zhou) Co., Ltd. Representative of the juristic person: CHUN-YING LIU	32,000,000	20%
	Director	Guangdong Hec Technology Holding Co., Ltd. Representative of the juristic person: HSIANG-CHUN LO	64,000,000	40%
	Supervisor	LITON TECHNOLOGY CORP. Representative of the juristic person: CHIH-MING WU		
	Supervisor	Liton Electronics Technology (Hui Zhou) Co., Ltd. Representative of the juristic person: TUNG-JUNG LI		
	Supervisor	Guangdong Hec Technology Holding Co., Ltd. Representative of the juristic person: NENG-LIANG CHOU		

7. Operation overview of each affiliate

LITON TECHNOLOGY CORP.

2023

Unit: NT$ thousands

Name of Enterprise	Capital	Total Assets	Total Liabilities	Net Worth	Revenue	Operating Income (Loss)	Income (Loss) of the Current Period (Net of Tax)	EPS (NT$) (Net of Tax)
LITON (BVI) CO., LTD	216,856	894,580	-	894,580	-	-	72,570	10.28
LITON ELECTRONICS TECHNOLOGY (HUI ZHOU) CO., LTD.	509,390	1,114,974	244,037	870,937	684,765	61,917	73,023	N/A
V-TECH CO., LTD	1,341,054	1,755,378	314,320	1,441,058	1,020,275	(589)	57,581	1.32
EVERTECH CAPA CO., LTD	307	-	-	-	-	-	-	0.00
FOREVER CO., LTD	1,178,396	1,519,100	-	1,519,100	-	-	72,920	1.90
LITON ELECTRONICS TECHNOLOGY (ABAZHOU) CO., LTD.	1,308,885	1,742,621	223,521	1,519,100	1,532,231	89,302	72,920	N/A
RUYUAN LIDON ELECTRONIC TECHNOLOGY CO., LTD.	692,480	2,362,664	641,465	1,721,199	2,050,444	131,017	114,558	N/A

31 December 2023 Assets Liabilities Exchange Rate: USD/NTD=30.725 RMB/NTD=4.3280

2023 Income Exchange Rate: USD/NTD=31.156902 RMB/NTD=4.396254

Note 1: All affiliates, regardless of size, should be disclosed.

Note 2: If the affiliate is a foreign company, the relevant figures shall be converted into NT$ at the exchange rate on the reporting date.

(II) Affiliation Report in exchange losses on translation of

LITON TECHNOLOGY CORP.
Statement

In the fiscal year of 2023 (from 1 January 2023 to 31 December 2023), if the companies are required to be included in preparing the consolidated financial statements covering the affiliated enterprises under the “Regulations Governing Preparation of Consolidated Business Reports Covering Affiliated Enterprises, Consolidated Financial Statements Covering Affiliated Enterprises, and Reports on Affiliations” are entirely the same as those that IFRS 10 requires to be included in preparing the consolidated financial report comprising the parent and its subsidiaries, and if the required disclosures to be made in the consolidated financial statements covering affiliated enterprises are already made in the consolidated financial report comprising the parent and its subsidiaries, then the consolidated financial statements covering affiliated enterprises need not be prepared.

It is hereby declared.

Name of the Company: LITON TECHNOLOGY CORP.

Responsible Person: Chih-Ming Wu

13 March 2024

LITON TECHNOLOGY CORP.

Chairman: Chih-Ming Wu