

LITON TECHNOLOGY CORP.
2024 ANNUAL SHAREHOLDERS MEETING MINUTES

Meeting Time : 9:00 a.m., 27 June 2024 (Thursday)

Location : No. 9, Zhonglong 2nd Rd., Tongluo Township, Miaoli County, Taiwan (R.O.C)(The Company's 3F Meeting Room)

Type of meeting : Physical Meeting

Shareholders present : Total shares represented by shareholders present in person or by proxy amounted 81,918,006 shares (including 48,473,142 electronic vote), accounting for 57.72% of the total issued shares of the Company after deducting the shares without voting rights (1,300,000 shares), which amount to 141,919,606 shares.

Attendees : Director TSUN-HSIN KO, Director YUNG-CHANG CHU, Independent Director YEN-CHUNG TSOU, Independent Director YIN-TANG TSENG, Independent Director LI-HUA HUANG, CPA CHIN-YUAN TU and Lawyer YEN-TZU CHANG.

Chairperson : CHIH-MING WU

Recorder : HUI-CHUAN CHIU

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

II. Chairperson Remarks: Omitted.

III. Management Presentation

(I) 2023 Business Report (Please refer to Attachment 1)

(II) 2023 Audit Committee's Review Report (Please refer to Attachment 2)

(III) 2023 Distribution Report of employee compensation and directors' remuneration.

(Please refer to the Handbook)

(IV) Report of Loaning of Funds to Others and Making of Endorsement/ Guarantees.

(Please refer to the Handbook)

(V) Report of Buyback of the Company's Shares. (Please refer to the Handbook)

(VI) Issuance of Unsecured Domestic Convertible Bonds. (Please refer to the Handbook)

(VII) 2023 The Implement of Private Placements with Certificates. (Please refer to the Handbook)

(VIII) 2023 Directors' remuneration Report (Please refer to the Handbook)

IV. Proposed Resolutions

Report No.1: 2023 Business Report and Financial Statements.

(Proposed by the Board of Directors)

- Explanation: 1. The Company's 2023 Parent Company Only Financial Statements and Consolidated Financial Statements have been audited by the CPAs of Ernst & Young Taiwan, CHIN-YUAN TU and WEN-CHEN LO. The audit report, along with the business report, has been submitted to the Audit Committee for review and a written audit report has been issued.
2. For the business report, audit report and the preceding financial statements, please refer to Attachment 1 and Attachment 3.
3. Proposed for adoption.

Shareholder's speech: None.

Resolution: The voting results for this proposal are as follows. Shares represented at the time of voting (including electronic votes): 81,918,006.

Votes in favor	Votes against	Votes invalid	Votes abstained
79,369,215	177,358	0	2,371,433

The votes in favor account for 96.88% of the total shareholder voting rights. After the voting by attending shareholders, this proposal has been passed as proposed.

Report No.2: Proposal for Distribution of 2023 Profits.

(Proposed by the Board of Directors)

- Explanation: 1. The Company 2023 profit distribution table, please refer to Attachment 4.
2. The net income after tax for 2023 was NT\$294,870,269. In accordance with the law, NT\$29,461,657 will be allocated to the legal reserve and NT\$60,397,932 will be allocated to the special reserve. After taking into account the undistributed earnings from the beginning of the period, it is proposed to distribute a cash dividend of NT\$156,111,567 to the shareholders. Based on the outstanding shares of 141,919,606 (deducting the repurchase of treasury shares of 1,300,000 shares.), the proposed dividend per share is NT\$1.1. Once approved by the shareholders at the upcoming shareholders meeting, it is planned to authorize the Chairman to determine the ex-dividend date and payment date, as well as other relevant matters regarding the dividend distribution.
3. If there are any changes in the dividend yield due to fluctuations in the outstanding shares resulting from changes in the company's share capital, it is proposed to seek authorization from the shareholders at the shareholders meeting to empower the Chairman to handle such adjustments.
4. The cash dividends for this distribution will be calculated and rounded down to the nearest whole dollar, with any fractional amounts less than one dollar being disregarded. The total amount of fractional dividends, in descending order of decimal numbers, will be adjusted according to the account numbers from front to back until it matches the total cash dividend distribution amount.
5. Proposed for adoption.

Shareholder's speech: None.

Resolution: The voting results for this proposal are as follows. Shares represented at the time of voting (including electronic votes): 81,918,006.

Votes in favor	Votes against	Votes invalid	Votes abstained
79,388,215	178,358	0	2,351,433

The votes in favor account for 96.91% of the total shareholder voting rights. After the voting by attending shareholders, this proposal has been passed as proposed.

V. Discussion

Description: Proposal for a cash offering by private placement.

(Proposed by the Board of Directors)

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

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

A. Basis and rationale for price determination:

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

- I. The simple average closing price of the common shares of the TWSE listed or Tex listed company for either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction.
- ii. The simple average closing price of the common shares of the TWSE listed or TOPIX listed company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.

- (b) The actual issuance price of the private placement common shares will be based on a reference price of not less than 80% and shall not be lower than the par value of NT\$10 per share. The specific pricing date and the actual private placement price will be determined by the Board of Directors within the range defined by the shareholder meeting resolution. The determination will consider the circumstances of the specific parties involved and the market conditions at a later date.

- (c) Rationale for price determination: The determination of the aforementioned price is based on the reference to the Company's stock price and complies with the provisions of the "Directions for Public Companies Conducting Private Placement of Securities." It takes into account the three-year transfer restriction on private placement securities and is considered reasonable.
- B. The method, purpose, necessity, and expected benefits of selecting specific individuals:
 - (a) The method and purpose of candidate selection:

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

In order to meet the operational development needs of the Company, we aim to attract strategic investors through this recruitment process. The selection of candidates will prioritize those who can contribute to the Company's future operations. We will focus on individuals or entities that can assist in market development, product sales, and technical collaborations, while also contributing to the Company's profitability and positively impacting shareholder equity. Strategic investors who meet these criteria will be considered.
- C. Essential reason for conducting private placement:
 - (a) Reasons for not conducting a public offering: Considering the expedient and efficient nature of private placement, it is deemed advantageous for achieving the objective of attracting strategic investors. Moreover, the three-year transfer restriction on privately placed securities ensures a long-term cooperative relationship between the company and strategic investors. Additionally, authorizing the Board of Directors to conduct private placements based on the actual operational needs of the company will enhance the flexibility and agility of our fundraising efforts.
 - (b) The quota for private placement: Offering is limited to a maximum of 13,000,000 common shares.
 - (c) Expected benefits to be achieved: The purpose of the private placements of this financing plan is to repay loans and enhancing working capital to improve financial structure. The private placement plan is expected to be implemented in two tranches within one year from the resolution of the shareholders' meeting. The intended use of funds and the expected

achievements for each tranche of the private placement are as follows:

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

- (2) The rights and obligations of the privately placed common shares in this offering are generally the same as those of the common shares already issued by the Company. However, the transfer of privately placed common shares shall be subject to the provisions of Article 43-8 of the Securities and Exchange Act within three years from the delivery date. After the expiration of three years from the delivery date of the privately placed common shares, the Company intends to comply with the relevant regulations of the Securities and Exchange Act and apply to the competent authority for the public offering of the privately placed common shares and their listing on the stock exchange.
- (3) The main details of the proposed private placement of common shares include the actual number of shares to be issued, the issuance conditions, the amount of the private placement, the reference date for the capital increase, the planned projects, the expected timeline, and anticipated benefits, as well as any other matters not yet specified. In the future, if there are any modifications due to changes in regulatory requirements or objective environmental factors, the Board of Directors intends to seek authorization from the shareholders' meeting to proceed in accordance with the relevant regulations.
- (4) In addition to the authorized scope mentioned above, it is proposed to seek authorization from the shareholders' meeting for the chairman of the board or the designated person to represent the company in signing, negotiating, and amending all contracts and documents related to the private placement of common shares. Furthermore, the chairman of the board is authorized to handle all other matters related to the private placement of common shares that may arise.

2. Proposed for resolution

Shareholder's speech: None.

Resolution: The voting results for this proposal are as follows. Shares represented at the time of voting (including electronic votes): 81,918,006

Votes in favor	Votes against	Votes invalid	Votes abstained
79,377,789	187,804	0	2,352,413

The votes in favor account for 96.91% of the total shareholder voting rights. After the voting by attending shareholders, this proposal has been passed as proposed.

VI. Election

Description: Proposal for a re-election of director was submitted for the election. (Proposed by the Board of Directors)

Explanation: 1. The Company's current directors' term is set to expire on 26 August 2024. According to the regulations, a director re-election will be conducted at this shareholders' meeting."

2. According to Article 13 of the company's "Article of Association", there should be a total of seven directors (including 3 Independent Directors), following a candidate nomination system.

3. The term of the office for the newly appointed directors is three years, starting from 27 June 2024, until 26 June 2027. The term of office for the current directors shall cease upon the completion of the current shareholders' meeting.

4. The current election abides by the Company's "Election of Directors Procedure".

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

6. YEN-CHUNG TSOU has served as the Company's independent director for three terms. Considering his expertise in accounting, familiarity with relevant laws and regulations, and experience in corporate governance, which significantly benefits the Company, he will continue to be nominated as a candidate for independent director. With his expertise, he can provide professional advice to the board and supervise its activities effectively while fulfilling the responsibilities of an independent director.

7. Proposed for election.

Shareholder's speech: None.

Election Results:

Candidate list is as follows:

Position	Name	Number of Elected Seats
Director	CHIH-MING WU	83,628,213
Director	Representative of LELON ELECTRONICS CORP.: HUNG-TE LU	78,996,937
Director	TSUN-HSIN KO	78,761,270
Director	YUNG-CHANG CHU	78,205,084
Independent director	YEN-CHUNG TSOU	78,643,980
Independent director	LI-HUA HUANG	78,319,735
Independent director	JUNG-MENG TSENG	78,289,743

VII. Other matters

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

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

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

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

4. Proposed for resolution

Shareholder's speech: None.

Resolution: The voting results for this proposal are as follows. Shares represented at the time of voting (including electronic votes): 81,918,006.

Votes in favor	Votes against	Votes invalid	Votes abstained
79,340,221	191,179	0	2,386,606

The votes in favor account for 96.85% of the total shareholder voting rights. After the voting by attending shareholders, this proposal has been passed as proposed.

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

IX. Adjournment: The chairperson announced adjournment at 9:32a.m., 27 June 2024.

(This annual shareholders meeting minutes only contain the main points of the proceedings; detailed content remains subject to the video recording of the meeting.)

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 Lidong 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 the 2023, the Company achieved a net operating revenue of NT\$1,273,498 thousand and net income before tax of NT\$341,004 thousand. This represents a 27.45% decrease in operating revenue and an 40.51% decrease in net income before tax compared to 2022, where the net operating revenue was NT\$1,755,439 thousand and the net income before tax was NT\$573,221 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 or 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 or 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		
Item	2023 (Individual)	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. Individual

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
Net profit margin (%)	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 conversion.
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 pressure formed foil
 - A. International market
 - a. Continuously leverage the competitive advantage of subsidiary Lidong Advanced Electric Foil products to promote the expansion of the market share replacing Japanese foils and 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 Lidong Electronic Foil's niche products and Linton formed foil's superior product quality to develop a sales strategy for expanding the customer market and achieve the company's goal of full production and sales utilization.
- 2. Medium and high pressure formed foil
 - A. Achieve full capacity utilization in the line of medium and high pressure formed, effectively improving market share and gross profit targets.
 - B. Focus on customer orders and sales in high-value application markets to enhance product competitiveness effectively (catering to demands for 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. Our main objective is to expand in the Japanese market and continue to leverage our sales advantages in the European and American markets while maintaining a high gross profit margin.
 - B. We aim to increase our sales proportion to first-tier domestic customers.
 - C. Coupled with high-end precision cutting process, we aim to maintain our leading position as a high-quality lead frame brand both domestically and internationally.

(III) R&D Plan

- 1. 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. The FED raised interest rates in the beginning of 2022, and whether it turns to lower interest rates in 2024 has become the key to world change.

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.

The economic recovery in the United States, fiscal stimulus measures in China, and robust performance in major emerging market economies have all boosted confidence in global economic development.

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



LITON TECHNOLOGY CORP.

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Audit Committee's Review Report

The board of directors has prepared the Company's 2023 Business Report, Financial Statements, Consolidated Financial Statements and profit distribution table. The CPAs of Ernst& Young Taiwan, CHIN-YUAN TU and WEN-CHEN LO were retained to audit LITON TECHNOLOGY CORP. 's Financial Statements and Consolidated Financial Statements and has issued an audit report. For the preceding the Business Report, Financial Statements, Consolidated Financial Statements and proposal of statement of appropriation of earnings have been reviewed and determined to be correct and accurate by the Audit Committee members of LITON TECHNOLOGY CORP. According to relevant requirements of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Best regards,

2024 shareholders meeting of LITON TECHNOLOGY CORP.

Convener of the Audit Committee YEN-CHUNG TSOU

13 March 2024

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 classified by level of inventories and valued with each levels. We also assessed the adequacy of disclosures related to inventory in Notes 5 and 6 to the parent company only financial statements.

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 and 2022
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of 31 December	
		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	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 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			Treasury shares	Total equity
	Common Stock	Certificate of entitlement to new shares from convertible bond	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)	Exchange Differences on Translation of Foreign Operations	Unrealized Gains or Losses on Financial Assets at Fair Value Through Other Comprehensive			
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)

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 disposals 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 assets	(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)

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	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		<u>2,841,726</u>	<u>2,895,348</u>
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		<u>3,000,828</u>	<u>3,194,637</u>
Total assets		<u><u>\$5,842,554</u></u>	<u><u>\$6,089,985</u></u>

(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		<u>1,846,812</u>	<u>1,652,067</u>
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		<u>198,569</u>	<u>660,837</u>
Total liabilities		<u>2,045,381</u>	<u>2,312,904</u>
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		<u>1,342,910</u>	<u>1,296,652</u>
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		<u>(208,065)</u>	<u>(147,667)</u>
Treasury shares		(41,808)	(40,133)
Non-controlling interests	6(9)	688,478	656,151
Total equity		<u>3,797,173</u>	<u>3,777,081</u>
Total liabilities and equity		<u>\$5,842,554</u>	<u>\$6,089,985</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
LITON TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended 31 December 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 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				Non-controlling interests	Total equity
	Common Stock	Certificate of entitlement to new shares from convertible bond	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized gains(Losses) on financial assets measured at fair value through other comprehensive income	Treasury shares	Total		
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 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)

LITON TECHNOLOGY CORP.

2023 Profit Distribution Table

Unit: in NT\$

Items	Amount
Unappropriated retained earnings, beginning balance	640,945,257
Remeasurement on defined benefit plan	(253,703)
Net profit	294,870,269
Adjusted retained earning	935,561,823
Appropriation of 10% legal reserve	(29,461,657)
Special reserve	(60,397,932)
Cash dividends of shareholders (NT\$ 1.1 share)	(156,111,567)
Unappropriated retained earnings, ending balance	689,590,667
Note: 1. The amount of this profit distribution is given priority to the distribution of 2023. 2. The distribution amount per share is calculated based on the number of outstanding shares of 141,919,606 shares (deducted 1,300,000 shares of treasury shares repurchased for the seventh time).	

Chairman: CHIH-MING WU Manager: TSUN-HSIN KO

Accounting Supervisor: KUO-CHUAN WANG

(Attachment 5)

LITON TECHNOLOGY CORP.
Candidates for the Election of Independent Directors
Shareholders' Meeting Date: 27 June 2024

Candidate category	Name of candidate	Education	Relevant experience	Current position	Shareholding
Director	CHIH-MING WU	Lamar University, Master	Chairman and President of Lelon Electronic Corp. Chairman of LITON TECHNOLOGY CORP.	Chairman and President, Lelon Electronic Corp.	470,701
Director	LELON ELECTRONICS CORP. Representative: HONG-TE LU	National Taiwan University of PhD in Marketing	Professor at Department of Business Administration, Chung Yuan Christian University	Professor at Department of Business Administration, Chung Yuan Christian University	43,731,598/0
Director	TSUN-HSIN KO	National Yang Ming Chiao Tung University EMBA	ITRI MCL of Deputy Researcher and Engineer ITRI MCL of Lead Investigator for Aluminum Foil Development Program Director and President of Liton Technology Corp.	Director and President, LITON TECHNOLOGY CORP.	635,309
Director	YUNG-CHANG CHU	National Defense Medical College	Physician and Director of Chu Yung-Chang Internal Pediatric Clinic Supervisor and Director of LITON TECHNOLOGY CORP.	Physician and Director of Chu Yung-Chang Internal Pediatric Clinic	810,092

Independent Director	YEN-CHUNG TSOU	National Cheng Kung University, Department of Accountancy	Partner of Representative of Sun Young CPAs Independent Director of Universal Microelectronics CO., LTD. Independent Director of SUNKO INC CO. LTD. Independent Director of LITON TECHNOLOGY CORP.	Partner of Representative of Sun Young CPAs	0
Independent Director	LI-HUA HUANG	National Taichung Junior College Of Business (Now : National Taichung University of Science and Technology) Accounting Statistics	Senior Manager of Ernst & Young Taiwan Vice President of Hong Siang Certified Public Accountants Independent Director of Chian Hsing Forging Industrial Co., Ltd. Independent Director of LITON TECHNOLOGY CORP.	Vice President of Hong Siang Certified Public Accountants	0
Independent Director	JUNG-MENG TSENG	EMBA, Feng Chia University	Director and President of SIWARD Crystal Technology Co., Ltd. Chairman of Apex Optech Corporation Corporate Director Representative of Securitag Assembly Group Co., Ltd. Independent Director of Sun Own Industrial Co., Ltd.	Director and President of SIWARD Crystal Technology Co., Ltd.	0

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

Title	Name	Positions currently held in other companies
Director	CHIH-MING WU	Chairman and President, Lelon Electronic Corp. Chairman, Lelon Electronics (HUIZHOU) Corp. Chairman and President, Lelon Electronics (SUZHOU) Corp. Chairman, Dongguan Lehong Trading Co, Ltd. Chairman, Lelon Electronics (SUZHOU) Corp. Chairman, Lelon Electronics (HUIZHOU) Corp. Chairman, Liton Electronics Technology (Abazhou) Co., Ltd. Director, ChiFa Enterprise Co., Ltd. Chairman, Lelon Electronics (THAILAND) Corp.
Director	Lelon Electronic Corp. Representative: HONG-TE LU	Professor at Department of Business Administration, Chung Yuan Christian University
Director	TSUN-HSIN KO	Director, Liton Electronics Technology (Abazhou) Co., Ltd. Director, Liton Electronics Technology (Hui Zhou) Co., Ltd. Legal representative, Ruyuan Lidong Electronic Technology Co., Ltd.
Director	YUNG-CHANG CHU	Physician and Director of Chu Yung-Chang Internal Pediatric Clinic
Independent Director	YEN-CHUNG TSOU	Representative and CPA, Sun Young Independent Director, Universal Microelectronics CO., LTD. Independent Director, SUNKO INC CO. LTD.
Independent Director	LI-HUA HUANG	Vice President, Hong Siang Certified Public Accountants Independent Director, Chian Hsing Forging Industrial Co., Ltd.
Independent Director	JUNG-MENG TSENG	Director and President, SIWARD Crystal Technology Co., Ltd. Representative Director, SIWARD TECHNOLOGY CO., LTD. Chairman, APEX OPTECH CO. Chairman, Apex Optech Corporation (Wuxi Factory) Chairman, SIWARD Electronic Technology (Shenzhen) Inc. Representative, Securitag Assembly Group Co., Ltd. Representative Director, SE JAPAN CO. Vice Chairman, SIWARD Crystal Technology (Dongguan) Co., Ltd. Independent Director, Sun Own Industrial Co., Ltd.