Stock code: 6792

Unictron Technologies Corporation

2023 Annual Report

Unictron Technologies Corporation

Link to inquire the annual report: MOPS, http://mops.twse.com.tw/

The Company's link to inquire the annual report: http:// www.unictron.com/

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Notice to readers

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

Spokesperson and Deputy Spokesperson

Spokesperson: Lee, Ran-Rong
Title: Chief Strategy Officer
Contact number: (03)407-2728
E-mail: investor@unictron.com

Deputy Spokesperson: Cheng, Shi-Wei
Title: Finance Division Chief
Contact number: (03)407-2728
E-mail: investor@unictron.com

Address and telephone number of the company's headquarters, branch offices, and factories

Headquarter and factory (Yung Rong): No. 41, Shuiken, Datung Village, Guanxi Township, Hsinchu County
Tel: (03) 407-2728
Taoyuan Factory (Yung Chih): 4F, No. 83, Kewang Rd., Longtan Dist., Taoyuan City
Taoyuan Office: 5F, 83, Kewang Rd., Longtan Dist., Taoyuan City
San Jose Technology: 11F., No.2, Sec. 4, Jhongyang Rd., Tucheng Dist., New Taipei City

Name, address, e-mail address, and telephone number of the agency handling shares transfer

Name: Stock Affair Agency Department, Taishin Securities Co. Ltd.
Address: B1, No. 96, Chienkuo N. Rd., Sec. 1, Zhongshan District.
Link: https://stocktransfer.tssco.com.tw
Tel: (02) 2504-8125

Names of the certified public accountants who duly audited the annual financial report for the most recent fiscal year, and the name, address and telephone number of the accounting firm to which they belong

Names of attesting CPAs: Tang, Tzu-Jie, CPA, and Chang, Huei-Jen, CPA
Name of accounting firm: KPMG Taiwan
Address: 68F, No. 7, Xinyi Rd., Sec. 5, Taipei City
Link: https://kpmg.com.tw
Tel: 02-8101-6666

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.

Address of the company's website: http:/ /www.unictron.com/

Table of Content

One. Report to the shareholders

Looking back at the changes in the industry in 2023, the Company's operating conditions have improved quarter by quarter. After the fourth quarter, due to the high inflation phenomenon, geopolitical risks and other factors affecting the recovery of global consumption, the performance of the Company fell short of expectations because of the more stringent control of customers' inventories. Under the collective efforts of the company, we achieved a total annual revenue of NT$1,380,876 thousand in 2023. After taxes, the net profit amounted to NT$195,973 thousand, resulting in earnings per share of NT$4.18.

I. Summary of Business Performance and Business Plan for 2023

For the year ending December 31, 2023, the Company's consolidated operating revenues was NT$1,380,876 thousand, representing a decrease of approximately 8% compared to the year ended December 31, 2022, and net income after tax attributable to owners of the parent company was NT$195,973 thousand for the year ended December 31, 2023, representing a decrease of approximately 27% compared to the net income after tax for the year ended December 31, 2022.

The Company did not prepare financial forecast reports, but internal budget management was conducted in accordance with regulations. For the year ended December 31, 2023, the Company's net cash inflow from operating activities was $279,319 thousand, debt-to-equity ratio was 17%, current ratio was 433%, return on stockholders' equity was 12%, net income ratio was 14%, and basic earnings per share was NT$4.18, indicating a favorable financial position and profitability.

Innovation, research, and development design are the core competencies of our company and also reflect our consistent business philosophy. Thanks to the dedicated efforts of our R&D team, we are able to launch new products every year, and we have obtained or applied for over 100 patents in multiple countries over the years. Moving forward, the Company will continue to focus on developing and designing new products while also striving to enhance the competitiveness of our products, and safeguard our R&D results by filing patent applications in various countries to safeguard our intellectual property rights.

The research and development expenses invested in this fiscal year amounted to NT$129,497 thousand, which still accounted for 9.38% of the total revenue. Since material formulation, process technology, and RF circuit design technology are the company's core competencies, we are committed to researching, developing, and manufacturing key electronic components according to customer needs and the future trajectory of the electronics industry, and we are committed to develop niche new products.

II. The Company's strategy for future development is affected by the external competitive environment, the regulatory environment and the general business environment:

The Company will continue to promote new products and applications such as high-precision positioning antennas, antenna modules for low-orbit satellites and 5G millimeter-wave communications, intelligent underwater buoys, and the development and application of liquid level sensors and flow meters. Some of these products have already entered the final stage of testing before mass production, which will be the main driving force for future performance growth.

The overall market outlook for the first half of 2024 remains conservative. While inventory levels across industries have decreased, the lack of confidence in future economic momentum and high level of inflation have slowed down the recovery of the overall industry. However, the Company will still keep abreast of customer conditions and adjust its production capacity to the optimal state, and the expansion of production capacity and future development plans will still be carried out gradually according to the original plan. In terms of long-term development, the Company's core competitiveness and the trend of sustainable growth in revenues will remain unchanged.

The Company will also place a stronger emphasis on the development and discussion of ESG sustainability issues, while continuing to make improvements and enhancements. Our goal is to achieve sustainable development by promoting sound corporate governance, balancing the interests of stakeholders, and protecting the environment. Additionally, we are committed to social participation and fulfilling our role as responsible corporate citizens. With the support of our shareholders and their continued encouragement, the Company will do its utmost to attain great success with the entire team.

Chairperson: President: Accounting Manager:

Two. Company Overview

I. Date of incorporation: April 8, 1988

II. Company history:

Year	Key milestone
1988	Approved by the Ministry of Economic Affairs for incorporation registration, the paid-in capital was NT$5,000 thousand, and the main businesses were the manufacturing and trading of electronic material components.
1999	Cash capital increase for NT$6,000 thousand and earnings converted to capital increase for NT$4,000 thousand; the paid-up capital was increased to NT$15,000 thousand.
2000	Established the R&D Center and production base in Hsinchu, and recruited the technical team from the ITRI, to start the development of piezoelectric component and satellite navigation antennas.
	Cash capital increase for NT$25,000 thousand; the paid-up capital was increased to NT$40,000 thousand.
2001	Cash capital increase for NT$13,000 thousand; the paid-up capital was increased to NT$53,000 thousand.
2002	Merged with Kubo Electronics Co., Ltd. and Yuanyi Technology Ltd.
	The merge capital increase issued new shares for NT$71,864 thousand; the paid-up capital was increased to NT$124,864 thousand.
2003	Cash capital increase for NT$106,550 thousand; the paid-up capital was increased to NT$231,414 thousand.
2006	Cash capital increase for NT$5,964 thousand; the paid-up capital was increased to NT$237,378 thousand.
2007	Capital increased to offset losses for NT$89,017 thousand, and cash capital increase for NT$149,639 thousand; the paid-up capital was increased to NT$298,0000 thousand.
2008	The chip antennas were successfully developed, protected by multinational patent, applicable for GPS satellite navigation, WiFi/Bluetooth and other wireless communication products.
2009	Piezoelectric ceramic components for reversing radar were successfully developed, and passed the certification of major international manufacturers, with mass-production and shipment.
	After years of R&D, piezoelectric ceramic components suitable for underwater ultrasonic transducers have passed the certification of major international manufacturers and have begun mass production and shipment.
	Passed the ISO9001: 2008 certification
	Cash capital increase for NT$10,000 thousand; the paid-up capital was increased to NT$308,000 thousand.
2010	Established the subsidiary in China, Unictron Technologies Corporation (Shenzhen) Co., Ltd.
	The 16dBi high-gain patch array antenna suitable for long-distance wireless communication were successfully developed, passed the certification of major international manufacturers, with mass-production and shipment.
2012	The slender piezoelectric ceramic rod-shaped components with the length as long as more than 8”, were successfully developed, passed the certification of major international manufacturers, with mass-production and shipment.
	Passed the ISO14001 certification
2014	The micro-chip antenna with multi-national patents won the Gold Medal Award for Technological Innovation at the 2014 Taipei International Electronics Industry Technology Exhibition.
	The UPC low-density piezoelectric ceramic components with ultra-large bandwidth were successfully developed, suitable for CHIRP technology, significantly improving the resolution of ultrasonic transducers, and has been recognized by international major manufacturers with mass-production and shipment.
	Employee subscription warrants were converted to share of NT$22,185 thousand, and employees’ remuneration was converted to capital increase for NT$3,364 thousand; the paid-up capital was increased to NT$333,549 thousand.
2015	Passed the ISO/TS 16949:2009 certification
	Employee subscription warrants were converted to share of NT$20,840 thousand, and employees’ remuneration was converted to capital increase for NT$5,407 thousand; the paid-up capital was

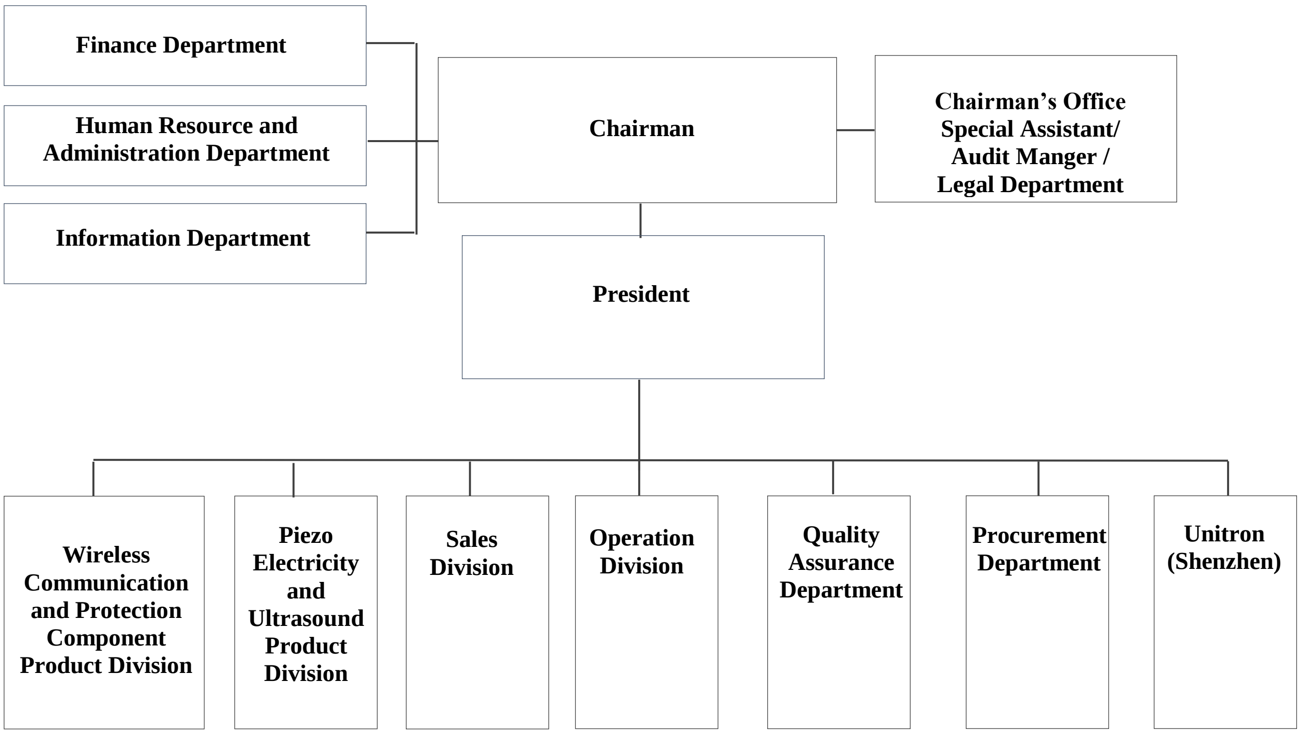
Year	Key milestone
	increased to NT$359,796 thousand.
2016	Employee subscription warrants were converted to share of NT$10,960 thousand, and employees' remuneration was converted to capital increase for NT$17,553 thousand; the paid-up capital was increased to NT$388,310 thousand.
2017	Employees' remuneration was converted to capital increase for NT$12,000 thousand; the paid-up capital was increased to NT$400,310 thousand.
2018	Darfon Electronics Corp. and its subsidiary acquired 54.86% of the Company's stake. Darfon Electronics Corp. became the parent company of the Company.
	The underwater ultrasonic transducer for detecting the liquid level of urea tanks used in vehicles were successfully developed, and has been recognized by international major manufacturers with mass-production and shipment.
2019	Obtained about 55.9% of common share equity of San Jose Technology, Inc., to expand product lines such as external antennas, GPS receivers, and trackers, to increase the depth and breadth of marketing of wireless communication products.
	The ultrasonic transducers used in the air were successfully developed, and has been recognized by international major manufacturers with mass-production and shipment. These can be widely used in various information systems and production equipment.
	The underwater ultrasonic transducers for liquid flow meters were successfully developed, with mass-production and shipment begun.
	The navigation antenna for passenger cars has passed the certification of major domestic car manufacturers and started mass production and shipment.
	Chip antennas applied to the TWS Bluetooth earphones exceed 10 million pcs for the monthly shipment.
	The operation headquarter in Longtan District, Taoyuan was completed and commenced for use
2020	The Castle Patch antenna with multi-national patents were successfully developed, which has the function of efficiently receiving GNSS multi-band signals, and has superior competitiveness in high-precision positioning applications.
	The Pillar chip antenna with multinational patents were successfully developed, with superior functions and competitiveness in the application of TWS earphones and wireless communication Router/Switch.
	High-precision positioning antenna module with an accuracy of up to 5 mm were successfully developed, suitable for high-precision positioning applications of various vehicles or industrial machines, and has been recognized by international major manufacturers with mass-production.
	LTCC R&D and mass production technologies are established, high-frequency chip antennas and circuit protection components were successfully developed which can be applied to various wireless communication products, with mass production and shipment started.
	The 300KHz ultrasonic transducer used in the air has been approved by many Japanese printer/MFP manufacturers and mass-produced and shipped.
	For share conversion, new shares of NT$13,943 thousand were issued with and cash of NT$65,883 thousand, to become the parent Company 100% owning San Jose Technology, Inc.
	Employee subscription warrants were converted to share of NT$23,500 thousand; the paid-up capital was increased to NT$437,753 thousand.
	The public offering of shares was approved by TPEx and registered in the emerging stock market
2021	Using the patented Castle antenna and the low-noise amplifier circuit designed by Unictron, a series of built-in high-precision positioning antenna modules have been developed, to be applied to fields like car navigation, drones, industrial control panels, and trackers requiring navigation and positioning.
	Using the LTCC process technology, a series of miniaturized multi-frequency chip antennas have been developed, applicable for wireless communication fields such as WiFi 6E and Bluetooth.
	A series of ultrasonic liquid level transducers such as 50 kHz, 100 kHz, 125 kHz, 200 kHz, and 240 kHz, etc were successfully developed, to be applied to a numerous commercial needs. The longest operating distance can reach 10 meters, with the highest operating ambient temperature up to 80 °C.
	Cooperating with the Department of Electrical Engineering of Chengkung University to develop lead-free piezoelectric ceramic materials; in 2021, the project has been successfully closed, and the goal of the first phase has been completed. In the next stage, the Company will continue to work on

Year	Key milestone
	the optimization and commercialization of lead-free piezoelectric ceramic materials to meet the global trend.
	Absorbed and merged the subsidiary, San Jose Technology, Inc.
	Obtained the opinion letter issued by the Bureau of Industry, MOEA for the conformity to the "Marketability of scientific and technological enterprises or cultural and creative industries"
	Obtained the approval letter from Taiwan Stock Exchange Corporation (TWSE) for public offering
	Cash capital increase for NT$41,000 thousand through share IPO; the paid-up capital was increased to NT$478,753 thousand.
	On December 8, 2021, the shares have been officially publicly offered at TWSE.
2022	Acquired the right-of-use asset of the parent company Darfon Electronics Corp. Tainan.
	Successfully developed LTCC process technology 4*4 5G millimeter wave communication phase array antenna modules in cooperation with the Industrial Research Institute.
2023	The Board of Directors has approved the establishment of a subsidiary in Vietnam for investment purposes.
	The mainland subsidiary, WirelessCom Technologies (Shenzhen) Co., Ltd. has been renamed as Unictron Technology (Shenzhen) Corporation.
	Pass the certification of the ISO45001:2018 Occupational Health and Safety Management System.
	Pass the ISO 14064-1:2018 standard for quantification and verification of greenhouse gases.

Three. Corporate governance report

I. Organizational system:

(I) Organizational structure



(II) Tasks of the principal divisions

Department name	Functions
Chairman's Office	Corporate strategic planning and management, investment and operation analysis, public relations, and general legal affairs.
President	1. In charge of formulating the Company's business policies and setting business goals. 2. Supervising and assessing the implementation and performance of business objectives. 3. Appointing the heads of each unit and defining their functions, and coordinating business promotion and project execution.
Audit Office	1. Designing and establishing the internal control. 2. Implementing internal audit tasks. 3. Measuring the effectiveness and efficiency of operations, and providing advices for improvement in a timely manner.
Wireless Communication and Protection Component Product Division	1. R&D, design and design modification of build-in and external antenna, receivers and trackers products, as well as development plans, specifications and manufacturing processes for new products. 2. Development of protection component applications. 3. Collection and analysis of market information, expansion of product sales, establishment and implementation of sales plans, and management of customers and orders.
Piezo Electricity and Ultrasound Product Division	1. R&D, design and design modification of piezoelectric components and ultrasonic transducer products, as well as development plans, specifications and manufacturing processes for new products. 2. Collection and analysis of market information, expansion of product sales, establishment and implementation of sales plans, and management of customers and orders.
Sales Division	Collection and analysis of market information, expansion of product sales, establishment and implementation of sales plans, and management of customers and orders.
Unictron Technologies Corporation (Shenzhen)	Collection and analysis of market information, expansion of product sales, establishment and implementation of sales plans, and management of customers and orders in China Area Market.
Finance Department	1. Fund deployment and management, financial planning and forecasting. 2. Accounting, cost calculation and analysis, and execution of taxation operations.
Human Resource and Administration Department	1. Management and execution of personnel operations. 2. Promotion of employee benefits. 3. Management and execution of general affairs.
Information Department	1. Management and execution of information operations. 2. Establishment and maintenance of information equipment.
Procurement Department	1. Execution of raw materials and general procurement operations. 2. Management of suppliers and outsourcing subcontractors.
Operation Division	1. Production, assembly and testing of products. 2. Production planning and scheduling management. 3. Formulation and maintenance of manufacturing processes. 4. Management and execution of occupational safety and health related matters.
Quality Assurance Department	1. Formulating quality policies and quality objectives. 2. Quality inspection planning and execution. 3. Control, improvement and tracking of product defect rate. 4. Quality inspection, improvement, and the promotion and execution of ISO operating compliance.

II. Information on the company's directors, supervisors, general manager, assistant general managers, deputy assistant general managers, and the supervisors of all the company's divisions and branch units

(I) Directors, supervisors, and independent directors

1. Information on directors, supervisors, and independent directors

April 2, 2024

Job title	Nationality or place of registration	Name	Gender	Date of election / appointment to current term	Term of office	Commencement date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shareholding by nominee arrangements		Principal work experience and academic qualifications	Positions 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			Remarks
							No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Job title	Name	Relationship	
Chairman	Republic of China	Andy Su	Male	June 15, 2023	3 years	November 27, 2018	900,000	1.88%	900,000	1.88%	-	-	-	-	MBA, National Chengchi University Associate Vice President, Qisda Corporation (previously BenQ Corporation)	CEO, Unictron Technologies Corporation Chairman and CEO, Darfon Electronics Corp. Chairman, Darad Innovation Corporation Chairman, Darfon Materials Corporation Chairman, Chengli Investment Co., Ltd. Director, BenQ Foundation Chairman, Kenstone Metal Co., Ltd. Chairman, Iron Ore Company Limited Chairman, Astro Tech Co., Ltd. Chairman, TD Hitech Energy Inc. Chairman, Darfon Energy Technology Corp.	-	-	-	Note 1
Republic of China		Darfon Electronics Corp.	-	June 15, 2023	3 years	November 27, 2018	17,551,081	36.66%	17,551,081	36.66%	-	-	4,361,375	9.11%	-	-	-	-	-	-
Vice Chairman	Republic of China	Representative: Lee, Ran-Rong	Male	June 15, 2023	3 years	June 30, 2017	290,000	0.61%	290,000	0.61%	-	-	-	-	Ph.D, Material Science, Case Western Reserve University EMBA, National Chiao Tung University R&D Manager, CPS Corp. (USA) Manager, Ceramic Laboratory, Material Research Laboratories, ITRI President, MAG. LAYERS Scientific-Technics Co., Ltd. President, Chilisin Electronics Corp. R&D Director, Littelfuse Special Assistant to Chairman, Ta I Technology Co., Ltd. President, Integrated Component Business Department, Darfon Electronics Corp.	Chief Strategy Officer, Unictron Technologies Corporation	-	-	-	Note 2
Director	Republic of China	Representative: Chang, Ming-Chu	Male	June 15, 2023	3 years	March 11, 2021	225,000	0.47%	225,000	0.47%	186,000	0.39%	-	-	Ph.D, Material Science, National Tsing Hua University Project Manager, Material Laboratories, ITRI	President, Unictron Technologies Corporation	-	-	-	-
	Republic of China	Representative: Wang, Wei Chi	Male	January 3, 2024	3 years	January 3, 2024	-	-	-	-	-	-	-	-	EMBA, Chinese Culture University Vice President, Darfon Electronics Corp.	Vice President,Darfon Electronics Corp.	-	-	-	Note 3

Job title	Nationality or place of registration	Name	Gender	Date of election / appointment to current term	Term of office	Commencement date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shareholding by nominee arrangements		Principal work experience and academic qualifications	Positions 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			Remarks
							No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Job title	Name	Relationship	
Independent director	Republic of China	Cheng, Wei-Shun	Male	June 15, 2023	3 years	October 8, 2020	-	-	-	-	-	-	-	-	Master of Accountancy, Northern Illinois University Senior Special Assistant, AUO Corporation	Independent director, Daxin Materials Corporation Independent director, Raydium Semiconductor Corporation Independent director, Chenbro Micom Co., Ltd. Director, Shirre Lab Corp.	-	-	-	-
Independent director	Republic of China	Wang, Yung-Ho	Male	June 15, 2023	3 years	October 8, 2020	-	-	-	-	-	-	-	-	Ph.D, Department of Electronic Engineering, National Chengkung University Professor, National Chengkung University President, National Applied Research Laboratories	Professor, Department of Electronic Engineering, National Chengkung University Independent director, ChipMos Technologies Inc.	-	-	-	-
Independent director	Republic of China	Wang, Chien-Min	Male	June 15, 2023	3 years	October 8, 2020	-	-	-	-	-	-	-	-	Ph.D, Material Science of Engineering, University of Illinois Adjunct Professor, National Taipei University of Technology Adjunct Professor, National Tsing Hua University Adjunct Professor, National Taiwan University of Science and Technology Vice President, Young Bright Optical (SuZhou) Co.,Ltd. Vice President concurrently CTO, Coretronic Corporation President, Young Lighting Technology Inc.	Review Commissioner for Academic/Industrial/Corporate Technology R&D Projects, Department of Industrial Technology, Ministry of Economic Affairs Independent Director, Taimide Technology Inc.	-	-	-	-
Independent director	Republic of China	Shen, Hsi-Wen	Male	June 15, 2023	3 years	June 22, 2022	-	-	-	-	-	-	-	-	MBA , Tulane University, USA Manager, Motorola Electronics Taiwan Manufacturing Director, Amkor(Sampo)Semiconductor Sr. Manager, CTS (Chicago Telephone Supply) Taiwan President, Unictron Technologies Corp. Group Sr. VP, PTI	Independent Director, Favite Inc.	-	-	-	

Note 1: If the chairman and general manager or person of an equivalent post (the highest level manager) and the chairperson of the board of directors 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:

The chairman of the Company concurrently serves as the Chief Executive Officer; the considerations taken is that he has working experience in the fields of industrial knowledge, operational judgment, and corporate management, as well as professional experience in corporate governance, and he is able to implement operational supervision and management, improve decision-making capabilities, and enhance the Company's operations, apparently helpful to the Company. With his expertise, he provides timely supervision and professional advices to the board of directors when exercising the duties of the chairman. In addition, the Company has elected independent directors and established an audit committee on October 8, 2020 to supervise the board of directors duly. In addition, in accordance with the requirements of TWSE, the Company has elected one additional independent director on June 22, 2022, for a total of four independent directors, which has reached one-half of the board of directors.

Note 2. Mr. Lee, Ran-Rong was appointed as Vice Chairman by the Board of Directors on November 2, 2023, effective January 1, 2024.

Note 3. On January 3, 2024, Darfon Electronics Corp. changed its representative from Jery Lin to Wang, Wei Chi.

2. Major shareholder of the corporate shareholder

April 2, 2024

Name of corporate shareholder	Major shareholder of the corporate shareholder	Shareholding percentage (%)
Darfon Electronics Corp. (Note)	Qisda Corporation	20.72
	BenQ Corporation	5.01
	Dedicated trust account for the shareholdings of Darfon Electronics Corp. employees with Taishin International Commercial Bank	3.85
	Mega International Commercial Bank Co., Ltd.	1.62
	New Labor Pension Fund	1.60
	Andy Su	1.45
	JPMorgan Chase Bank Taipei Branch entrusted with the custody of the investment account of Japan Securities Finance Co., Ltd.	1.27
	Chang Hua Commercial Bank Co., Ltd.	1.21
	Taiwan Cooperative Bank Co., Ltd.	1.16
	HSBC Bank (Taiwan) Limited entrusted with the custody of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. - Securities Trading Order	1.09

Note: For the major shareholders of Darfon Electronics Corp., the shareholder roster at the date of book closing base date, April 15, 2024 shall prevail.

3. Major shareholders of the corporate shareholders that are major shareholders of corporate shareholders

April 2, 2024

Name of corporate shareholder	Major shareholder of the corporate shareholder	Shareholding percentage (%)
Qisda Corporation (Note 1)	AUO Corporation	11.96
	Acer Incorporated	4.53
	Dedicated trust account for the shareholdings of Qisda Corporation employees with Taishin International Commercial Bank	3.97
	Taipei Fubon Commercial Bank Co., Ltd. entrusted with the custody of the Fuh Hwa Taiwan Tech High Dividend ETF Securities Investment Trust Fund Account.	3.73
	Kangli Investment Co., Ltd.	2.55
	Darfon Electronics Corp.	2.03
	Hua Nan Commercial Bank entrusted with the custody of the Yuanta Taiwan High Dividend ETF Securities Investment Trust Fund Account.	1.49
	JPMorgan Chase Bank, Taipei Branch entrusted with the custody of JP Morgan Securities Limited investment account.	1.25
	Chunghwa Post Co., Ltd.	0.98
	JPMorgan Chase Bank, Taipei Branch entrusted with the custody of the series fund of Advanced Optoelectronic Fund Company, Advanced Total International Stock Index Fund investment account.	0.95
BenQ Corporation (Note 2)	Qisda Corporation	100
Mega International Commercial Bank Co., Ltd. (Note 3)	Mega Financial Holding Co., Ltd.	100
Chang Hua Commercial Bank Co., Ltd. (Note 4)	Ministry of Finance	12.19
	Taishin Financial Holding Co., Ltd.	10.35
	Chunghwa Post Co., Ltd.	7.50
	National Development Fund	5.42
	First Commercial Bank Co., Ltd.	4.99

	Excel Chemical Corporation	2.54
	Taiwan Cooperative Bank Co., Ltd.	2.39
	Hua Nan Commercial Bank, Ltd.	2.23
	Bank of Taiwan Co., Ltd.	1.81
	Land Bank of Taiwan Co., Ltd.	1.80
Taiwan Cooperative Bank Co., Ltd. (Note 5)	Taiwan Cooperative Financial Holding Co., Ltd.	100

Note 1: For the major shareholders of Qisda Corporation, the shareholder roster at the date of book closing base date, March 31, 2024 shall prevail.
Note 2: Based on the disclosure in the Information about Companies or Businesses in Taiwan, MOEA
Note 3: Based on the disclosure in the Information about Companies or Businesses in Taiwan, MOEA
Note 4: For the major shareholders of Chang Hua Commercial Bank Co., Ltd., the shareholder roster at the date of book closing base date, April 18, 2023 shall prevail.
Note 5: Based on the disclosure in the Information about Companies or Businesses in Taiwan, MOEA

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

Qualifications / Name	Professional Qualification and Experience	Independence Analysis	Number of Companies Concurrently Serve as An Independent Director
Andy Su	He has served as the President of Darfon Electronics since 1999 and has been the Chairman of the Board of Directors of Darfon Electronics since 2015. He took over the position of Chairman and Chief Executive Officer of the Company in 2007. He specializes in innovative research and development and integration of technologies, and continues to create profits and enhance the sustainable competitiveness of the Company through a multi-faceted product strategy. He led the Company to be officially listed on the Taiwan Stock Exchange (TWSE) on December 8, 2021.	Mr. Su is now the CEO of Unictron Technologies Corporation	0
Darfon Electronics Corp. Representative: Lee, Ran-Rong	1. He received a Ph.D. in Material Science and Engineering from Case Western Reserve University. 2. Since joining the Company in 2016, he has served as the president of the Company as well as for a number of passive components companies. He possesses excellent management capabilities and professional knowledge, which is necessary for the long-term operation and development of the Company.	Mr. Lee is now the Chief Strategy Officer of Unictron Technologies Corporation	0

Qualifications / Name	Professional Qualification and Experience	Independence Analysis	Number of Companies Concurrently Serve as An Independent Director
Darfon Electronics Corp. Representative: Chang, Ming-Chu	1. He obtained a Ph.D. in Materials Science and Engineering from National Tsing Hua University. 2. He was a project leader of the Materials Research Institute of the Industrial Technology Research Institute (ITRI). He joined the Company in 1989 and has served as the Vice President of Research and Development and a director of the Company since then, and has extensive experience in research and development as well as corporate governance.	Mr. Chang is now the President of Unictron Technologies Corporation	0
Darfon Electronics Corp. Representative: Wang, Wei Chi	1. He obtained a master's degree from the Department of International Business Administration at the Chinese Culture University. 2. With over 25 years of service at Darfon Electronics Corp. and extensive experience in electronics marketing, he currently holds the position of Vice President of the Darfon IT Product Division.	Mr. Wang is now the Vice President of Darfon Electronics Corp.	0
Independent director Cheng, Wei-Shun	1. He holds a master's degree in accounting from Northern Illinois University and is a certified public accountant in the Republic of China (Taiwan). 2. He has worked at AUO Corporation for over 20 years, during which time he served as AUO's Chief Financial Officer, and has complete industry experience. Mr. Cheng is now the Independent Director of Chenbro Micom Co., Ltd., Daxin Materials Corp., and Raydium Semiconductor Corp., all of which are listed companies.	1. Directors shall be elected through the candidate nomination system in accordance with the provisions of the Articles of Incorporation and the Corporate Governance Principles. During the nomination and selection process of Board members, the Company has obtained written statements, employment history, and proof of current employment from each director, as well as the relative relationship forms, for the purpose verifying and confirming the independence of the directors, their spouses and their relatives within their second degree of kinship with respect to the Company. 2. The items have been verified in accordance with the independence requirements set forth in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies promulgated by the Financial Supervisory	3
Independent director Wang, Yung-Ho	1. He obtained a Ph.D. in Electric Engineering from National Cheng Kung University. 2. He is a currently a professor in the Department of Electrical Engineering at National Cheng Kung University, the Chairperson of the National Applied Research Laboratories, and an independent director of the publicly listed company ChipMOS Technology Inc.		1

Qualifications / Name	Professional Qualification and Experience	Independence Analysis	Number of Companies Concurrently Serve as An Independent Director
Independent director Wang, Chien-Min	1. He obtained a Ph.D. in Material Science and Engineering from University of Illinois Urbana-Champaign. 2. Formerly served as an adjunct professor at National Taipei University of Technology, National Tsing Hua University, and National Taiwan University of Science and Technology. He is a current member of the evaluation committee of TDP for Academia/Industry/Nonprofit Research Organizations of the Department of Industrial Technology, Ministry of Economic Affairs, and an independent director of the listed company, Taimide Tech. Inc.	Commission as well as the qualifications stipulated in Article 14-2 of Securities and Exchange Act two years before being elected and during their tenures. The independent directors have also been given the authority to participate in the decision-making process and express opinions in accordance with Article 14-3 of the Securities and Exchange Act, so that they can perform their duties and responsibilities independently.	1
Independent director Shen, Hsi-Wen	1. He obtained the MBA from Tulane University. 2. Formerly served as the Senior Vice President of Powertech Technology Inc. and currently serve as an independent director of the TWSE-listed company Favite, Inc.		1

Note 1. None of the directors or independent directors mentioned above have has not violated any of the provisions of Article 30 of the Company Act.

5. Diversity and Independence of the Board of Directors:

（1） Diversity of the Board of Directors

Pursuant to the “Corporate Governance Best-Practice Principles,” 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 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:

I. Basic requirements and values: Gender, age, nationality, and culture.

II. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience. Please refer to page 34 of the annual report for specific management goals and implementation details.

Title	Chairman	Director			Independent Director			
Name	Andy Su	Lee, Ran-Rong	Wang, Wei Chi	Chang, Ming-Chu	Cheng, Wei-Shun	Wang, Yung-Ho	Wang, Chien-Min	Shen, Hsi-Wen
Gender	Male	Male	Male	Male	Male	Male	Male	Male
Age	66-70	66-70	56-60	56-60	61-65	66-70	71-75	61-65
Nationality	Republic of China							
A Concurrent Employee of the Company	✓	✓		✓				
Having Served More Than 3 Terms as Independent Director								
Professional background								
Industry	✓	✓	✓	✓	✓	✓	✓	✓
Technology	✓	✓	✓	✓	✓	✓	✓	✓
Finance and Accounting					✓			
Marketing	✓	✓	✓	✓			✓	✓
Professional knowledge and skills								
Ability to conduct management administration and operational judgments	✓	✓	✓	✓	✓	✓	✓	✓
Ability to perform accounting and financial analysis	✓	✓	✓		✓		✓	✓
Ability to conduct crisis management	✓	✓	✓	✓	✓	✓	✓	✓
Industrial Knowledge	✓	✓	✓	✓	✓	✓	✓	✓
An international market perspective	✓	✓	✓	✓	✓	✓	✓	✓
Abilities in Leadership and Decision-Making	✓	✓	✓	✓	✓	✓	✓	✓

（2） Independence of the Board of Directors

In the 2023 annual shareholders' meeting, the Company conducted an re-election of directors. Out of the 8 directors, 4 are independent directors, making up 50% of the board. The board of directors ensures independence by not having any directors who are spouses or relatives within the second degree of kinship.

II. Information on the company's general manager, assistant general managers, deputy assistant general managers, and the supervisors of all the company's divisions and branch units

April 2, 2024

Job title	Nationality	Name	Gender	Date of appointment to position	No. of shares held		Shares held by spouse and minor children		Shareholding by nominee arrangements		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
					No. of shares	Shareholding ratio	No. of shares	Share-holding percentage	No. of shares	Shareholding ratio			Job title	Name	Relationship	
Chief executive officer	Republic of China	Andy Su	Male	November 27, 2018	900,000	1.88%	-	-	-	-	MBA, National Chengchi University Associate Vice President, Qisda Corporation (previously BenQ Corporation)	CEO, Unictron Technologies Corporation Chairman and CEO, Darfon Electronics Corp. Chairman, Darad Innovation Corporation Chairman, Darfon Materials Corporation Chairman, Chengli Investment Co., Ltd. Director, BenQ Foundation Chairman, Kenstone Metal Co., Ltd. Chairman, Iron Ore Company Limited Chairman, Astro Tech Co., Ltd. Chairman, TD Hitech Energy Inc. Chairman, Darfon Energy Technology Corp.	-	-	-	Note 1
Chief Strategy Officer	Republic of China	Lee, Ran-Rong	Male	November 23, 2016	290,000	0.61%	-	-	-	-	Ph.D, Material Science, Case Western Reserve University EMBA, National Chiao Tung University R&D Manager, CPS Corp. (USA) Manager, Ceramic Laboratory, Material Research Laboratories, ITRI President, MAG. LAYERS Scientific-Technics Co., Ltd. President, Chilisin Electronics Corp. R&D Director, Littelfuse Special Assistant to Chairman, Ta I Technology Co., Ltd. President, Integrated Component Business Department, Darfon Electronics Corp.	-	-	-	-	Note 2

Job title	Nationality	Name	Gender	Date of appointment to position	No. of shares held		Shares held by spouse and minor children		Shareholding by nominee arrangements		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
					No. of shares	Shareholding ratio	No. of shares	Share-holding percentage	No. of shares	Shareholding ratio			Job title	Name	Relationship	
President	Republic of China	Chang, Ming-Chu	Male	September 1, 2000	225,000	0.47%	186,000	0.39%	-	-	Ph.D, Material Science, National Tsing Hua University Project Manager, Material Laboratories, ITRI	-	-	-	-	Note 3
Vice President	Republic of China	Chou, Chih-Sheng	Male	May 19, 2005	164,000	0.34%	-	-	-	-	Master, Chemical Engineering, National Chengkung University Vice Manager, R&D/ Production Technology, INPAQ Technology Co., Ltd.	-	-	-	-	-
Vice President	Republic of China	Chuang, Rong-Hua	Male	October 5, 2011	48,000	0.10%	-	-	-	-	Department of Electronics, United Junior College of Engineering Advisor, Taiwan Testing and Certification Center Vice President of R&D, President of China Area, Chuang Bang Electronic Industrial Co., Ltd. President of China Area, Tong Yi Electronics President of China Area, Cheng Han Technologies	Person in Charge, Unictron Technologies Corporation (Shenzhen) Co., Ltd.	-	-	-	-
Vice President	Republic of China	Ruan, Yue-Chang	Female	February 24, 2015	220,000	0.46%	-	-	-	-	Ph. D, Management Science, National Chiao Tung University Associate Vice President of Sales, QPL (Hongkong) Associate Vice President of Operation, Etron Technology, Inc.	-	-	-	-	-
Division Chief	Republic of China	Cheng, Shi-Wei	Male	August 16, 2017	64,019	0.13%	-	-	-	-	Department of Accounting, Tamkang University Master, Institute of Finance, National Central University Vice Manager of Audit, Deloitte Taiwan Audit Director, Yageo Corp. Finance Manager, Arima Optoelectronics Corp. Associate Vice President of Finance, Century Iron and Steel Industrial Co., Ltd.	Supervisor, Unictron Technologies Corporation (Shenzhen) Co., Ltd.	-	-	-	-

Note 1: If the chairman and general manager or person of an equivalent post (the highest level manager) and the chairperson of the board of directors 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:

The chairman of the Company concurrently serves as the Chief Executive Officer; the considerations taken is that he has working experience in the fields of industrial knowledge, operational judgment, and corporate management, as well as professional experience in corporate governance, and he is able to implement operational supervision and management, improve decision-making capabilities, and enhance the Company’s operations, apparently helpful to the Company. With his expertise, he provides timely supervision and professional advices to the board of directors when exercising the duties of the chairman. In addition, the Company has elected independent directors and established an audit committee on October 8, 2020 to supervise the board of directors duly. In addition, in accordance with the requirements of TWSE, the Company has elected one additional independent director on June 22, 2022, for a total of four independent directors, which has reached one-half of the board of directors.

Note 2: Mr. Lee, Ran-Rong stepped down as the President and assumed the position of Chief Strategy Officer due to a job reassignment on January 1,2024

Note 3: Mr. Chang, Ming-Chu was promoted to the position of President of the company on January 1, 2024

III. Remuneration paid during the most recent fiscal year to directors, supervisors, the general manager, and assistant general managers

(I) Remuneration to Ordinary Directors, Supervisors and Independent Directors for 2023

1. Remuneration to Ordinary Directors and Supervisors

Unit: NT$ Thousand

Job title		Name	Remuneration to directors								Sum of A+B+C+D and ratio to net income		Remuneration received by directors for concurrent service as an employee								Sum of A+B+C+D+E+F+G and ratio to net income		Remuneration received from investee enterprises other than subsidiaries or from the parent company
			Base compensation (A)		Retirement pay and pension (B)		Director profit-sharing compensation (C)		Expenses and perquisites (D)				Salary, reward and special disbursements (E)		Retirement pay and pension (F)		Employee profit-sharing compensation (G)						
																	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	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	Amount in cash	Amount in stock	Amount in cash	Amount in stock	The Company	All consolidated entities	
Ordinary director	Chairman	Andy Su	1,500	1,500	-	-	-	-	160	160	1,660 0.85%	1,660 0.85%	22,070	22,070	-	-	6,812	-	6,812	-	30,542 15.58%	30,542 15.58%	68,951
	Vice Chairman	Darfon Electronics Corp. Representative: Yeh, Chung-Shou																					
	Director	Darfon Electronics Corp. Representative: Lee, Ran-Rong																					
	Director	Darfon Electronics Corp. Representative: Chang, Ming-Chu																					
	Director (Note 1)	Darfon Electronics Corp. Representative: Jery Lin																					
Independent director	Independent director	Cheng, Wei-Shun	2,700	2,700	-	-	1,068	1,068	160	160	3,928 2.00%	3,928 2.00%	-	-	-	-	-	-	-	-	3,928 2.00%	3,928 2.00%	-
	Independent director	Wang, Yung-Ho																					
	Independent director	Wang, Chien-Min																					
	Independent director	Shen, Hsi-Wen																					
Corporate director		Darfon Electronics Corp.	1,500	1,500	-	-	801	801	-	-	2,301 1.17%	2,301 1.17%	-	-	-	-	-	-	-	-	2,301 1.17%	2,301 1.17%	-

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: please refer to the description of remunerations to directors and independent directors on Page 22-23
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: On January 3, 2024, Darfon Electronics Corp. changed its representative from Jery Lin to Wang, Wei Chi.

2. Remuneration Range Table

Remuneration Range Paid to Each Director	Names of Directors			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	The Company	All consolidated entities	The Company	Parent company and all reinvestees
Less than NT$1,000,000	Lin, Hsien-Chang; Lee, Ran-Rong; Chang, Ming-Chu; Shen, Hsi-Wen Wang, Yunghe; Wang, Chien-Min	Lin, Hsien-Chang; Lee, Ran-Rong; Chang, Ming-Chu; Shen, Hsi-Wen Wang, Yunghe; Wang, Chien-Min	Lin, Hsien-Chang; Shen, Hsi-Wen Wang, Yunghe; Wang, Chien-Min	Wang, Yunghe; Wang, Chien-Min
NT$1,000,000 (incl.)~NT$2,000,000 (excl.)	Andy Su; Cheng, Wei-Shun;	Andy Su; Cheng, Wei-Shun;	Cheng, Wei-Shun;	Cheng, Wei-Shun;
NT$2,000,000 (incl.)~NT$3,500,000 (excl.)	Darfon Electronics Corp.	Darfon Electronics Corp.	Darfon Electronics Corp.	Darfon Electronics Corp.
NT$3,500,000 (incl.)~NT$5,000,000 (excl.)				
NT$5,000,000 (incl.)~NT$10,000,000 (excl.)			Chang, Ming-Chu Lee, Ran-Rong	Chang, Ming-Chu Lee, Ran-Rong
NT$10,000,000 (incl.)~NT$15,000,000 (excl.)				Lin, Hsien-Chang
NT$15,000,000 (incl.)~NT$30,000,000 (excl.)			Andy Su	
NT$30,000,000 (incl.)~NT$50,000,000 (excl.)				
NT$50,000,000 (incl.)~NT$100,000,000 (excl.)				Andy Su
NT$100,000,000 or above				
Total	9 (one corporate included)	9 (one corporate included)	9 (one corporate included)	9 (one corporate included)

3. Remuneration to Supervisors: the Company adopts the Audit Committee and no supervisor is established.

(II) Sum of Salary, Rewards, Special Disbursement and Bonus Paid to President and Vice Presidents for 2023

1. Remuneration to Presidents and Vice Presidents

Unit: NT$ Thousand

<table>
<tr><th rowspan="3">Job title</th><th rowspan="3">Name</th><th colspan="2">Salary
(A)</th><th colspan="2">Retirement pay and pension (B)</th><th colspan="2">Rewards and special disbursements
(C)</th><th colspan="4">Employee profit-sharing compensation
(D)</th><th colspan="2">Sum of A+B+C+D and ratio to net income</th><th rowspan="3">Remuneration received from investee enterprises other than subsidiaries or from the parent company</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All consolidated entities</th><th rowspan="2">The Company</th><th rowspan="2">All consolidated entities</th><th rowspan="2">The Company</th><th rowspan="2">All consolidated entities</th><th colspan="2">The Company</th><th colspan="2">All consolidated entities</th><th rowspan="2">The Company</th><th rowspan="2">All consolidated entities</th></tr>
<tr><th>Amount in cash</th><th>Amount in stock</th><th>Amount in cash</th><th>Amount in stock</th></tr>
<tr><td>Chief executive officer</td><td>Andy Su</td><td rowspan="7">16,921</td><td rowspan="7">17,719</td><td rowspan="7">382</td><td rowspan="7">382</td><td rowspan="7">16,644</td><td rowspan="7">16,644</td><td rowspan="7">9,277</td><td rowspan="7">-</td><td rowspan="7">9,277</td><td rowspan="7">-</td><td rowspan="7">43,224
22.06%</td><td rowspan="7">44,022
22.46%</td><td rowspan="7">55,764</td></tr>
<tr><td>President</td><td>Lee, Ran-Rong</td></tr>
<tr><td rowspan="5">Vice President</td><td>Chang, Ming-Chu</td></tr>
<tr><td>Chou, Chih-Sheng</td></tr>
<tr><td>Ruan, Yue-Chang</td></tr>
<tr><td>Chuang, Rong-Hua</td></tr>
<tr><td>Chang, Che-Wei (Note)</td></tr>
</table>

Note: Chang, Che-Wei, the Vice President, resigned on August 15, 2023.

2. Remuneration Range Table

Remuneration Range Paid to Each Presidents and Vice Presidents	Name of Presidents and Vice Presidents	
	The Company	Parent company and all reinvestees
Less than NT$1,000,000		
NT$1,000,000 (incl.)~NT$2,000,000 (excl.)	Chang, Che-Wei	Chang, Che-Wei
NT$2,000,000 (incl.)~NT$3,500,000 (excl.)	Chuang, Rong-Hua	
NT$3,500,000 (incl.)~NT$5,000,000 (excl.)	Chou, Chih-Sheng	Chou, Chih-Sheng; Chuang, Rong-Hua;
NT$5,000,000 (incl.)~NT$10,000,000 (excl.)	Lee, Ran-Rong; Chang, Ming-Chu; Ruan, Yue-Chang	Lee, Ran-Rong; Chang, Ming-Chu; Ruan, Yue-Chang;
NT$10,000,000 (incl.)~NT$15,000,000 (excl.)	Andy Su	
NT$15,000,000 (incl.)~NT$30,000,000 (excl.)		
NT$30,000,000 (incl.)~NT$50,000,000 (excl.)		
NT$50,000,000 (incl.)~NT$100,000,000 (excl.)		Andy Su
NT$100,000,000 or more		
Total	7	7

3. Remuneration to the Five Highest Remunerated Management Personnel of a TWSE or TPEx listed Company (Individual Disclosure of Names and Remuneration Items): not applicable

4. Names of Managerial Officer Received Employee Remuneration and the Distribution

Unit: NT$ Thousand

(Note 1)	Job title	Name	Amount in stock	Amount in cash	Total	Ratio of total amount to net income after tax
Managerial officer	Chairman concurrently Chief executive officer	Andy Su	-	9,831 (Note 2)	9,831	5.02%
	President	Lee, Ran-Rong				
	Vice President	Chang, Ming-Chu				
	Vice President	Chou, Chih-Sheng				
	Vice President	Ruan, Yue-Chang				
	Vice President	Chuang, Rong-Hua				
	Vice President	Chang, Che-Wei (Note 3)				
	Division Chief	Cheng, Shi-Wei				

Note 1: The applicable scope of managerial officers complies with the provision of Order Letter Tai-Cai-Zheng-San No. 0920001301 dated March 27, 2003 of the Commission.

Note 2: The amount of employee remuneration distribution approved in the board meeting on February 27, 2024 while referencing the amount expected to be distributed calculated on the actual distributed ratio.

Note 3: Chang, Che-Wei, the Vice President, resigned on August 15, 2023.

(III) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company 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 assistant 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. Analysis of total remuneration paid to directors, supervisors, general managers, and assistant general managers as a percentage of net income:

Unit: NT$ Thousand

Year / Job title	2022		2023	
	The Company	All consolidated entities	The Company	All consolidated entities
Director	3.16%	3.16%	4.02%	4.02%
Presidents and Vice Presidents	22.22%	22.52%	22.06%	22.46%

2. Remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

A. Description of remunerations to directors and independent directors

The remuneration of the directors is distributed by the board of directors under the authorization pursuant to the Articles of Incorporation, based on the degree of participation and contribution of the directors to the Company's operations, while referencing to the "Regulations Governing Remuneration for Directors and Functional Committee Members" determined at the domestic and foreign industry standards, and referencing to the results of director performance evaluation. Where the Company makes a profit in a year, the board of directors shall, pursuant to Article 21 of the Company's Articles of Incorporation, determine on the amount of directors' remuneration within 3% of the profit for the year, and submit the report to the shareholders' regular meeting upon the resolution of the Board.

B. Description of remunerations to presidents and vice presidents

The remuneration of the president(s) and vice president(s) is granted by the Remuneration Committee, based on their positions and duties, pursuant to the relevant provisions of the "Remuneration Committee Charter" and the "Principles of Managerial Officers' Remuneration Policy" promulgated by the Remuneration Committee, while referring to the general level of peers, the Company's operating revenue, profit situation and performance of individual managerial officer.

C. The Company's main principle for remuneration is to link duties and performance results, and provide market-competitive remuneration to attract, retain and cultivate talents for a long time. The Company's Remuneration Committee takes the annual profit situation as the primary performance indicator for managerial officers, and sets annual goals with reference to industry and Company operating conditions of the same year, with the resolution of the Board, the "Principles of Managerial Officers' Remuneration Policy" is adopted as the basis for evaluation. In addition to referring to the Company's overall operating performance, future operating risks and development trends of the industry, the reasonable compensation is given based on the individual performance achievement rate and contribution to the Company's performance. The performance appraisal and reasonableness of compensation are reviewed by the Remuneration Committee and the Board, and the remuneration system are reviewed in a timely manner depending on the actual operating conditions and relevant laws and regulations any time, seeking to achieve a balance between the Company's sustainable operations and risk control. The short-term profits are not adopted as the only indicator for remuneration and performance evaluation, but linking to the long-term shareholder value.

IV. Operation of corporate governance

(I) Operation of the Board of directors

The number of board meetings held in the most recent fiscal year was seven (A). The attendance by the directors and supervisors was as follows:

Job title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) 【B/A】 (Note)	Remarks
Chairman	Andy Su	5	0	100.0	
Director	Darfon Electronics Corp. Representative: Lee, Ran-Rong	5	0	100.0	
Director	Darfon Electronics Corp. Representative: Chang, Ming-Chu	5	0	100.0	
Director	Darfon Electronics Corp. Representative: Jery Lin	5	0	100.0	
Independent director	Cheng, Wei-Shun	5	0	100.0	
Independent director	Wang, Yung-Ho	5	0	100.0	
Independent director	Wang, Chien-Min	5	0	100.0	
Independent director	Shen, Hsi-Wen	5	0	100.00	

Other information required to be disclosed:

I. 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:

(I) Any matter under Article 14-3 of the Securities and Exchange Act: please refer to the key resolutions of the shareholders' meeting and board meetings in the annual report (page 61-65); approval of all attending independent directors and directors were received and no dissent or qualified opinion from independent directors.

(II) 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

II. 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>Board meeting date</th><th>Names of Directors</th><th>Content of the motion(s)</th><th>Reason of recusal</th><th>Voting participation</th></tr>
<tr><td rowspan="2">March 3, 2023</td><td rowspan="2">Andy Su
Lee, Ran-Rong
Chang, Ming-Chu</td><td>Proposal to distribute remunerations to employees and directors for 2022</td><td rowspan="2">Andy Su; Chang, Ming-Chu and Lee, Ran-Rong are the managerial officers of the Company</td><td rowspan="2">Other than Directors Andy Su; Chang, Ming-Chu and Lee, Ran-Rong recused themselves from participation, the acting chair, Cheng, Wei-Shun inquired all attended independent directors and directors, and approved as proposed without dissent.</td></tr>
<tr><td>Proposal to determine the principles of distributing remunerations to directors and employees' remunerations to managerial officers for 2022</td></tr>
</table>

June 15, 2023	Cheng, Wei-Shun; Wang, Yung-Ho; Wang, Chien-Min	By appointing the Remuneration Committee.	Cheng Wei-Shun, Wang Yong-Ho, and Wang, Chien-Min are members of the company's Remuneration Committee.	With the exception of independent directors Mr. Cheng Wei-Shun, Mr. Wang Yong-Ho, and Mr. Wang, Chien-Min, who entered recusal during discussion and voting, and the resolution was approved by the Chairman after consulting all the directors present without any objection.
November 1, 2023	Lee, Ran-Rong Chang, Ming-Chu	Approved the promotion of Vice Chairman and Chief Strategy Officer and the reorganization of his duties as President	Lee, Ran-Rong and Chang, Ming-Chu are related parties in this position.	With the exception of Director Lee, Ran-Rong and Director Chang, Ming-Chu, who entered recusal during discussion and voting, and the resolution was approved by the Chairman after consulting all the independent directors and directors present without any objection.
	Chang, Ming-Chu	Approval of the Promotion of the President	Chang, Ming-Chu is an related party in this position.	With the exception of Director Chang, Ming-Chu, who who entered recusal during discussion and voting, and the resolution was approved by the Chairman after consulting all the independent directors and directors present without any objection.

III. 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.

Implementation of Evaluations of the Board of Directors

Evaluation cycle	Evaluation period	Scope of evaluation	Method of evaluation	Evaluation content
Once a year	January 1, 2023 to December 31, 2023	The performance evaluation of the board of directors, individual board member, and functional committees (including the audit committee and remuneration committee)	Internal self-assessment of the board of directors, individual directors, and functional committees, including the Audit Committee and Remuneration Committee.	Note

Note: The evaluation content shall include at least the following based on the scope of the evaluation:

(I) Evaluation of the performance of the board should include at least the following: degree of the board's participation in the operation of the company; the quality of the board's decision making; composition and structure of the board; election and continuing education of the directors; internal control, for total 45 evaluation indicators.

(II) Evaluation of the performance of individual directors should include at least the following: familiarity with the goals and missions of the company; awareness of the duties of a director; participation in the operation of the company; management of internal relationships and communication; the director's professionalism and continuing education; internal control, for total 23 evaluation indicators.

(III) Evaluation of the performance of the functional committees (including the audit committee and remuneration committee): degree of participation in the operation of the company; awareness of the duties of the functional committee; quality of decisions made by the functional committee; makeup of the functional committee and election of its members; internal control, for total 26 evaluation indicators.

IV. Give an evaluation of the targets that were adopted for strengthening of the functions of the board during the current and immediately preceding fiscal years (e.g., establishing an audit committee, increasing information transparency, etc.) and the measures taken toward achievement thereof.

(I) Strengthening of the functions of the board

1. The "Rules of Procedure for Board of Directors Meetings" were established upon the resolution of the Board, and the operation of the board complies with the Rules of Procedure for Board of Directors Meetings.
2. To improve the corporate governance system, improve the supervisory function and strengthen the management function, the Company officially adopted the Audit Committee system upon full election of

directors (including three independent directors) in the regular shareholders' meeting on October 8, 2020; the Committee is responsible for exercising the powers of the supervisor. Another independent director was elected by the regular shareholders' meeting on 22 June 2022. Please refer to pages 26~33 of the annual report for the operation.

3. The Company established the Remuneration Committee on October 8, 2020 to regularly evaluate and determine the remuneration of directors and managerial officers, with the regular reviews of the policies, systems, standards and structures of performance evaluation and remuneration for directors and managerial officers. Please refer to pages 40~42 of the annual report for the operation of the Remuneration Committee.
4. The board of directors approved the "Rules for Performance Evaluation of Board of Directors" on March 11, 2021, stipulating that the board implement the performance evaluation of the board and the functional committees (including the audit committee and remuneration committee) once per year. The Company completed the evaluation of the board of directors and functional committees after the end of 2023, and the evaluation results were reported to the board of directors in February 27, 2024. The average achievement rate of the internal self-evaluation of the whole board of directors was 93%, and the average internal self-evaluation achievement rate of individual director was 94%, the average internal self-evaluation achievement rate of functional committees was 93% (audit committee 92% and remuneration committee93%), and the overall operating efficiency of the Company's directors, board of directors and functional committees was good.
5. The board of directors approved the "Rules for Performance Evaluation of Board of Directors" on March 11, 2021, which stipulates that the performance evaluation of the Company's board of directors should be conducted at least once every three years by an outside professional independent organization or a team of outside experts and scholars.

   On December 19, 2012, the Company commissioned the Taiwan Investor Relations Institute (hereinafter referred to as the "Evaluating Organization") to conduct an external evaluation of the Company's board of directors for the period of 2023 (January 1, 2023~ December 31, 2023). The Evaluating Organization made reference to the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and "Rules for Performance Evaluation of Board of Directors", and incorporated the guidelines of the "Corporate Governance 3.0 - Blueprint for Sustainability" to plan and design an evaluation questionnaire for the operation of the board of directors. The board performance evaluation questionnaire covers five major areas, including board composition and professional development, board decision-making quality, board operational effectiveness, internal control and risk management, and board participation in corporate social responsibility.

   Based on the minutes of board meetings, existing internal policies, other supporting documents and public information provided by the Company, as well as the combination of the directors' self-assessment questionnaires in the previous paragraph and the on-site and online interviews, the evaluating organization concluded that the board of directors' operations were in compliance with the procedures and issued an evaluation report on January 29, 2024, which has been filed, and a report of the board of directors' meeting of February 27, 2024 has been issued.

   Other optimization suggestions proposed by the evaluating organization include: Upgrading the Sustainability Committee to a functional committee, compiling a sustainability report based on the GRI criteria published by the Global Sustainability Reporting Institute (GRI), the number of board members who are employees of the company should be less than 1/3 of the seats on the board of directors, establishment of female directors, establishing succession planning for board members and key management, a single legal entity and its subsidiaries account for less than 1/3 of the director seats, and setting short-, medium-, and long-term goals for improvement based on the strength and weakness analysis of the annual corporate governance evaluation

(II) Increasing information transparency

The Company commissioned KPMG Taiwan to audit and certify the financial statements. All information disclosures required by laws and regulations are completed correctly and in a timely manner, and the dedicated personnel are designated to be responsible for the collection and disclosure of Company information; the spokesperson system is established to ensure that all material information is disclosed in a timely and adequate manner, for shareholders and stakeholders as the reference of the Company's finance and business related information.

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

The Company established the Audit Committee on October 8, 2020 pursuant to Article 14-4 of the Securities and Exchange Act; the operation and its main duties are as following:

1. The operation of the Audit Committee focuses on the supervision of the following matters as the annual tasks
   (1) Fair presentation of the financial reports of the Company.
   (2) The hiring (and dismissal), independence, and performance of certificated public accountants of the Company.
   (3) The effective implementation of the internal control system of the Company.
   (4) Compliance with relevant laws and regulations by the Company.
   (5) Management of the existing or potential risks of the Company.
2. Main duties of the Audit Committee are as following:
   (1) The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
   (2) Assessment of the effectiveness of the internal control system.
   (3) The adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
   (4) Matters in which a director is an interested party.
   (5) Asset transactions or derivatives trading of a material nature.
   (6) Loans of funds, endorsements, or provision of guarantees of a material nature.
   (7) The offering, issuance, or private placement of equity-type securities.
   (8) The hiring or dismissal of a certified public accountant, or their compensation.
   (9) The appointment or discharge of a financial, accounting, or internal audit officer.
   (10) Annual financial reports signed or sealed by the chairman, managerial officer and accounting officer, and the Q2 financial report audited by the CPAs.
   (11) Other material matters as may be required by this Corporation or by the competent authority.

3. The number of audit committee meetings held in 2023 was four. The attendance by the independent directors was as follows:

Job title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) 【B/A】	Remarks
Independent director	Cheng, Wei-Shun	4	0	100.0	None
Independent director	Wang, Yung-Ho	4	0	100.0	
Independent director	Wang, Chien-Min	4	0	100.0	
Independent director	Shen, Hsi-Wen	4	0	100.0	

Note: The in-person attendance rate (%) should be calculated based on the number of board meetings held and the number attended in person during the period of each such person’s actual time in office.

4. Resolutions adopted for the key proposals by the Audit Committee

<table>
<tr><th>Date</th><th>Meeting name</th><th>Content</th><th>Resolution and implementation</th><th>Measures taken by the Company based on the opinions of the audit committee:</th></tr>
<tr><td rowspan="9">March 3, 2023</td><td rowspan="9">1st Audit Committee meeting, 2023</td><td>Approved the proposal of the Company’s “Statement of Internal Control System” and the repot of “Self-Evaluation Execution Results”</td><td rowspan="4">Approved unanimously by all attended members of the Audit Committee, and submitted to the Board for resolution</td><td rowspan="4">Submitted to the Board for resolution and approved by all attending independent directors and directors without dissent</td></tr>
<tr><td>Approved the 2022 business plans and budgets</td></tr>
<tr><td>Approved the proposal to appoint the 2022 attesting CPAs</td></tr>
<tr><td>Pre-approval of the non-conviction Service Policy by the Company</td></tr>
<tr><td>Approved the proposal to distribute remunerations to employees and directors</td><td>All the audit committee members approved unanimously to provide NT$55,612,247 for employees’ remuneration and NT$2,780,612 for directors' remuneration, all paid in cash and submitted to the board of directors for discussion and resolution.</td><td rowspan="2">Other than Directors Andy Su; Chang, Ming-Chu and Lee, Ran-Rong recused themselves from participation, the acting chair, Cheng, Wei-Shun inquired all attended independent directors and directors, and approved as proposed without dissent.</td></tr>
<tr><td>Approved the proposal to determine the principles of distributing remunerations to directors and employees’ remunerations to managerial officers</td><td rowspan="2">Approved unanimously by all attended members of the Audit Committee, and submitted to the Board for resolution</td></tr>
<tr><td>Approved the proposal of 2021 business report and financial statements</td><td rowspan="3">Submitted to the Board for resolution and approved by all attending independent directors and directors without dissent</td></tr>
<tr><td>Approved the proposal of 2021 earning distribution statement</td><td>All the audit committee members approved unanimously that the cash dividend of ordinary shares would be distributed as NT$5 per share, and submitted to the Board for resolution.</td></tr>
<tr><td>Approved the proposal to amend partial provisions of the “Rules of Procedure for Shareholders’ Meeting”</td><td>Approved unanimously by all attended members of the Audit Committee, and submitted to the Board for resolution</td></tr>
<tr><td>May 2, 2023</td><td>2nd Audit Committee</td><td>Proposal to ratify the Q1 2023 financial statements</td><td>Approved unanimously by all</td><td>Submitted to the Board for resolution and</td></tr>
</table>

	meeting, 2023	Approved the amendments to certain provisions of the Company's "Sustainable Development Best Practice Principles" "Corporate Governance Best Practice Principles," and "Rules Governing Financial and Business Matters Between this Corporation and its Related Parties".	attended members of the Audit Committee, and submitted to the Board for resolution	approved by all attending independent directors and directors without dissent
August 2, 2023	3rd Audit Committee meeting, 2023	Proposal to ratify the Q2 2023 financial statements	Approved unanimously by all attended members of the Audit Committee, and submitted to the Board for resolution	Submitted to the Board for resolution and approved by all attending independent directors and directors without dissent
		Approved the proposal of professional fees for the 2023 attesting CPAs		
November 2 2023	4th Audit Committee meeting, 2023	Approved the proposal of the 2024 audit plan	Approved unanimously by all attended members of the Audit Committee, and submitted to the Board for resolution	Submitted to the Board for resolution and approved by all attending independent directors and directors without dissent
		Proposal to ratify the Q3 2023 financial statements		
		Approved the establishment of a subsidiary in Vietnam for investment purposes.		
		Approved the Vice Chairman election		
		Approved the promotion of the Chief Strategy Officer and the reorganization of his duties as President		
		Approved the promotion of the President		

Other information required to be disclosed:

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:

(I) Any matter under Article 14-5 of the Securities and Exchange Act:

Please refer to the resolutions of key proposals adopted by the Audit Committee (Pages 26~33) and key resolutions of the shareholders' meeting and the Board (Pages 61~65) in the annual report. All of these were submitted to the Board for resolutions and approval, without any proposal not approved by the audit committee but was approved by a two-thirds or greater majority resolution of the board of directors.

(II) In addition to the matters referred to above, any matter that was not approved by the audit committee but was approved by a two-thirds or greater majority resolution of the board of directors: none.

II. Implementation of recusals of independent directors with respect to any motions with which they may have a conflict of interest: None.

III. Communication between the independent directors (Audit Committee members) and the chief internal audit officer and the CPAs that serve as external auditor (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.):

(I) Communication between the independent directors (Audit Committee members) and the chief internal audit officer:

1. Complying with Article 3 of the "Corporate Governance Best Practice Principles".
2. The members of the Audit Committee are composed of independent directors of the Company. The audit unit regularly provides internal audit reports to the independent directors, and the latest audit status are reported through the board of directors. The independent directors may also check the implementation of the Company's finances and business at any time. For any doubt about the Company's related operations, the independent directors may immediately communicate with the heads of the relevant unit and conduct review and improvement.
3. The latest major communications are as below:

Communication method	Matters communicated	Communication result
March 1, 2023 Independent communication meeting	Communication of the content information in internal audit execution audit procedures	After discussions and communications, independent directors had no dissent
March 3, 2023 The Audit Committee	Q4 2022 audit report	Independent directors had no dissent and reported to the Board for discussion after the deliberation was approved
	Report on "Statement of Internal Control System" and the repot of "Self-Evaluation Execution Results"	
May 2, 2023 The Audit Committee	Q1 2023 audit report	Independent directors had no dissent and reported to the Board after the deliberation was approved
August 2, 2023 The Audit Committee	Q2 2023 audit report	Independent directors had no dissent and reported to the Board after the deliberation was approved
November 1, 2023 The Audit Committee	Q3 2023 audit report	Independent directors had no dissent and reported to the Board for discussion after the deliberation was approved
	Proposal of the 2024 audit plan	
February 26,2024 Independent communication meeting	Communication of the content information in internal audit execution audit procedures	After discussions and communications, independent directors had no dissent
February 27,2024 The Audit Committee	Q4 2023audit report	Independent directors had no dissent and reported to the Board for discussion after the deliberation was approved
	Report on "Statement of Internal Control System" and the repot of "Self-Evaluation Execution Results"	

(II) Communications between the independent directors and the CPAs

1. In addition to inviting CPAs to participate board meetings, the independent directors may also communicate with the CPAs at any time for any doubts about

the Company's financial and business conditions, and instruct the relevant units of the Company to review and improve.

2. The latest major communications are as below:

Communication method	Matters communicated	Communication content	Communication result
March 1, 2023 Independent communication of the Audit Committee	Proposal of 2022 financial statements	Responsibilities, independence, scope of audit, and explanation of audit findings for auditors auditing financial statements	The CPAs explained, discussed and communicated regarding the 2021 annual financial and profit and loss situation, with no dissent from the independent directors.
	Other matters to be paid attention to	Explained the changes in key financial ratios (based on consolidated statements)	
	Independent matters communicated	It is assessed that independence-regulated personnel of auditors’ firm, accounting firm and alliance firm have complied with the independence-regulated statement, and the firm or between the alliance firm and the Company may be considered not to affect independence and other matters, as well as matters that need to be communicated in accordance with the revised code of the International Ethics Standards Board for Accountants (IESBA)	After discussions and communications, independent directors had no dissent
	Updates of key regulations	Response to ROO HSING case, strengthen the supervision mechanism of TWSE or TPEx Listed Companies, and pre-amend the "Securities and Exchange Act", the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, the key points that should be followed in setting up and exercising the functions and powers of the Board of Directors of TWSE or TPEx Listed Companies, the reference examples of the operational norms related to financial business of TWSE or TPEx Listed Companies, and the Sustainable Development Best Practice Principles of TWSE or TPEx Listed Companies	
March 3, 2023 The Audit Committee	Audit of the Q4 2022 financial statements	Participated in the manner of telephone conference for the inquiries	
May 2, 2023 The Audit Committee	Review of the Q1 2023 financial statements	Participated in the manner of telephone conference for the inquiries	After discussions and communications, independent directors had no dissent
August 2, 2023 Independent communication of	Review of the Q2 2023	Responsibilities, independence, review approach and scope, and explanation of review findings for reviewers reviewing	The CPAs explained, discussed and communicated regarding

the Audit Committee	financial statements	interim financial statements	the Q2 2023 financial and profit and loss situation, with no dissent from the independent directors.
	Planning of annual audit	Scope and period of audit, and description of key audit matters	Based the professional judgment of the CPAs, regarding the key audit matters of the 2023 financial statements, the independent directors had no dissent.
	Matters concerned by the competent authorities	Summary of auditing standards updates	After discussions and communications, independent directors had no dissent
	Other matters for consideration	Enhancing the evaluation of internal control processes throughout the investment cycle	
	Updates of key regulations	Financial reporting audit standards for TWSE/TPEx Listed Companies, Amendment to Article 43-1 of the Securities and Exchange Act, Amendment to Article 14/178/181 of the Securities and Exchange Act on the Exercise of Individual Duties by Independent Directors, Introduction to Sustainability Initiatives for TWSE/TPEx Listed Companies (2023), and Introduction to the Sustainability Disclosure Standards	
August 2, 2023 The Audit Committee	Review of the Q2 2023 financial statements	Participated in the manner of telephone conference for the inquiries	After discussions and communications, independent directors had no dissent
November 1, 2023 The Audit Committee	Review of the Q3 2023 financial statements	Participated in the manner of telephone conference for the inquiries	After discussions and communications, independent directors had no dissent
February 26,2024 Independent communication meeting	Financial statements and key Financial ratio analysis for the year 2023.	Responsibilities, independence, scope of audit, and explanation of audit findings for auditors auditing financial statements Explained the changes in key financial ratios (based on consolidated statements)	The CPAs provided explanations and engaged in discussions and communication regarding the financial condition, cash flows, and financial performance for the year 2023. The independent directors raised no objections.
	Other matters to be paid attention to	Explanation on significant internal control deficiencies and reminders from recent regulatory inspections of listed (or emerging) companies	The CPAs provided explanations and engaged in discussions and communication regarding the deficiencies and cases listed by the regulatory authorities. The independent directors raised no objections.
	Independent matters communicated	It is assessed that independence-regulated personnel of auditors' firm, accounting firm and alliance firm have	After discussions and communications,

		complied with the independence-regulated statement, and the firm or between the alliance firm and the Company may be considered not to affect independence and other matters, as well as matters that need to be communicated in accordance with the revised code of the International Ethics Standards Board for Accountants (IESBA)	independent directors had no dissent
	Updates on key accounting standards or interpretations, regulatory laws and tax laws	Explanation of amendments to the 'Audit Committee Authority Regulations,' 'Board Meeting Regulations,' and disclosure of carbon reduction target timelines in annual reports and public disclosure documents	After discussions and communications, independent directors had no dissent
February 27,2024 The Audit Committee	Audit of the Q4 2023 financial statements	Participated in the manner of telephone conference for the inquiries	After discussions and communications, independent directors had no dissent

(III) Corporate Governance – Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons

1. Corporate Governance – Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation item	Status of operation			Deviations from the Corporate Governance Best- Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary	
I. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	V		The Company has established the "Corporate Governance Best-Practice Principles," specifying the regulations for protecting the rights and interests of shareholders, strengthening the functions of the board of directors, respecting the rights and interests of stakeholders, and improving information transparency. Meanwhile, the Company's Rules of Procedure for Shareholders' Meetings, the Rules of Procedure for Board Meetings, the Remuneration Committee Charter and the Audit Committee Charter are all established and implemented based on the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies," and available on the corporate governance section of the Company's website for review by stakeholders.	No significant deviation
II. Shareholding Structure and Shareholders' Rights (I) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	V		1. To effectively handle shareholders' suggestions, doubts, disputes and litigations, the Company has established internal processing procedures. In addition to implementing the spokesperson system by setting up spokespersons and deputy spokespersons, to ensure that information that may affect shareholders' decision-making to be disclosed in a timely and adequate manner, an investor mailbox (Investor@unictron.com) is established as a communication channel for shareholder suggestions or disputes.	No significant deviation

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Status of operation</th><th rowspan="2">Deviations from the Corporate Governance Best- Practice Principles for TWSE/TPEx Listed Companies and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(II) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?

(III) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?

(IV) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?</td><td>V

V

V</td><td></td><td>2. In addition to mastering the list of the major shareholders who substantially control the Company and the ultimate controllers of the major shareholders, the Company also regularly announces the information on changes in the stake and pledges of insiders such as directors and major shareholders holding 10% or of the stake on the “Market Observation Posting System” every month, with the disclosure of the information on the top ten shareholders in the annual report and the official website every year.

3. To establish a risk control and firewall mechanism with affiliates, the Company has formulated the "Operation Procedures for Transactions with Specific Companies, Group Enterprises and Related Persons “ and the "Supervisory and Management Procedures for Subsidiaries."
All affiliates of the Company have dedicated financial, sales and engineering service departments with clear managerial responsibilities. And the Company conducts communication regarding related businesses and reconciliation any time every month to reduce operational risks.

4. The Company has established the "Code of Ethical Conduct" and " Ethical Corporate Management Best Practice Principles" to regulate members to recuse from conflicts of interest related to their duties, and they are not allowed to use unpublished information known to them and disclose such to others. The well-rounded mechanism for handling and disclosing material information was established to prevent improper leakage of information, ensure the consistency and correctness of externally released information. The “Management and Operating Procedures for Handling Internal Material Information and Preventing Insider Trading” are established as the internal rules, prohibiting the insiders from using unpublished information in the market to trade securities, as a prevention of the insider trading.</td><td>No significant deviation

No significant deviation

No significant deviation</td></tr>
<tr><td>III. Composition and responsibilities of the board of directors
(I) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?

(II) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?

(III) Has the Company established rules and methodology for evaluating the</td><td>V

V

V</td><td></td><td>1. In order to ensure the diversity of board members, when electing board members, director candidates must not only have the professional knowledge and skills required to perform their duties, but also leadership decision-making, industrial knowledge and professional ability are the keys to the review. to enhance the structure of the board of directors. Via various operational expertise of the directors, the operational supervision and management are implemented, decision-making capability is improved, and the Company's operating system is strengthened while achieving the goal of strengthening corporate governance and operational synergy through diversified board operations. Please refer to pages 15-16 of this annual report for details. The achievement status of the goals is as shown in the following table.

<table><tr><th>Management targets</th><th>Achievement</th></tr><tr><td>Set more seats for independent directors than those required by laws and regulations</td><td>Achieved</td></tr><tr><td>At least one has financial accounting professional background</td><td>Achieved</td></tr><tr><td>At least one has industry-related academic background</td><td>Achieved</td></tr><tr><td>At least one has industry-related practice management background</td><td>Achieved</td></tr></table>
2. The Company has established the Audit Committee and Remuneration Committee, both are operating well. The Board of Directors of the Company also approved the establishment of the Sustainable Development Committee and the Risk Management Committee on May 2, 2023.

3. The Company passed the "Rules for Performance Evaluation of Board of Directors" on March 11, 2021, specifying that the Company's board of directors conducts the internal performance evaluation every year, and the evaluation by an external independent organization or a team of external experts and scholars at least once every three years. The</td><td>No significant deviation

No significant deviation

No significant deviation</td></tr>
</table>

<table>
<tr><td rowspan="2">Evaluation item</td><td colspan="3">Status of operation</td><td rowspan="2">Deviations from the Corporate Governance Best- Practice Principles for TWSE/TPEx Listed Companies and the reasons</td></tr>
<tr><td>Yes</td><td>No</td><td>Summary</td></tr>
<tr><td>performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?</td><td></td><td></td><td>Company specifies that the board members, the agenda unit of the board of directors, and the functional committees conduct the internal self-evaluation on the overall board of directors and the overall functional committees on a regular basis every year. The time for the internal evaluation should be at the end of each year, and complete the evaluation before the earliest board meeting of the coming year. The self-evaluation includes five aspects: the participation in the operation of the company, improvement of the quality of the board of directors' decision making, composition and structure of the board of directors, election and continuing education of the directors, and internal control. The evaluation is taken charge by the Finance Department in the manner of internal questionnaires. The evaluation is done by the directors regarding the operation of the Board, the participation of directors themselves, and the evaluation of the committee members to the functional committees. The evaluation results are reported to the Board with the improvement advice to the items requiring enhancement. The results of the Board’s performance evaluation will be referred to when electing or nominating directors. Pursuant to Article 21 of the Company's Articles of Incorporation, the directors’ remuneration shall not exceed 3% of the annual profit. The Remuneration Committee and the Board shall determine the remuneration to each director based on the Company's operating results and the "Remuneration Procedures for Directors and Functional Committee Members" while referring to the performance evaluation results of individual director.
The Company has completed the performance evaluation of the board of directors and functional committees after the end of 2023, and reported the evaluation results to the first board meeting in 2024. Please refer to pages 25-26 of this annual report for details regarding the performance assessment methodology and implementation status</td><td></td></tr>
<tr><td>(IV) Does the Company regularly evaluate its external auditors’ independence?</td><td>V</td><td></td><td>4. The Company reviews and evaluates the independence of the CPAs before the Audit Committee and the board of directors appoint the CPAs every year, and requires the CPAs to provide a "Declaration of Independence" for the Company. And refer to Audit Quality Indicators (AQI) and confirm CPAs and the accounting firm. The Company performs better in checking experience, professional support and case quality control review than the industry average level. In addition, The Company will continue to introduce digital audit tools in recent years to improve audit quality.
The accountant’s independence assessment form is as follows:
<table>
<tr><th>Evaluation Item</th><th>Evaluation Result</th><th>Compliance with Independence</th></tr>
<tr><td>1. Whether the accountant has a direct or significant indirect financial interest relationship with the company</td><td>No</td><td>Yes</td></tr>
<tr><td>2. Whether the accountant has any financing or guarantee activities with the company or its directors</td><td>No</td><td>Yes</td></tr>
<tr><td>3. Whether the accountant has a close business relationship and potential employment relationship with the company</td><td>No</td><td>Yes</td></tr>
<tr><td>4. Have the accountant and the members of its audit team are currently, or have been in the last two years, serving as directors, managers, or in positions of significant influence on the audit of the Company?</td><td>No</td><td>Yes</td></tr>
<tr><td>5. Has the accountants have provided any non-audit service items to the Company that may directly affect the audit process?</td><td>No</td><td>Yes</td></tr>
<tr><td>6. Whether the accountant has intermediated in the Company's stock or other securities issued by the Company</td><td>No</td><td>Yes</td></tr>
<tr><td>7. Has the accountant acted as the Company's defender or represented the Company to coordinate conflicts with other third parties?</td><td>No</td><td>Yes</td></tr>
<tr><td>8. Is the accountant is related to any of the Company's directors, managers, or other persons having significant influence on the audit?</td><td>No</td><td>Yes</td></tr>
</table></td><td>No significant deviation</td></tr>
</table>

Evaluation item	Status of operation			Deviations from the Corporate Governance Best- Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary	
			At the 1st Audit Committee meeting in 2024 and the 1st board meeting in 2024, the 2024 attesting CPAs were deliberated and approved, with the Declaration of Independent obtained from the CPAs.	
IV. Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	V		The Company was approved by the Board of Directors on May 2,2023 to appoint a head of corporate governance witch is responsible for corporate governance-related affairs concurrently, including: handling matters related to the board and shareholders' meetings pursuant to laws, assisting the Company to comply with relevant laws and regulations regarding the board and shareholders' meetings, making minutes of the board and shareholders' meetings, providing directors and independent directors Information necessary to conduct business , and the latest regulatory developments related to operating companies. In the future, dedicated personnel will be appointed in a timely manner when the corporate governance matters become complicated gradually. Please refer to page 40 of the annual report for information on the training status of corporate governance directors in 2023.	No significant deviation
V. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	V		Based on the five principles including dependence, responsibility, influence, multiple perspectives, and concerns and claims, the Company has identified five major stakeholders: employees, shareholders, customers, suppliers, and government/competent authorities. The Company regularly reports to the board of directors every year (at least once a year) on the communications with related parties. The report items include: stakeholders, issues of concern, communication channels and communication status. The communication situation with each stakeholder in 2023 was reported to the board of directors on February 27, 2024. Relevant content is also announced in the stakeholder section of the Company's website.	No significant deviation
VI. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	V		The Company has commissioned the Stock Affair Agency Department of Taishin Securities Co., Ltd. to take care of this.	No significant deviation
VII. Information Disclosure (I) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate	V		1. The Company gradually establishes and improves the investor service section on the Company's website pursuant the regulations, disclosing corporate governance, material resolutions of the board of directors, shareholder meeting information, and financial and business conditions. The Company complies with the regulations of the competent authority, and discloses various business, financial and corporate governance related information on the MOPS for stakeholders to inquire.	No significant deviation

Evaluation item	Status of operation: Yes	No	Summary	Deviations from the Corporate Governance Best- Practice Principles for TWSE/TPEx Listed Companies and the reasons
governance status?				
(II) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	V		2. The Company has the dedicated personnel in place, responsible for the collection and disclosure of the Company's information, and discloses the latest and correct information to the MOPS and the Company's website. The information disclosure methods adopted by the Company include: implementing the spokesperson system, regularly disclosing financial, business and corporate governance information on the Company website, and setting up the investor mailbox (Investor@unictron.com), and being invited to participate in investor conferences and upload relevant information of the conferences to the Company's official website to answer investors' questions instantly.	No significant deviation
(III) Does the Company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?		V	3. The Company published and reported its annual financial report on February 27, 2024, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month earlier than the specified deadlines on the MOPS.	No significant deviation
VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	V		1. Employee interests and employee care: the Company's operating philosophy is respecting human nature and caring for employees. To ensure the employee interests and employee care, the Employee Welfare Committee is established composed of representatives of employees from various departments. The Employee Welfare Committee meetings are held regularly every quarter to determine various benefit plans, such as organizing club activities, employee family days and sports courses, while conducting regular employee health checks, employee gathering meals, and holding employee education and trainings from time to time. 2. Investor relations: the Company has set up the investor service mailbox (Investor@unictron.com) on the Company website with dedicated personnel to answer investors' calls, and reply shareholders' questions in detail. Various announcements are completed in real time, such as financial statements, corporate governance regulations and measures, disclosed on the Company's website, seeking to achieve openness and transparency of information, so that investors understand how the Company's operating. 3. Supplier relationship: the Company regards suppliers as co-existing and co-prosperous partners, and generally adopts long-term cooperation. The Company invests in raw materials and is responsible for creating and maintaining product channels, while suppliers are responsible for providing qualified raw material products, to construct a good cycle with interdependent relationships. 4. Stakeholders' interests: Pursuant the Rules of Procedure of Board Meetings, when the board of directors makes a resolution, any director interested in the proposal recuses from voting, to avoid the conflict of interest; in addition, the Company website has a dedicated area for stakeholders, providing stakeholders (shareholders and investors, employees, customers, suppliers, government and competent authorities) communication channels to properly respond to issues of concern to stakeholders, as well as the financial and business-related information availed on the Company website to protect legitimate interests of both parties. 5. Directors' and supervisors' continuing education: the Company's directors have their own professional knowledge. The Company provides the continuing education courses to directors by cooperating the related units pursuant to the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies. For the situation of directors' continuing education as of the publication date of the annual report, please refer to 2023 directors' continuing education. 6. Implementation of Risk Management Policy and Risk Measurement Standards: After the Board of Directors approved the "Risk Management Policy and Procedures" on November 2, 2022, the Company gradually established an organizational structure and implemented management procedures in accordance with the policy where the President gave out instructions,the Risk Management Committee (RMC) was established by the Board of Directors on May 2, 2023 to identify, assess, handle, report and monitor risks that may	No significant deviation

Evaluation item	Status of operation			Deviations from the Corporate Governance Best- Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary	
			negatively affect the Company's operating objectives on an annual basis. The president is the general manager, the head of corporate governance serves as the general director, and the company-level head is the member and is responsible for communicating with the management level, holding quarterly meetings, and reporting the implementation status to the audit committee and the board of directors every year; the Company purchases the comprehensive product liability insurance every year, providing multiple product protection, and adopts appropriate management guidelines and improvement methods to mitigate business risks. 7. Implementation of client policies: the contracts, agreements, and matters that are reasonably required to be complied with signed with customers are fully cooperated with by fulfilling the Company's responsibility, and strive to manage and maintain long-term relationships, seeking to achieve a win-win situation. 8. Liability insurance the Company purchases for directors and supervisors: Article 13 of the Company's Articles of Incorporation specifies that "the Company may purchase the liability insurance for directors during their term of office in respect of the indemnity liabilities assumed by them pursuant to laws in the scope of their business." The Company has purchased directors' liability insurance, and reports to the board of directors every year regarding the key matters including the coverage amount, insurance period, coverage, insurance premium rate. The 2023 liability insurance covering all directors was disclosed in the MOPS.	
IX. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement: The Company first participated in the corporate governance evaluation in 2022 and got the results of the top 51%~65%; the results of the corporate governance assessment in 2023 were the top 36%~50%, and the improvement goals for 2024 were set for unscored items: 1. In order to protect shareholders' interests and enhance information transparency, the 2023 annual financial report has been announced and filed within two months after the end of the accounting year, and a regular shareholders' meeting is expected to be held before the end of May. 2. To promote sustainable development, the Company plans and tracks quarterly greenhouse gas inventories and verification schedules in accordance with the "Sustainable Development Roadmap". The establishment and certification of the 2023 annual greenhouse gas quantification and verification standard has been completed and will continue to be monitored and certified on an annual basis in the future. 3. In order to strengthen the structure and operation of the Board of Directors, the Company has introduced the ISO27001 information security management system standard and obtained third-party certification.				

2. Continuing education of directors

Serial no.	Job title	Name	Course date	Course organizer	Course name	Course hour
1	Chairman	Andy Su	June 2, 2023	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	2023 Taishin Net Zero Summit	3
			July 4, 2023	TWSE	2023 Cathay Sustainable Finance and Climate Change Summit	6
2	Director	Chang, Ming-Chu	June 2, 2023	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	2023 Taishin Net Zero Summit	3
			July 4, 2023	TWSE	2023 Cathay Sustainable Finance and Climate Change Summit	6
3	Director	Lee, Ran-Rong	June 2, 2023	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	2023 Taishin Net Zero Summit	3
			July 4, 2023	TWSE	2023 Cathay Sustainable Finance and Climate Change Summit	6

4	Director	Jery Lin (Note)	April 13, 2023	Chinese Accounting Research and Development Foundation	Online Forum for Sustainability Disclosure	3
			April 27, 2023	TWSE and TPEx	Seminar on the Action Plan for the Sustainable Development of TWSE/TPEx Listed Companies	3
			June 2, 2023	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	2023 Taishin Net Zero Summit	3
			October 20, 2023	Securities & Futures Institute	2023 Annual Insider Trading Prevention Meeting	3
5	Independent director	Cheng, Wei-Shun	March 29, 2023	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	Matters Requiring Attention at Board of Directors' and Shareholders' Meetings and Exploration of Frequently Asked Questions in 2023	3
			March 31, 2023	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	The Impact of the Latest Multinational Tax Regulation on Enterprises (Case Study)	3
			October 13, 2023	Securities & Futures Institute	FY112 Annual Insider Trading Prevention Advocacy Conference	3
6	Independent director	Wang, Yung-Ho	June 2, 2023	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	2023 Taishin Net Zero Summit	3
			July 4, 2023	TWSE	2023 Cathay Sustainable Finance and Climate Change Summit	6
			August 3, 2023	Taiwan Corporate Governance Association	Analysis and Application of Ethical Corporate Management and Corporate Financial Information	3
7	Independent director	Wang, Chien-Min	March 10, 2023	Taiwan Corporate Governance Association	Sustainable Transformation Series 4-1: Challenges and Opportunities in the Global Net Zero Transition	3
			March 24, 2023	Taiwan Corporate Governance Association	Matters Requiring Attention and Frequently Asked Questions at the 2023 Annual Board of Directors Meeting	3
			May 26, 2022	Ministry of Environment, Executive Yuan	Green Chemistry: Co-creating Sustainability	3
			July 4, 2023	TWSE	2023 Cathay Sustainable Finance and Climate Change Summit	6
			September 4, 2023	Financial Supervisory Commission	The 14th Taipei Corporate Governance Forum	6
8	Independent director	Sheng, Hsi-Wen	June 17, 2023	Taipei Financial Research and Development Foundation	Corporate Governance - Sustainable Finance - Social Return on Investment (SROI)	2
			July 17, 2023	Taipei Financial Research and Development	Corporate Governance - Evaluation of Sustainability - DJSI Dow Jones Sustainability Indices	2

				Foundation		
			July 24, 2023	Taipei Financial Research and Development Foundation	Corporate Governance: Technological Development and Business Opportunities of ChatGPT	3

Note : On January 3, 2024, Darfon Electronics Corp. changed its representative from Jery Lin to Wang, Wei Chi.

3. Continuing education of the Corporate Governance Officer

Serial no.	Job title	Name	Course date	Course organizer	Course name	Course hour
1 2	Corporate Governance Officer Director	Cheng, Shi-Wei Chang, Ming-Chu	May 4, 2023 to May 6,2023	Taiwan Institute for Sustainable Energy	Training Course for Climate Action Managers of TWSE Listed Companies - Taichung Session	20
			June 2, 2023	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	2023 Taishin Net Zero Summit	3
			July 4, 2023	TWSE	2023 Cathay Sustainable Finance and Climate Change Summit	6

(IV) If the company has a remuneration committee or nomination committee in place, the composition and operation of such committee shall be disclosed

1. The “Remuneration Committee Charter” was established by the board of directors on August 28, 2020. For the Remuneration Committee members, number of members and term of office, powers, rules of procedure, and resources that the Company should provide when exercising powers and other matters, unless otherwise specified by laws or the Company's “Articles of Incorporation,” the Charter shall be complied with.
2. Composition: the members of the Remuneration Committee are appointed upon the resolution of the board of directors. The Company approved upon the resolution of the board on June 15, 2023, and appointed three independent directors as members of the second Remuneration Committee. The Remuneration Committee member elected Cheng, Wei-Shun as the convener of the Committee without dissent. Remuneration Committee The term of office of the committee members is the same as that of the board of directors appointing them.
3. Duties: The Committee shall exercise the care of a good administrator to faithfully perform the following duties and present its recommendations to the board of directors for discussion:
   (1) Establishing and periodically reviewing the performance assessment standards, annual and long-term performance goals, and the policies, systems, standards, and structure for the remuneration of the directors and managerial officers.
   (2) Establishing periodically the remuneration of the directors and managerial officers.

4. Information on Remuneration Committee Members

Title	Qualification / Name	Professional Qualification and Experience	Independence Analysis	Number of Companies Concurrently Serve as An Independent Director
Independent directors (Convener)	Cheng, Wei-Shun	Please refer to the "Disclosure of Directors' Professional Qualifications and independence of the Independent Directors'"section in this annual report. (pages 13 -15)		3
Independent directors	Wang, Yung-Ho			1
Independent directors	Wang, Chien-Min			1

5. Operation of the Remuneration Committee

(1) The Company's remuneration committee has a total of three members.

(2) The term of the current members is from June 15, 2023 to June 14, 2026, and will be fully re-elected whenever the board's term of office expired. During the most recent years up to the publication date of the annual report, the number of remuneration committee meetings held in the most recent fiscal year was two (A). The attendance by the members was as follows:

Job title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B / A)	Remarks
Convenor	Cheng, Wei-Shun	2	0	100.00	
Member	Wang, Yung-Ho	2	0	100.00	
Member	Wang, Chien-Min	2	0	100.00	
Other information required to be disclosed: I. If the board of directors does not accept, or amends, any recommendation of the remuneration committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the board of directors, and the measures taken by the Company with respect to the opinions given by of the remuneration committee (e.g., if the salary/compensation approved by the board is higher than the recommendation of the remuneration committee, specify the difference(s) and the reasons): none. II. With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the remuneration committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion: none.					

6. Resolutions adopted by the Remuneration Committee, and the measures taken by the Company with respect to the members' opinion

Date	Meeting name	Content	Resolution and implementation	The measures taken by the Company with respect to the members' opinion
March 3, 2023	1st Remuneration Committee meeting, 2023	Approved the proposal to distribute remunerations to employees and directors	All the remuneration committee members approved unanimously to provide NT$55,612,247 for employees' remuneration and NT$2,780,612 for directors'	Other than Directors Andy Su; Chang, Ming-Chu and Lee, Ran-Rong recused themselves from participation, the acting chair, Cheng, Wei-Shun inquired all

			remuneration, all paid in cash and submitted to the Audit Committee for discussion and resolution.	attended independent directors and directors, and approved as proposed without dissent; the employees remuneration of NT$55,612,247 and directors' remuneration of NT$2,780,612 were provided, all paid in cash, and to be reported in the 2023 regular shareholders' meeting.
		Approved the proposal to determine the principles of distributing remunerations to directors and employees' remunerations to managerial officers	Approved unanimously by all attended members of the Remuneration Committee, and submitted to the Audit Committee for resolution.	Other than Directors Andy Su; Chang, Ming-Chu and Lee, Ran-Rong recused themselves from participation, the acting chair, Cheng, Wei-Shun inquired all attended independent directors and directors, and approved as proposed without dissent; such is reported in the 2022 regular shareholders' meeting.
November 1, 2023	2nd Remuneration Committee meeting, 2023	Report of the second Remuneration Committee members appointed by the Board of Directors of the Company	Cheng, Wei-Shun was elected as the Convenor and Chairman of the Committee with no objection from the members of the Remuneration Committee.	None
		Report on the implementation of the 2022 managerial officers' remuneration distribution	Approved unanimously by all attended members of the Remuneration Committee.	None
		Annual Managerial Remuneration Report for 2023	Approved unanimously by all attended members of the Remuneration Committee.	None

(V) Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation item	Status of operation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
I. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle	V		On May 2, 2023, the Company was approved by the Board of Directors to establish the Sustainable Development Committee, with the chairman of Company as the chairman, the president as the director general, the vice president and the first-level supervisor as the members, as the highest level of sustainable	No significant deviation

Evaluation item	Status of operation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
related matters under the supervision of the Board of Directors?			development decision-making unit within the company, to promote the company's sustainable development plan, and the Risk Management Committee (RMC) regularly evaluates the relevant issues every quarter, submits them to the Sustainable Development Committee and reports to the board of directors on a regular basis. The implementation in 2023 was reported to the Board of Directors on February 27,2024. The Board of Directors of the Company regularly listens to the reports of the management team to supervise whether the team has implemented the sustainable development strategy as planned and gives relevant recommendations.	
II. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?		V	The Company has established the “Corporate Governance Best-Practice Principles,” and “Sustainable Development Best Practice Principles” and "Risk Management Policy and Procedure" of the Company is determined by the resolution of the Board of Directors, after which the organizational structure and implementation management procedures will be gradually established in accordance with the policy,the Risk Management Committee (RMC) was established by the Board of Directors on May 2, 2023 to identify, assess, handle, report and monitor risks that may negatively affect the Company's operating objectives on an annual basis. The president is the general manager, the head of corporate governance serves as the general director, and the company-level head is the member and is responsible for communicating with the management level, holding quarterly meetings, To summarize the execution status of the identified risks for each aspect of ESG, report to the Sustainable Development Committee, and follow the execution management procedures, and reporting the implementation status to the audit committee and the Board of Directors every year. For more details on the implementation of sustainable development, please refer to "Chapter 7 Other Important Information for Understanding the Implementation of Sustainable Development" section on pages 49-52 of this annual report.	No significant deviation

Evaluation item	Status of operation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
III. Environmental Issues (I) Has the Company set an environmental management system designed to industry characteristics?	V		1. The Company actively cooperates with environmental protection such as greening, energy saving, waste reduction and garbage classification, and formulates various management procedures, such as management procedure for environmental regulations, and procedures for the environmental goals and target management. And according to the planning of “Sustainable Development Roadmap for TWSE/TPEx Listed Companies”, the ISO14064-1 system has completed the carbon inventory and verification in November,2023.	No significant deviation
(II) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	V		2. The Company strives to classify waste and promote resource recycling, while signing a clearing and transportation contract with the qualified waste treatment manufacturer to reduce the impact of process waste on the overall environment. The VOC and dust generated during the production process are all recycled during the production line processes. the Company carried out the rectification and purchase of the old waste water equipment, and obtained the competent authorities for modification of the water regulation document in January , 2023, so as to reduce and eliminate the harm to the environment.	No significant deviation
(III) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	V		3. Climate change is an important and urgent issue in the world, the company is committed to promoting sustainable development strategy, the Risk Management Committee in accordance with the company's risk management procedures, in accordance with the company's risk management procedures, regularly assess, identify, address, report and monitor the current and future potential risks and opportunities of the enterprise for climate change and various risks. For more details on the implementation of sustainable development, please refer to "Chapter 7 Other Important Information for Understanding the Implementation of Sustainable Development" section on pages 49-52 of this annual report.	No significant deviation
(IV) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	V		4. The Company regularly measures greenhouse gas emissions, water consumption and total weight of waste pursuant to regulations and discloses on the quantitative management page of energy conservation and carbon reduction on the company's website, with the goal of completing the inventory and external verification of greenhouse gases in 2024, and effectively reducing the proportion of carbon emissions in the future even with the increase of product output. In accordance with planning of “Sustainable Development Roadmap for TWSE/TPEx Listed Companies”, the ISO14064-1 system is introduced to carry out the inventory and verification schedule plans of greenhouse gases and track them quarterly. In addition, “Sustainable Development Best Practice Principles” was established for compliance. 4.1 Greenhouse Gas 4.1.1 The Company has been conducting greenhouse gas emission inventories and obtaining external verification since 2022 using the ISO14064-1 greenhouse gas inventory method. For more details on the greenhouse gas emission	No significant deviation

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Status of operation</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>inventories, please refer to " Greenhouse Gas Inventory Information " section on pages 49-52 of this annual report.The data for 2023 is based on the Company's internal inventory and will be verified by a third-party testing organization in the future.
4.1.2 Through technological improvement and development of new materials, we are able to reduce the rate of defective products and minimize the proportion of waste products.
4.1.3 Reduce total carbon emissions by replacing equipment with new equipment to enhance efficiency.
4.1.4 The energy-saving program is implemented in three main areas: the air conditioning system, power lighting, and other power consumption. Regular inspections of energy-consuming equipment are carried out, and replacements are made when necessary.
4.2 Volume of water consumption
The main production facility of the Company is located in Taiwan. Taiwan Plant's unit water intensity decreased by 16.36% in 2023 compared to 2022.
<table><tr><th>Year</th><th>2023</th><th>2022</th></tr><tr><td>Volume of Water Consumption (metric tons)</td><td>19,352</td><td>25,109</td></tr><tr><td>Revenue (NT$ million)</td><td>1,381</td><td>1,499</td></tr><tr><td>Water Intensity (metric tons/NT$ million)</td><td>14.01</td><td>16.76</td></tr></table>4.3 Waste
4.3.1 The main production facility of the Company is located in Taiwan. The unit waste intensity of the Taiwan plant increased by 123.11% in 2023 compared to 2022.
<table><tr><th>Year</th><th>2023</th><th>2022</th></tr><tr><td>Hazardous Waste (metric tons)</td><td>273</td><td>100</td></tr><tr><td>Non-hazardous Waste (metric tons)</td><td>109</td><td>86</td></tr><tr><td>Revenue (NT$ million)</td><td>1,381</td><td>1,499</td></tr><tr><td>Unit waste intensity (metric ton/ NT$ million)</td><td>0.20</td><td>0.12</td></tr></table>4.3.2 The Company commissions qualified transportation companies and recycling companies to legally dispose of its wastes, and takes the responsibility of supervising the handling of these companies and auditing the legality of the waste removal process from time to time. In 2023, the Company carried out corrective actions and strengthened reporting in response to the previous environmental safety issues, which resulted in an increase in waste</td><td></td></tr>
</table>

Evaluation item	Status of operation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
			intensity, and the Company will endeavor to reduce the amount of waste and take relevant cost control measures in the future.	
VI. Social Issues (I) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions??	V		1. The Company formulates work rules pursuant to laws and regulations, and complies with RBA Code of Conduct. The RBA Code of Conduct is in line with the UN Guiding Principles on Business and Human Rights, wherein the rules are derived from various key international human rights standards, including the ILO Declaration on Fundamental Principles and Rights at Work and the Universal Declaration of Human Rights, with the goal of protecting employees' working rights and basic human rights. Respect for human rights is an important aspect of sustainable business, so the Company adopts RBA management in operation and supply chain, and promotes cooperation and implementation of corporate social responsibility and environmental safety & health policies to all cooperative suppliers. In addition to requiring suppliers to fill in questionnaires and evaluate projects including environmental protection, safety & health management policies, human rights policies and business ethics policies, the Company carries out internal audit of the plant annually in accordance with the RBA audit procedures, and accepts the regularly or irregularly audit from the customer or third party fair units in accordance with contents of the latest version of RBA provisions. In the pre-employment training for new employees, the Company also provides information on compliance with regulations, including prohibition of forced labor, prohibition of child labor, anti-discrimination, anti-harassment, management of working hours, and protection of humane treatment. In 2023, the implementation rate of human rights protection education and training for new employees reached 100%.	No significant deviation
(II) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation,	V		2. The Company determines the salaries by referring to the employee's academic background and working experience, and subsequently combines the employee's	No significant deviation

Evaluation item	Status of operation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation??			contributions and the performance appraisal twice a year, while giving the leave entitled pursuant to the Labor Standards Act. The Company offers competitive salaries and various employee benefits. For related information, please refer to pages 100 to 103 of the Disclosure of Labor Relations in this annual report. The Company emphasizes diversity and equality in the workplace. At the end of 2023, the percentage of female employees was 49.02% and the percentage of female supervisors was 14.29%	
(III) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees??	V		3. The Company's factories and office space are well-lit and bright, with the green designed balconies, and there is a specific dining space. In accordance with Occupational Safety and Health Act, establish Occupational Safety Committee, plan, promote and supervise occupational safety and health services. In accordance with the requirements of ISO 45001, the representatives of each department and the Occupational Safety and Health Management Committee will conduct hazard identification and risk assessment once a year, and manage the results of the identification and assessment. And the safety education and training are provided to all employees with regular health checks held. The Company was approved the certification of ISO 45001 Occupational Safety and Health Management System in April 2023. In 2023, a total of 1,584 attendances participated in safety and health education training, total 2,056 training hours Furthermore, 128 attendances received special hazard occupational health examinations, and there were 136 attendances interviewed by doctors for on-site service. Based on the disability injury statistics published by the Ministry of Labor, our company conducts occupational accident statistics, establishes an accident investigation mechanism, and implements corrective and preventive measures based on the investigation results to reduce the	No significant deviation

Evaluation item	Status of operation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
			likelihood of recurring accidents and enhance workplace safety. In 2023, our company experienced three occupational accidents involving three employees, which accounted for 0.59% of the total number of employees at the end of 2023. To evaluate the risks in the work environment, we conducted a thorough inspection of personnel chairs and workstations, increased the frequency of inspections, removed outdated and potentially hazardous items, and improved personnel education and training to enhance safety awareness. In 2023, our company did not experience any fire incidents, and there were no casualties or injuries reported. This accounts for 0% of the total number of employees as of the end of 2023.	
(IV) Has the Company established effective career development training programs for employees?	V		4. The employees may propose necessary internal (external) trainings or on-the-job continuing education based on the job requirements, and proceed to such with the consent of the responsible officers.	No significant deviation
(V) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	V		5. The Company's products are labeled pursuant to relevant regulations when leaving factories. In addition, no policy or complaint channels related to the protection of consumers' rights and interests has been established due to the product attributes. However, for the ethical conducts within the Company's business scope and the prevention of illegal activities, the due complaint and reporting channels are provided.	No significant deviation
(VI) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	V		6. The Company has established the "Supplier Management Procedures" with certain requirements and standards for environmental protection, and occupational safety. Before dealing with any supplier, not only comparing prices but also credit check is conducted by collecting peer evaluations, to understand whether there is any major poor records of the supplier's source and quality of goods. Visit factories when necessary.	No significant deviation

Evaluation item	Status of operation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
V. Does the Company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the Company obtain third party assurance or certification for the reports above?		V	In accordance with the "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies," the Company will issue the 2024 annual sustainability report by August 31, 2025, in accordance with GRI Standards.	A gradual promotion will be conducted pursuant to regulations
VI. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviation from the principles in the Company's operations: the Company has established the "Corporate Social Responsibility Best Practice Principles" on March 11, 2021, and there is no significant deviation between the implementation and the principles. The Board of Directors, in conjunction with the amendment of the Act, amended the "Corporate Social Responsibility Best Practice Principles" into "Sustainable Development Best Practice Principles" on November 2, 2022.				

VII. Other important information to facilitate better understanding of the company's promotion of sustainable development:

(I) The Company discloses all information to the MOPS pursuant to the regulations, and insists the consistent professional and ethical operating principles, valuing the corporate image and risk control.

(II) The Company supports disadvantaged families and promotes community development through charity activities every year.

(III) During the production process of the Company's products, the discharge of air and water pollutions and sewage, meets the requirements of environmental protection and is friendly to the environment.

(IV) Risk assessment projects and strategies/actions taken on material issues of the Company:

Material Issues	Risk Category	Risk Identification	Strategy/Action
Environmental Protection	Climate Change and Environmental Protection	Impact of Climate Change	1. Monthly compilation of electricity, fuel, water consumption, and total waste consumption 2. The Company plans and tracks quarterly greenhouse gas inventories and verification schedules in accordance with the "Sustainable Development Roadmap". The establishment and certification of ISO14064-1:2018 Greenhouse Gas Quantification and Verification Standard was completed in December 2023, with 2022 as the base year for inventory, and the Company will continue to monitor and certify inventory annually going forward, and will set out short-, medium-, and long-term goals to reduce the proportion of carbon emissions in the future. 3. The Company's directors and the chief corporate governance officer have participated in multiple advocacy and training courses related to corporate sustainability and climate action this year, and obtained the relevant training certifications.
		Environmental regulations are becoming more stringent, and it is imperative for the Company to enhance its pollution prevention and control measures.	In order to meet long-term development goals and to emphasize ESG-related issues, the Company has carried out changes to its water pollution prevention and control measures, and obtained a permit from the Hsinchu County Environmental Protection Bureau in January 2024 to thoroughly improve the company's existing deficiencies and meet future operational needs.
Social Responsibility	Health and Safety Incidents / Social Care	Infectious Diseases	In response to high-risk infectious diseases such as COVID-19, we are implementing government regulations and the epidemic prevention policies of the parent company.
		Safe and healthy working environment for employees	The Labor Safety and Health Management Committee meeting is held quarterly. In 2023, seven general safety and health training sessions were conducted, with a total of 188 participants. In 2023, 37 safety and health training sessions were conducted for new employees, with a total of 92 participants. Furthermore, in the same year, 3 general training sessions were conducted for new employees, with a total of 81 participants. Introduced RBA auditing and promoted ISO45001 occupational safety and health management

Evaluation item				Status of operation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
				Yes	No	Summary	
			system certification. The Company is currently operating in compliance with RBA regulations and obtained the ISO45001:2018 Occupational Health and Safety Management System (OHSMS) certificate in April 2023.				
		Social Care	1. On April 15, 2023, a private screening of the film "Good Morni MIT" was conducted, showcasing ongoing concern for ecological conservation topics. 2. On May 4, 2023, we partnered with the Hsinchu Blood Center to encourage our employees to donate blood and contribute to the well-being of others. This initiative reflects the Company's commitment to demonstrating compassion and care for the society. 3. On August 9, 2023, a seminar titled "Low Carbon Diet and Healthy Living" was conducted to raise employees' awareness of environmental protection.				
Corporate Governance	Operational Risk	Cybersecurity	1. In 2023, we successfully implemented several advanced security systems, including the SESC next-generation security cloud system, the Cisco Secure X system, the Cisco MFA system, the Trend ZTSA zero-trust system, the Jamf protect mobile S.O.C system, and the Splashtop secure access and software asset inventory system, and successfully conducted internal social networking exercises. We have also successfully conducted internal social drills and held an annual 3-hour course on information security for our internal employees. 2. The ISO 27001:2022 international certification for information security management system was obtained on March 12, 2024.				
		ESG Report	In accordance with the "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies", the Company will establish the "Operational Procedure for Preparation and Validation of the Sustainability Report" and incorporate them into its internal control system in order to achieve the preparation and reporting of sustainability reports. The Company is required to issue a sustainability report for 2024 by August 31, 2025 in accordance with GRI Standards.				

(V) Implementation of Climate-related Information

Item	Implementation Status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	1. (1) Board oversight and governance of climate-related risks and opportunities ● The Company will prepare a sustainability report in fiscal year 2024. Moving forward, we will report to the Board of Directors on a regular basis on its proposed strategies, implementation results and related plans in response to climate change, including the Company's carbon reduction plans, measures and effectiveness. (2) Management oversight and governance of climate-related risks and opportunities ● In the future, the Sustainable Development Committee will identify the risks and opportunities of climate change and take appropriate measures. The Committee will report the implementation status and results to the management on a regular basis and disclose them in the annual sustainability report. ● The Environmental Health and Safety Department is responsible for assessing, planning, and formulating goals and response strategies for issues related to energy, water resources, waste, and other topics through the operation of the Risk Management Committee. They provide regular reports to the President on sustainable development and climate change-related plans and implementation measures.

2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	2. The Company's relevant departments will discuss each possible climate risk and opportunity and the impact on the Company according to their business scope, and evaluate the likelihood of occurrence and the degree of impact of each issue through the climate change risk and opportunity assessment process, and draw a risk and opportunity matrix to identify climate risks and climate change opportunities through the calculation of the climate change risk and opportunity assessment risk matrix.
3. Describe the financial impact of extreme weather events and transformative actions.	3. (1) In order to cope with the operational impacts that may be brought about by global warming and extreme weather, the Company will refer to the "Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)" issued by the Financial Stability Board (FSB) for specific actions to assess and participate in climate change mitigation and adaptation in the future. (2) In response to the financial impacts of extreme weather events (e.g., extreme weather events causing operational disruptions, affecting production schedules, delivery dates, and causing damage to products, etc.) and transformative actions (e.g., carbon reduction policies and stricter regulations, etc., and increased operating costs due to environmental restructuring, etc.), the Company will plan a TCFD risk and opportunity inventory program to be initiated by the Sustainable Development Committee, with the expectation that possible risks to the Company's sustainable operations under climate change will be mitigated and adapted, and that information for the current year will be disclosed in future sustainability reports.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	4. (1) The Company has established "Risk Management Policies and Procedures" and a Risk Management Committee to identify, evaluate, process, report, and monitor risks that may cause negative impacts on the Company's operating objectives for the purpose of sound operation and strengthening corporate governance. Going forward, climate change risks will be incorporated into the scope of hazardous event risks. By implementing appropriate management strategies and response measures, we aim to mitigate potential risks and even capitalize them as business opportunities. (2) In the future, the Company will refer to the TCFD framework to discuss climate change issues, identify the company's main risks and opportunities, and develop response strategies and goals.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	5. The Company has not yet begun the actual scenario analysis and evaluation, and will implement the plan in accordance with the guidance outlined in the sustainability report.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	6. The Company has not yet formulated a transformation plan to manage climate-related risks, and will implement the plan in accordance with the guidance provided in the sustainability report in the future.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	7. The Company currently has no internal carbon pricing.

8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	8. The Company has been conducting greenhouse gas emission inventories and obtaining external verification since the 2022 using the ISO14064-1 greenhouse gas inventory method. In 2023 the Company has begun to compile internal inventory data and will commission a third-party testing organization to conduct verification.
9. Greenhouse gas inventory, assurance status and reduction targets, strategies, and specific action plans (also completed in 1-1 and 1-2).	9. Please refer to sections 1-1 and 1-2 for greenhouse gas inventory data and the assurance status.

1-1 Greenhouse Gas Inventory and Assurance Status in the Recent 2 years

1-1-1 Greenhouse Gas Inventory Information

The greenhouse gas emissions (metric tons of CO2 e), intensity (metric tons of CO2 e per million), and data coverage for the most recent two years.

1. GHG emissions

Year / Item	GHG emissions	
	2023	2022
Scope 1 (metric tons of CO2e/ year)	178	199
Scope 2 (metric tons of CO2e/ year)	5,050	4,995
Scope 3 (metric tons of CO2e/ year)	1,601	1,640
Revenue (in millions of New Taiwan Dollars)	1,381	1,499
Greenhouse Gas Emission Intensity (tCO2e/ NT$ million)	4.95	4.56

2. Data coverage: In order to effectively manage the sources of GHG emissions, the Company has set the reporting boundary to include direct GHG emission sources (Category 1) and indirect GHG emission sources (Categories 2~6) in accordance with ISO 14064-1:2018; and the types of GHGs include CO2, CH4, N2O, HFCs, PFCs, SF6, and NF3, which are seven types of GHGs. The categories of GHG include carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF6) and nitrogen trifluoride (NF3).

1-1-2 Greenhouse Gas Assurance Information

The status of assurance for the two most recent years ending on the date of printing of the annual report, including the scope of assurance, the assurance organization, the assurance criteria and the opinion of the assurance.

1. Data Period: Janurary 1, 2022 - December 31, 2022
2. Scope of Assurance: Unictron Technology Corp. Yung Rong Plant, Yung Chih Plant, WirelessCom Technologies (Shenzhen) Co., Ltd
3. Assurance Agency: AFNOR ASIA
4. Assurance Standards: ISO 14064-1:2018
5. Assurance Opinion: Unqualified

Note: As of the printing date of the annual report, the inventory for 2023 is still in progress, and the preliminary information of the inventory is disclosed in the 1-1 Greenhouse Gas Inventory Information (the actual data is based on the assured information), and the full information will be disclosed in the Market Observation Post System (MOPS), and disclosed in the following year's annual report.

1-2 Greenhouse Gas Reduction Goals, Strategies, and Specific Action Plans: The company will execute greenhouse gas reduction goals, strategies, and action plans according to the sustainability report.

(VI) Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation item	Status of operation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
I. Establishment of ethical corporate management policies and programs (I) Does the Company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	V		1. The Company established the “Code of Conduct,” “Ethical Corporate Management Best Practice Principles,” and “ Procedures for Ethical Management and Guidelines for Conduct” on August 28, 2020, and amend the contents pursuant to laws in a timely manner.	No significant deviation
(II) Whether the Company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?	V		2. Articles 10 to 16 of the Company’s “Ethical Corporate Management Best Practice Principles regulate and prevent the operating activities with higher risks of unethical conducts specified in each subparagraph of paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies” or within other business scope.	No significant deviation
(III) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	V		3. Articles 6 and 7 of the Company’s “Ethical Corporate Management Best Practice Principles specifies the prevention programs and scopes; Article 21 is the operating procedures and guidelines of conducts, and Article 24 is the disciplinary actions for violations and appealing system. The possible amendments are regularly reviewed.	No significant deviation
II. Ethical Management Practice (I) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	V		(I) The Company's purchasing contracts stipulate the principles of honesty and integrity, and the Company has signed a pledge of integrity. In case of violation, the Company may terminate the contract.	No significant deviation
(II) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical	V		(II) The promotion of the Company's ethical management, from the formulation of bylaws, educational promotion, appeal mechanism to the	No significant deviation

Evaluation item	Status of operation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
corporate management policy and program to prevent unethical conduct and monitor their implementation?			inspection of ethical risks, are responsible for the following units, respectively, and regularly (at least once a year) reported to the board of directors regarding the implementation of ethical management policy and the programs to prevent unethical conducts. Since the establishment of the ethical management unit, there has been no violation of ethics: I. The Human Resources and Administration Department is responsible for the establishment of the bylaws of ethics management and the planning of educational promotions, to formulate the Ethical Corporate Management Best Practice Principles emphasizing the culture of ethical management, and the Procedures for Ethical Management and Guidelines for Conduct, the Code of Ethical Conducts, and various standards handling disciplinary violations while establishing the human resource mailbox and the stakeholder mailbox to provide channels for internal and external complaints. Every employee must participate in the "Ethics Promotional Course" and sign the Commitment Note to the Code of Ethical Conduct. Every year, the announcements and posters are adopted to remind the employees how the Company values the ethical management. II. The assessment and inspection of the ethical risk is the responsibility of the auditing unit under the board of directors, to strengthen various operating procedures, implement the division of works and responsibilities, and reduce the occurrence of fraud through the assistance of the system. III. If there is a violation of integrity, it will be dealt with in accordance with Article 23 of the Ethical Corporate Management Best Practice Principles. The case will be reviewed by a	

Evaluation item	Status of operation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
			personnel evaluation committee consisting of senior executives from various departments and the legal department. if it is a major breach of integrity, it will be reported to the Audit Committee and the Board of Directors for review in accordance with the provisions of the relevant rules, regulations, and operating procedures. The implementation of ethical management in 2023 was reported to the board of directors on February 27, 2024.	
(III) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	V		3. The Company adopts the Ethical Corporate Management Best Practice Principles to identify, monitor, and manage risks possibly resulting from unethical conduct, and also offer appropriate means for directors, managerial officers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the company. When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, managerial officers, and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings. The Company's directors, managerial officers, employees, mandataries, and	No significant deviation

Evaluation item	Status of operation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
			substantial controllers shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.	
(IV) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?	V		4. The Company complies with the regulatory requirements, continuously amending the internal control system, and inspects and evaluates the effectiveness of the internal control system implementation. The internal audit unit evaluates risks and prepares the annual audit plans pursuant to the internal control system. When conducting relevant audits according to the plans, any violation of the Company's Ethical Corporate Management Best Practice Principles would be checked, and regularly report on the inspection results is made to the Audit Committee and the Board, so that the management understands the implementation status of the Company's internal control. The Company's accounting system is established pursuant to the requirements of the laws. The attesting CPAs audit or review the Company's financial statements on a quarterly basis and present reports; every six months, they regularly report the results of the audit or review to the Audit Committee and the Board and communicate about the corporate governance.	No significant deviation
(V) Does the company provide internal and external ethical corporate management training programs on a regular basis?	V		5. The Company's enterprise spirit takes the "ethics" as its core value. The Company regularly organizes internal and external education and trainings, as well as promotional activities for ethical management. To implement the policy of ethical management, the Company adopts the education and training mechanism. Every new recruit must participate in the "Ethical Promotional Course" and sign the Declaration of Ethics when starting the employment. In 2023, all employees completed the	No significant deviation

Evaluation item	Status of operation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
			training, and the signing rate reached 100%. Subsequently, through public broadcasting, announcements and posters are regularly adopted every year to remind employees that the Company values the ethical management, and employees' recognition with the concept of ethics is developed via the corporate culture courses, thereby strengthening employees' self-disciplined conducts.	
III. Implementation of Complaint Procedures (I) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle-blowers?	V		1. The Company established “Measures for the Administration of Whistle-blowing & Complaint” and “Ethical Corporate Management Best Practice Principles”. Any employee violating the ethical management regulations will be audited by the Human Resource Review Board, which is composed of senior executives from different departments. If the case is a major violation of integrity management, the Company will report it to the Audit Committee or the Board of Directors in accordance with the relevant regulations and operating procedures.	No significant deviation
(II) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	V		2. The Company's complaint and reporting channels are smooth and diverse; the HR Department cooperates with the department heads to understand the cases in-depth. Cases cannot be established without specific evidence and will not be made public to protect the parties concerned.	No significant deviation
(III) Has the company adopted proper measures to protect whistle- blowers from retaliation for filing complaints?	V		3. The Company conducts private interviews with whistleblowers, and those who have specific evidence will not be improperly treated due to whistleblowing.	No significant deviation
IV. Strengthening Information Disclosure Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	V		The Company has disclosed the "Ethical Corporate Management Best Practice Principles" and "Ethical Corporate Management Best Practice Principles" in the "Corporate Governance" section of the Company's website and the MOPS.	No significant deviation

<table>
<tr><td rowspan="2">Evaluation item</td><td colspan="3">Status of operation</td><td rowspan="2">Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons</td></tr>
<tr><td>Yes</td><td>No</td><td>Summary</td></tr>
<tr><td colspan="5">V. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviations between the principles and their implementation:</td></tr>
<tr><td colspan="5">VI. Other important information to facilitate a better understanding of the status of operation of the company’s ethical corporate management policies
(I) The Company complies with the Company Act, the Securities and Exchange Act and other relevant laws and regulations as the basis for implementing ethical management.
(II) In the “Rules of Procedures for Board Meetings,” it is specified where a proposal in a board meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, managerial officers, and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director.
(III) The company has established "material information processing and insider trading prevention procedures", which clearly stipulates that directors, managers and employees must not disclose the internal material information they know to others, and must not inquire or collect from people who know the company's internal material information Undisclosed important internal information of the company that is not related to the personal position, and the undisclosed important internal information of the company that is not known through business should not be disclosed to others.</td></tr>
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(VII) If the company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched.

The Company’s “Corporate Governance Best Practice Principles” specify the protection of the shareholders' equity, enhancement of the board functions, and respect the rights and interests of stakeholder, as well as the improvement of information transparency. The "Investor Relations" of the Company's website has the "Corporate Governance" section in place for investors to inquire bylaws of corporate governance and key resolutions of the board of directors. For the bylaws of corporate governance, please visit www.unictron.com. Please refer to (III) Corporate governance operation status of the corporate governance report in this annual report.

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

1. To effectively manage the internal material information of the Company, the “Management and Operating Procedures for Handling Material Information and Preventing Insider Trading” are established and disclosed in the Company website for the compliance of all employees, and prevent any violation or occurrence of insider trading.
2. The Company has four independent directors in place, and the independent directors form the Audit Committee and the Remuneration Committee to strengthen the corporate governance operations.

3. The Company's corporate governance related information is disclosed on the Company's website www.unictron.com.

(IX) The section on the state of implementation of the company's internal control system shall furnish the following:

1. Statement of Internal Control

Unictron Technologies Corporation
Statement of Internal Control System

Date: February 27, 2024

The Company's internal control system for 2023 as per the results of our self-assessment is hereby declared as follows:

I. The Company is clearly aware that the establishment, implementation, and maintenance of an internal control system are the responsibility of the Company's Board of Directors and managers, and the Company has established such a system. It aims to provide reasonable assurance for the achievement of the objectives, namely the effectiveness and efficiency of operations (including profitability, performance, and asset security protection), the reliability, timeliness, and transparency of financial reporting, and compliance with applicable laws and regulations.

II. Some limitations are inherent in all internal control systems. No matter how perfect the design is, an effective internal control system can only provide a reasonable assurance regarding the achievement of the above three intended objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system is equipped with a self-monitoring mechanism. Once a defect is identified, the Company will take action to rectify it.

III. The Company judges whether the design and implementation of the internal control system is effective based on the criteria for judging the effectiveness of the internal control system set out in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). Said criteria under the Regulations are divided into five constituent elements as per the management and control process: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communication, and 5. monitoring activities. Each constituent element includes several items. For said items, please refer to the Regulations.

IV. The Company has adopted the aforesaid judgment criteria for the internal control system to determine whether the design and implementation of the internal control system are effective.

V. Based on the results of the assessment in the preceding paragraph, the Company is of the opinion that, as of December 31, 2023, the internal control system (including the supervision and management of its subsidiaries), including the understanding the effectiveness of operations and the extent to which efficiency targets are achieved, reliable, timely, and transparent reporting, and compliance with applicable rules and applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing objectives.

VI. This statement will form the main content of the Company's annual report and prospectus and will be made public. If the disclosed content above is false or there is material information concealed deliberately or otherwise, the Company will be legally liable pursuant to Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This statement has been approved by the Company's Board of Directors on February 27, 2024.

Among the eight directors present, none of them expressed objections. All the others agreed with the content of this statement. Therefore, this statement is hereby declared.

Unictron Technologies Corporation

Chairman: Andy Su Signature/seal

President:Chang,Ming-Chu Signature/seal

2. Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report: nor applicable.

(X) If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: none.

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

Date	Meeting name	Content	Resolution and implementation
March 3, 2023	1st Board meeting, 2023	Approved the proposal of the Company's "Statement of Internal Control System" and "Internal Audit Report"	All attended independent directors and directors, and approved as proposed without dissent.
		Approved the 2023 business plans and budgets	
		Approved the proposal to appoint the 2023 attesting CPAs	
		Pre-approval the proposal of the non-conviction Service Policy by the Company	
		Approved the proposal to distribute remunerations to employees and directors	For the proposal, other than Directors Andy Su; Chang, Ming-Chu and Lee, Ran-Rong recused themselves from participation, the acting chair, Cheng, Wei-Shun inquired all attended independent directors and directors, and approved as proposed without dissent; the employees remuneration of NT$55,612,247 and directors' remuneration of NT$2,780,612 were provided, all paid in cash, and to be reported in the 2023 regular shareholders' meeting.
		Approved the proposal to determine the principles of distributing remunerations to directors and employees' remunerations to managerial officers	For the proposal, other than Directors Andy Su; Chang, Ming-Chu and Lee, Ran-Rong recused themselves from participation for the proposal, the acting chair, Cheng, Wei-Shun inquired all attended independent directors and directors, and approved as proposed without dissent.
		Approved the proposal of 2022 business report and financial statements	All attended independent directors and directors, and approved as proposed without dissent, to be ratified in the 2023 regular shareholders' meeting.
		Approved the proposal of 2022 earning distribution	All the attending independent directors and directors approved unanimously that the cash dividend of ordinary shares would be distributed as NT$5 per share, and submitted to the Board for resolution.
		Approved the proposal of 2022 earning distribution statement	All attended independent directors and directors, and approved as proposed without dissent, to be ratified in the 2023 regular shareholders' meeting.
		Approved the proposal to amend partial provisions of the "Rules of Procedure for Shareholders' Meeting"	All attended independent directors and directors, and approved as proposed without dissent, to be discussed in the 2023 regular shareholders' meeting.
		Approved the proposal of renewal applications for the CTBC credit facility	All attended independent directors and directors approved as proposed without dissent; the total credit facility of NT$200,000 thousand was completed and the expiration date shall be one year

			from the renewal date.
		Approved re-election of directors	All attended independent directors and directors, and approved as proposed without dissent, to be submitted in the 2023 regular shareholders' meeting for election.
		Approved the proposal of the matters related to the convention of 2023 regular shareholders' meeting	All attended independent directors and directors approved as proposed without dissent, to hold the 2023 regular shareholders' meeting on June 15, 2023.
May 2, 2023	2nd Board meeting, 2023	Proposal to ratify the Q1 2023 financial statements	All attended independent directors and directors, and approved as proposed without dissent, to be uploaded to the MOPS.
		Approval of the nomination of director and independent director candidates	All attended independent directors and directors, and approved as proposed without dissent, to be submitted in the 2023 regular shareholders' meeting for election.
		Case of Lifting Restrictions on Non-Compete Clause by Newly Appointed Directors and the Representatives of the Company	All attended independent directors and directors, and approved as proposed without dissent, to be submitted in the 2023 regular shareholders' meeting for election.
		Approve of the establishment of the Chief Corporate Governance Officer	All attended independent directors and directors, and approved as proposed without dissent.
		Approved the establishment of the Sustainable Development Committee and the Risk Management Committee	
		Approved of the renewal for bank credit limit	
		Approved the amendments to certain provisions of the "Sustainable Development Best Practice Principles", "Corporate Governance Best Practice Principles", and "Rules Governing Financial and Business Matters Between this Corporation and its Related Parties".	
June 15, 2023	2023 regular shareholders' meeting	Ratify the proposal of 2022 business report and financial statements	Number of attending shareholders' voting rights when casting votes (electronic voting included): 26,244,804 rights Number of rights in favor of the proposal: 25,158,288 rights, accounted for 95.86% of the voting rights. Number of rights against the proposal: 6,184 rights, accounted for 0.02% of the voting rights. Invalid rights: 0, accounted for 0.00% of the voting rights; Abstained and un-casted voting rights: 1,080,332 rights, accounted for 4.11 % of the voting rights. The proposal was approved as proposed by voting.
		Ratify the proposal of 2022 earning distribution	Number of attending shareholders' voting rights when casting votes (electronic voting included): 26,244,804 rights Number of rights in favor of the proposal: 25,157,288 rights, accounted for 95.85% of the voting rights. Number of rights against the proposal: 6,184 rights, accounted for 0.02% of the voting rights. Invalid rights: 0, accounted for 0.00% of the voting rights; Abstained and un-casted voting rights: 1,081,332 rights, accounted for 4.12 % of the voting rights.

			The proposal was approved as proposed by voting. The cash dividends of ordinary shares would be distributed as NT$5 per share, the distribution base date was established on July 17, 2023 and all cash dividends were distributed on August 10, 2023.
		Approved the proposal to amend partial provisions of the “Rules and Procedures of Shareholders’ Meeting”	Number of attending shareholders’ voting rights when casting votes (electronic voting included): 26,244,804 rights Number of rights in favor of the proposal: 25,157,288 rights, accounted for 95.85% of the voting rights. Number of rights against the proposal: 7,184 rights, accounted for 0.02 % of the voting rights. Invalid rights: 0, accounted for 0.00% of the voting rights; Abstained and un-casted voting rights: 1,080,332 rights, accounted for 4.11 % of the voting rights. The proposal was approved as proposed by voting. On June 21, 2023, it was approved by the Ministry of Economic Affairs for registration and announced on the company's website.
		General Election of Directors	The board of directors for this term comprises 8 members, including 4 independent directors. The selection process follows a candidate nomination system, and the term of office is three years, commencing from June 15, 2023 to June 14, 2026, and the term of office of the current directors will expire at the conclusion of this annual shareholder's meeting. Election Results: The list of elected directors, which includes 8 directors (including 4 independent directors) and their corresponding voting rights, is as follows: Su, Kai-Chien owns 37,413,242 shares. Legal Representative of Darfon Electronics Corp.: Lee, Ran-Rong holds 23,662,652 votes. Representative of Darfon Electronics Corp.: Chang, Ming- Chu holds 23,486,153 votes, Representative of Darfon Electronics Corp. Jery Lin holds 23,545,540 votes, Cheng, Wei- Shun holds 23,345,983 votes. Wang, Yung-Ho owns 23,039,570 votes. Wang, Chien- Min owns 23,035,570 votes. Shen, Hsi-Wen owns 23,031,450 votes. On June 21, 2023, the Company was granted registration by the Ministry of Economic Affairs and was announced on the Company's website.
		Approved the case of Lifting Restrictions on Non-Compete Clause by Newly Appointed Directors and the Representatives of the Company	Number of attending shareholders’ voting rights when casting votes (electronic voting included): 26,254,804 rights Number of rights in favor of the proposal: 25,128,798 rights, accounted for 95.71% of the voting rights. Number of rights against the proposal: 10,495 rights, accounted for 0.03 % of the voting rights. Invalid rights: 0, accounted for 0.00% of the voting rights; Abstained and un-casted voting rights: 1,115,511 rights, accounted for 4.24 % of the voting rights. The proposal was approved as proposed by voting.

June 15, 2023	3rd Board meeting, 2023	Approved the election for the Chairman	Upon election by all Directors present, it was unanimously approved that Su, Kai-Chien was the Chairman of the Board of Directors of the Company.
		Approved the appointment of the Remuneration Committee.	Except for the independent directors Cheng, Wei-Shun, Wang, Yung-Ho and Wang, Chien-Min who recused themselves from participation in the discussion and voting, the acting chair inquired all attended directors, and approved as proposed without dissent.
August 2, 2023	4th Board meeting, 2023	Proposal to ratify the Q3 2022 financial statements	All attended independent directors and directors, and approved as proposed without dissent, to be uploaded to the MOPS.
		Approved the proposal of professional fees for the 2023 attesting CPAs	All attended independent directors and directors, and approved as proposed without dissent.
		Approved on the case of bank credit limit renewal	All attended independent directors and directors approved as proposed without dissent.
November 1, 2023	5th Board meeting, 2023	Approved the proposal of the 2024 audit plan	All attended independent directors and directors, and approved as proposed without dissent, to be uploaded to the MOPS.
		Proposal to ratify the Q3 2023 financial statements	
		Approved the establishment of a subsidiary in Vietnam for investment purposes.	All attended independent directors and directors, and approved as proposed without dissent.
		Approved the Vice Chairman election	Upon election by all Directors present, it was unanimously approved that Lee, Ran-Rong was the Vice Chairman of the Company.
		Approved the promotion of the Vice Chairman and Chief Strategy Officer, as well as the adjustment of their positions as Presidents.	With the exception of Lee, Ran-Rong and Chang, Ming-Chu, who recused from participating, the Chairman consulted all attending independent directors and directors, and there were no objections to the resolution.
		Approval of the Promotion of the President	With the exception of Chang, Ming-Chu, who recused from participating, the Chairman consulted all attending independent directors and directors, and there were no objections to the resolution.
		Approved of the renewal for bank credit limit with E. Sun Bank	All attended independent directors and directors, and approved as proposed without dissent.
February 27,2024	1st Board meeting, 2024	Approved the proposal of the Company's "Statement of Internal Control System" and "Internal Audit Report"	All attended independent directors and directors, and approved as proposed without dissent.
		Approved the 2024 business plans and budgets	All attended independent directors and directors, and approved as proposed without dissent.
		Approved the proposal to appoint the 2024 attesting CPAs	All attended independent directors and directors, and approved as proposed without dissent.
		Approved the proposal to distribute remunerations to employees and directors	For the proposal, other than Directors Andy Su; Chang, Ming-Chu and Lee, Ran-Rong recused themselves from participation, the acting chair, Cheng, Wei-Shun inquired all attended independent directors and directors, and approved as proposed without dissent; the employees remuneration of NT$24,922,313 and directors' remuneration of NT$1,869,173 were provided, all paid in cash, and to be reported in the 2024 regular shareholders' meeting.
		Approved the proposal to determine the principles of distributing remunerations to directors and employees' remunerations to managerial officers	For the proposal, other than Directors Andy Su; Chang, Ming-Chu and Lee, Ran-Rong recused themselves from participation, the acting chair, Cheng, Wei-Shun inquired all attended independent

			directors and directors, and approved as proposed without dissent
		Approved the proposal of 2023 business report and financial statements	All attended independent directors and directors, and approved as proposed without dissent, to be submitted in the 2024 regular shareholders' meeting for election.
		Approved the proposal of 2023 earning distribution	All the attending independent directors and directors approved unanimously that the cash dividend of ordinary shares would be distributed as NT$3.6 per share, and submitted to the Board for resolution.
		Approved the proposal of 2023 earning distribution statement	All attended independent directors and directors, and approved as proposed without dissent, to be submitted in the 2024 regular shareholders' meeting for election.
		Approved the proposal to amend partial provisions of the "Rules of Procedure for Board of Directors' Meetings"	All attended independent directors and directors, and approved as proposed without dissent, to be submitted in the 2024 regular shareholders' meeting for election.
		Approved of the renewal for bank credit limit.	All attended independent directors and directors, and approved as proposed without dissent.
		Approved the proposal of the matters related to the convention of 2024 regular shareholders' meeting	All attended independent directors and directors approved as proposed without dissent, to hold the 2024 regular shareholders' meeting on May 31, 2024.

(XII) 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.

(XIII) 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, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer:

Summary of Resignations and Dismissals of Key Personnel of the Company

Job title	Name	Date of Appointment	Date of Termination	Reason for Resignation or Dismissal
President	Lee, Ran- Rong	2006.11.23	2024.1.1	Appointed as Vice Chairman and promoted to Chief Strategy Officer from President.
Vice President of the Piezo Electricity and Ultrasound Product Division	Chang, Ming- Chu	1990.09.01	2024.1.1	Promoted to President and reassigned as Vice President of the Piezo Electricity and Ultrasound Product Division

V. Information on the professional fees of the attesting CPAs

Name of accounting firm	Names of CPAs	Audit period	Remarks
KPMG Taiwan	Tang, Tzu-Jie, Chang, Huei-Jen	January 1, 2023 to December 31, 2023	-

Unit: NT$ Thousand

Amount Range \ Audit fees		Audit fees	Non-audit fees	Total
1	Less than NT$2,000 thousand	-	-	-
2	NT$2,000 thousand (incl.) to NT$4,000 thousand	2,000	-	2,000
3	NT$4,000 thousand (incl.) to NT$6,000 thousand	-	-	-
4	NT$6,000 thousand (incl.) to NT$8,000 thousand	-	-	-
5	NT$8,000 thousand (incl.) to NT$10,000 thousand	-	-	-
6	NT$10,000 thousand or above	-	-	-

Given any of the following conditions, shall disclose information as follows:

1. Where the non-audit fee paid to the CPAs, the accounting firm to which the CPAs belong, and the its affiliates is more than one-fourth of the audit fee, the amounts of the audit fees and non-audit fees paid to the attesting CPAs and to the accounting firm to which they belong and to any affiliated enterprises as well as the details of non-audit services shall be disclosed: not applicable.
2. 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: not applicable.
3. 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: not applicable.

VI. Information on replacement of certified public accountant:

If the company has replaced its certified public accountant within the last 2 fiscal years or any subsequent interim period, it shall disclose the following information:

Due to internal business adjustments at KPMG Taiwan, the Company has changed to CPAs Hsu, Shi-Chun and Tang, Tzu-Chieh in 2024.

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 certified public accountant 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 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. Where the counterparty in any such transfer or pledge of equity interests is a related party, disclose the counterparty's name, its relationship between that party and the company as well as the company's directors, supervisors, managerial officers, and ten-percent shareholders, and the number of shares transferred or pledged.

(1) Changes in equity interests of director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent

Unit: shares

Job title	Name	2023		2024 As of April 15	
		Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)	Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)
Chairman concurrently Chief executive officer	Andy Su	-	-	-	-
Director concurrently major shareholder	Darfon Electronics Corp.	-	-	-	-
Director concurrently President	Darfon Electronics Corp.: Chang, Ming-Chu	-		-	-
Director concurrently Chief Strategy Officer	Representative of Darfon Electronics Corp.: Lee, Ran-Rong	-	-	-	-
Director	Darfon Electronics Corp.: Jery Lin (Note 1)	-	-	-	-
Director	Darfon Electronics Corp.: Wang, Wei Chi (Note 1)				
Independent director	Cheng, Wei-Shun	-	-	-	-
Independent director	Wang, Yung-Ho	-	-	-	-
Independent director	Wang, Chien-Min	-	-		
Independent director	Sheng, Hsi-Wen	-	-	-	-
Vice President	Chou, Chih-Sheng	-	-	-	-
Vice President	Chuang, Rong-Hua	(54,000)	-	(108,000)	-
Vice President	Ruan, Yue-Chang	-	-	-	-
Vice President	Chang, Che-Wei (Note 2)	-	-	-	-
Finance Division Chief	Cheng, Shi-Wei	(6,000)	-	(16,000)	-

Note 1 On January 3, 2024, Darfon Electronics Corp. changed its representative from Jery Lin to Wang, Wei Chi.

Note 2 Chang, Che-Wei, the Vice President, resigned on August 15, 2023.

(2) Shareholding transferred to related party: none

(3) Shareholding pledge to related party: none

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.

April 2, 2024/ Unit: share; %

Name	Shareholding		Shares held by spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree.		Remarks
	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	Name	Relationship	
Darfon Electronics Corp.	17,551,081	36.66%	-	-	4,361,375	9.11%	Chengli Investment Co., Ltd.	Subsidiary of Darfon Electronics Corp., replaced its representative	-
							Andy Su	Its chairman	
Representative of Darfon Electronics Corp.: Andy Su	900,000	1.88%	-	-	-	-	Darfon Electronics Corp.	Chairman of Darfon Electronics Corp.	-
							Chengli Investment Co., Ltd.	Chairman of	-
Chengli Investment Co., Ltd.	4,361,375	9.11%	-	-	-	-	Darfon Electronics Corp.	Parent company of Chengli Investment Co., Ltd.	-
							Andy Su	Its chairman	
Representative of Chengli Investment Co., Ltd.: Andy Su	900,000	1.88%	-	-	-	-	Darfon Electronics Corp.	Chairman of Darfon Electronics Corp.	-
							Chengli Investment Co., Ltd.	Chairman of	-
Andy Su	900,000	1.88%	-	-	-	-	Darfon Electronics Corp.	Chairman of Darfon Electronics Corp.	-
							Chengli Investment Co., Ltd.	Chairman of	
Hung Hsiang Investment Co., Ltd.	804,065	1.68%	-	-	-	-	-	-	-
Hsia, Li-Lian	504,570	1.05%							
Liao, Chih-Kun	393,000	0.82%	-	-	-	-	-	-	-
Citigroup Trustee for Barclays Capital SBL/PB Investment	337,000	0.70%	-	-	-	-	-	-	-

Name	Shareholding		Shares held by spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree.		Remarks
	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	Name	Relationship	
Account									
Gains Investment Corporation	328,000	0.69%	-	-	-	-	-	-	-
He Feng United Co., Ltd.	310,000	0.65%	-	-	-	-	-	-	-
Yang, Chia-Chin	294,000	0.61%							
Yang, Tzu-Di	294,000	0.61%	-	-	-	-	-	-	-

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:

December 31, 2023; Unit: thousand shares

Investee enterprise	Investment by the Company		Investment by the Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company		Total investment	
	Shares	Shareholding ratio	Shares	Shareholding percentage	Shares	Shareholding ratio
Unicom Technologies, Inc.	1,535	100%	-	-	1,535	100%
Unictron Technologies Corporation (Shenzhen) Co., Ltd.	-	100%	-	-	-	100%

Four. Capital Raising: capital and shares; issuance of corporate bonds, preferred shares, global depository receipts, employee share subscription warrants, new restricted employee shares, and merger and acquisition (including mergers, acquisitions, and split), as well as the implementation of the company's capital allocation plans

I. Capital and shares

(I). Source of share capital

Unit: share/ NT$ Thousand

Month/year	Issued price	Authorized capital		Paid-in capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Sources of capita	Capital paid in by assets other than cash	Others
August 2015	10	36,000,000	360,000,000	35,979,645	359,796,450	NT$20,840,000 increased by conversion of employee share subscription warrants NT$5,407,260 increased by conversion of employees' remuneration	None	Note 1
January 2016	10	50,000,000	500,000,000	37,075,645	370,756,450	NT$10,960,000 increased by conversion of employee share subscription warrants	None	Note 2
August 2016	10	50,000,000	500,000,000	38,830,971	388,309,710	NT$17,553,260 increased by conversion of employees' remuneration	None	Note 3
October 2017	10	50,000,000	500,000,000	40,030,971	400,309,710	NT$12,000,000 increased by conversion of employees' remuneration	None	Note 4
June 2018	10	80,000,000	800,000,000	40,030,971	400,309,710	Authorized capital increased by NT$30,000,000	None	Note 5
January 2020	20	80,000,000	800,000,000	41,630,971	416,309,710	NT$16,000,000 increased by conversion of employee share subscription warrants	None	Note 6
June 2020	10	80,000,000	800,000,000	43,025,325	430,253,250	New share issuance of NT$13,943,540 by conversion of shares	New share issuance by conversion of shares	Note 7
July 2020	20	80,000,000	800,000,000	43,775,325	437,753,250	NT$7,500,000 increased by conversion of employee share subscription warrants	None	Note 8
December 2021	98	80,000,000	800,000,000	47,875,325	478,753,250	NT$41,000,000 increased by cash capital increase	None	Note 9

Note 1: Approved with Jing-Shou-Zhong-Zhi No. 10433635080 by Department of Commerce, MOEA on August 12, 2015.
Note 2: Approved with Jing-Shou-Zhong-Zhi No. 10533098750 by Department of Commerce, MOEA on January 30, 2016.
Note 3: Approved with Jing-Shou-Zhong-Zhi No. 10534317150 by Department of Commerce, MOEA on September 7, 2016.
Note 4: Approved with Jing-Shou-Zhong-Zhi No. 10633669030 by Department of Commerce, MOEA on November 15, 2017.
Note 5: Approved with Jing-Shou-Zhong-Zhi No. 10833352860 by Department of Commerce, MOEA on June 12, 2019.
Note 6: Approved with Jing-Shou-Zhong-Zhi No. 10933115870 by Department of Commerce, MOEA on March 10, 2020.
Note 7: Approved with Jing-Shou-Zhong-Zhi No. 10933355050 by Department of Commerce, MOEA on June 29, 2020.
Note 8: Approved with Jing-Shou-Zhong-Zhi No. 10933390090 by Department of Commerce, MOEA on July 13, 2020.
Note 9: Approved with Jing-Shou-Zhong-Zhi No. 11033820460 by Department of Commerce, MOEA on December 29, 2021.

Unit: shares

Type of share	Authorized Capital			Remarks
	Outstanding shares	Unissued shares	Total	
Ordinary shares	47,875,325	32,124,675	80,000,000	Shares of TWSE-listed companies

Information Relating to the Shelf Registration System: not applicable

(II) Shareholder Composition

April 2, 2024

Shareholder Composition / Quantity	Government agencies	Financial institutions	Other legal entities	Individuals	Foreign institutions and foreign individuals	Total
No. of shareholders	-	4	30	4,880	29	4,943
No. of shares held	-	57,000	25,280,455	21,538,503	999,367	47,875,325
Shareholding percentage	-	0.12%	52.80%	44.99%	2.09%	100.00%

(III) Distribution of Shareholding

April 2, 2024/ Unit: persons; shares; shares; %

Range of no. of shares held	No. of shareholders	No. of shares held	Shareholding percentage
1 to 999	917	139,504	0.29
1,000 to 5,000	3,386	6,380,383	13.33
5,001 to 10,000	318	2,458,140	5.14
10,001 to 15,000	104	1,311,309	2.74
15,001 to 20,000	54	988,187	2.06
20,001 to 30,000	64	1,575,642	3.29
30,001 to 40,000	20	715,336	1.50
40,001 to 50,000	13	598,600	1.25
50,001 to 100,000	31	2,198,525	4.59
100,001 to 200,000	14	1,968,530	4.11
200,001 to 400,000	16	4,420,078	9.23
400,001 to 600,000	1	504,570	1.05
600,001 to 800,000	0	0	0.00
800,001 to 1,000,000	3	2,704,065	5.65
1,000,001~	2	21,912,456	45.77
Total	4,943	47,875,325	100.00

Information on preferred shares: the Company has not issued preferred shares.

(IV) List of Major Shareholders

Shares / Names of major shareholders	Shareholding (shares)	Shareholding percentage
Darfon Electronics Corp.	17,551,081	36.66%
Chengli Investment Co., Ltd.	4,361,375	9.11%
Andy Su	900,000	1.88%
Hung Hsiang Investment Co., Ltd.	804,065	1.68%
Hsia, Li-Lian	504,570	1.05%
Liao, Chih-Kun	393,000	0.82%
Citigroup Trustee for Barclays Capital SBL/PB Investment Account	337,000	0.70%
Gains Investment Corporation	328,000	0.69%
He Feng United Co., Ltd.	310,000	0.65%
Yang, Chia-Chin	294,000	0.61%
Yang, Tzu-Di	294,000	0.61%

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

Item \ Year			2022	2023	Current year as of March 31(Note 5)
Market price per share	Highest		205.00	109.50	91.3
	Lowest		64.20	65.60	82.5
	Average		100.71	86.65	86.14
Net worth per share	Before distribution		36.05	36.79	-
	After distribution		30.37	(Note 1)	-
Earnings per share (EPS)	Weighted average shares (thousand shares)		47,454	46,875	-
	EPS (before adjustment)		5.68	4.18	-
	EPS (after adjustment)		-	-	-
Dividends per share	Cash dividends		5.0	3.6	-
	Stock dividends	Dividends from retained earnings	-	-	-
		Dividends from capital reserve	-	-	-
	Accumulated undistributed dividends		-	-	-
Return on investment analysis	Price/earnings ratio (Note 2)		17.73	20.73	-
	Price/dividend ratio (Note 3)		20.14	24.07	-
	Cash dividend yield (Note 4)		4.96	4.15	-

Note 1: The earning distribution for 2022 has not been approved with the resolution of the shareholders' meeting.
Note 2: Price/earnings ratio = average closing price per share for the year / earnings per share.
Note 3: Price / dividend ratio = average closing price per share for the year / cash dividends per share.
Note 4: Cash dividend yield = cash dividend per share / average closing price per share for the year.
Note 5: The financial figures for the first quarter of 2024 have not been reviewed by a CPA as of the date of printing of the annual report.

(VI) Company's dividend policy and implementation thereof

1. The Company's dividend policy:

For any earning in the Company's annual final accounts, it shall be distributed in the following order:

(1) Tax payment.
(2) Deficit compensation:
(3) 10% of the earning is provided as the legal reserve; however, where the legal reserve reaches the paid-up capital of the Company, this is not required.
(4) Provide or reverse the special reserve pursuant to laws and regulations if necessary.
(5) The rest is shareholders' bonus, and with the accumulated undistributed earnings from previous years, for the Board to draft a distribution proposal

The Company's dividend policy will depend on factors such as current and future development plans, investment environment, capital needs, domestic and foreign competition conditions, and capital budgets, while taking the interests of shareholders and the Company's long-term financial planning into account. The Board drafts a profit distribution proposal for the distributable earnings above; of which, the distribution of shareholders' dividend bonuses of each year should not be less than 10% of distributable earnings for the year; however, where the accumulated distributable earnings are less than 10% of the paid-in share capital, the distribution may be exempted; when distributing the shareholders' dividend bonuses, such may be distributed in the form of cash or shares, and the cash dividends shall not be less than 10% of the total dividends; provided that the actual distribution percentage shall be handled pursuant to the resolution of the shareholders' meeting.

If the Company is to distribute all or part of the dividends and bonuses, it intends to distribute such in cash. The resolution shall be adopted in a board meeting attended by two-third or more of the directors with the majority of the attending directors in favor, then reported to the shareholders' meeting.

If the Company distributes cash from the legal reserve or capital reserve pursuant to Article 241 of the Company Act, the resolution shall be adopted in a board meeting attended by two-third or more of the directors with the majority of the attending directors in favor, then reported to the shareholders' meeting.

2. Proposal of dividend distribution to the shareholders' meeting:

   For the proposal of 2023 earning distribution, the board meeting on February 27, 2024 has resolved to distribute NT$3.6 per share for total of NT$168,751 thousand, and to be submitted to the shareholder's meeting for the resolution.

3. Expected changes in the dividend policy:

   The Company's dividend policy will depend on factors such as current and future development plans, investment environment, capital needs, domestic and foreign competition conditions, and capital budgets, while taking the interests of shareholders and the Company's long-term financial planning into account. The Board drafts a profit distribution proposal for the distributable earnings above; of which, the distribution of shareholders' dividend bonuses of each year should not be less than 10% of distributable earnings for the year; however, where the accumulated distributable earnings are less than 10% of the paid-in share capital, the distribution may be exempted. No material change is expected for the Company's future dividend policy.

(VII) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: none.

(VIII) Remunerations of employees, directors, and supervisors:

1. The percentages or ranges with respect to employee, director, and supervisor compensation, as set forth in the Company's articles of incorporation.

   If the Company makes profits in a year, 10% to 15% should be provided as employees' remuneration and no more than 3% should be provided as directors' remuneration. However, where the Company has accumulated losses, the amount for compensation shall be set aside first.

The recipients of stock or cash distribution for employees’ remuneration in the preceding paragraph, may include the employees of the controlling or subordinate companies meeting the conditions set by the board of directors or its authorized persons.

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

   The amounts that the Company estimates of employees, directors and supervisors’ remuneration are based on the Company's net profit before tax before deducting the amount remuneration of employees, directors and supervisors, multiplied by the distribution percentage of the intended remuneration of employees, directors and supervisors, to be recognized as salary costs. Where, after the end of the year, any material change in the distribution amount resolved by the board of directors, the change will adjust the original provided expense of the year; where the change occurs after the financial report is released in the next year, it will be treated as a change in accounting estimate, and the effect of the change will be recognized as profit or loss for the following year.

3. Information on any approval by the board of directors of distribution of remuneration:

   A. The amount of any employee compensation distributed in cash or stocks and remuneration for employees and directors If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed:

      On February 27, 2024, the Company's board of directors approved the employee remuneration and director's remuneration for 2023. The amount of director's remuneration was NT$1,869 thousand, and the employee's remuneration was NT$24,922 thousand. There is no difference between the estimated amount and the recognized expenses.

   B. The amount of any employee remuneration distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee remuneration:

      The Company's employee remuneration for 2023 was distributed in cash, so the amount of stock distribution as employee remuneration was 0, accounting for 0% of the net income after tax in the individual financial reports of the current period.

4. The actual distribution of employee, director, and supervisor compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated:

   The actual distribution of employees’ and directors’ remunerations for 2022 is as follows:

Employees' remuneration: NT$55,612 thousand; directors' remuneration: NT$2,781 thousand, all paid in cash. There is no difference between the remuneration of employees and directors recognized in 2022.

(IX) Status of a Company repurchasing its own shares: as of April 15, 2024, the issuance is as follows.

Date of board resolution	June 21, 2022
Repurchase issuance	1
Purpose of repurchase	Transferring shares to employees
Repurchase period	July 8, 2022 - August 19, 2022
The repurchase range price (NT$)	79.00~92.00
Number and type of shares repurchased (shares)	1,000,000 ordinary shares
Total value of shares repurchased (NT$)	85,925,409
Ratio of the number of purchases to the number of scheduled buybacks (%)	100
The number of diluted and transferred shares (shares)	0
Number of shares held cumulatively (shares)	1,000,000
Number of shares held cumulatively as a percentage of total outstanding shares:	2.09%

II. Issuance of corporate bonds: none.

III. Issuance of preferred shares: none.

IV. Issuance of global depository receipts: none.

V. Issuance of employee share subscription warrants:

(I) The annual report shall disclose unexpired employee subscription warrants issued by the Company in existence as of the date of publication of the annual report, and shall explain the effect of such warrants upon shareholders' equity: none

(II) Names of top-level Company executives holding employee share subscription warrants and the cumulative number of such warrants exercised by said executives as of the date of publication of the annual report, and names of the top-ten employees holding employee subscription warrants authorizing purchase of the most shares, along with the cumulative number of warrants exercised by these ten employees

(III) Privately placement of employee subscription warrants during the most recent 3 years up to the publication date of the annual report: 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: none.

VIII. Implementation of the Company's capital allocation plans: none.

Five. Operation overview

I. Description of the business

(I) Scope of business:

(1) Major lines of business:

CC01080	Electronic Parts and Components Manufacturing
F113020	Wholesale of Household Appliance
F119010	Wholesale of Electronic Materials
F213010	Retail Sale of Household Appliance
F219010	Retail Sale of Electronic Materials
I301010	Software Design Services
I501010	Product Designing

(2) Weight by business

Unit: NT$ Thousand

Year / By Product	2022		2023	
	Amount	%	Amount	%
Electronic ceramic components	933,904	62.32	875,519	63.40
Module and system products	408,710	27.27	384,152	27.82
Other electronic parts and components	155,938	10.41	121,205	8.78
Total	1,498,552	100.00	1,380,876	100.00

(3) Current product items

The Company's current electronic ceramic components, modules and system products, and other electronic components are mainly adopted in wireless communication components, piezoelectric components and ultrasonic transducers, and circuit protection components. The product descriptions of the three major application areas are as follows:

A. Parts and components of wireless communication

(A) Build-in antenna

a. Chip antenna

b. Ceramic patch antenna

c. PCB/FPC antenna

d. LDS antenna

e. Build-in antenna modules

f. Array antenna

g. Millimeter wave phase array antenna modules

(B) External antenna

a. Single external antenna modules

b. Multiple-in-one external antenna modules

c. Automotive antenna modules

d. High precision positioning antenna modules

e. Chip Active Antenna Array

(C) Tracker & receiver

B. Piezoelectric devices and ultrasonic transducer

(A) Piezoelectric ceramic material components and modules

(B)Ultrasonic transducer

(C) Piezoelectric actuator

C. Wiring protection components

(A) Overvoltage protection components

(B) Overcurrent protection components

(4) New products planned to be developed

A. Parts and components of wireless communication

(A) Antennas for various frequency band of the new communication protocols.

(B) RF microwave components for various specific field applications.

(C) RF integrated products.

(D) LTCC 5G/low-orbit satellite millimeter wave RF antenna modules.

(E) High-precision positioning receiver.

B. Piezoelectric devices and ultrasonic transducer

(A) Piezoelectric ceramic components and transducer for underwater communication

(B) Piezoelectric ceramic actuators for autofocus

(C) Piezoelectric ceramic sheets for ultrasonic processing machine

(D) Piezoelectric ceramic actuators for tactile feedback

(E) Piezoelectric ceramic transducer for ultrasonic cutting machine

(F) Water /ultrasonic transducer for gas flow meter

(G) Ultrasonic transducers for various frequency bands

(II) Industry overview:

(1) Current status and development of the industry

The Group focuses on the R&D, manufacturing and marketing of various wireless communication components and modules, piezoelectric components and ultrasonic transducers, while providing integrated solutions for circuit protection components.

The scope of wireless communication components is quite wide. The Group's business focuses are mainly on various built-in antennas, external antenna modules, and personnel or asset location trackers related to location-based services, and GNSS satellites signal receivers. These can be applied to smart home appliances, wireless local area networks, high-accuracy position system (GNSS/UWB), 5G low-orbit satellite antenna modules, and various Internet of Things and wearable devices.

Piezoelectricity is an electrical property of material with great industrial value. Piezoelectric material has the function of conversion between mechanical energy and electrical energy. By using such material properties, piezoelectric materials and components with a wide range of uses can be produced. The Group is the largest supplier of piezoelectric materials and components in Taiwan, and has developed a series of complete piezoelectric ceramic formulas. The products with characteristics and specs meeting customers' needs may be made by selecting specific formulas based on customers' usages. The Group has also established a complete precision process technology for piezoelectric ceramics, whether it is large block or slender rods up to 200mm long with round, square, hemispherical, tubular shape, or the thin sheets with a thickness of less than 100 microns, the Group has established mass production technology. The Group has also established sophisticated multilayer piezoelectric ceramic process technologies, significantly reducing the driving voltage of piezoelectric components and producing better piezoelectric characteristics. Be it to produce piezoelectric ceramic materials or components based on customers' specifications and providing them to customers, for customers to assemble the required modules by themselves, or to providing complete services of customization based on customers' terminal needs, from simulation and design of the materials and structure, to the production of the piezoelectric or ultrasonic modules required by customers, the Group has the complete team and technical capabilities. The terminal applications of piezoelectric materials and components can be mainly divided into two categories. One category is transducer, possessing the two-way signal conversion for transmission and reception at the same time, and can be used for water area detection, distance detection of vehicle reversing radar, and sensing applications such as liquid level and gas detection. The other type is the actuators, which uses the control ability of high-speed vibration displacement or the precise dimensional change, and can be applied to ultrasonic cleansing, atomizer, sprayer, humidifier, needle selection for textile machine, various precision machinery such as ultrasonic processing machines for chips, masks or other plastic parts. The very extensive applications include consumer products, industrial machines, and medical equipment. In addition, the Group also provides circuit protection components and integration solutions for various electronic products. The current status and development of the industry are explained as below:

A. Wireless communication industry

Along with the diversification of the wireless communication industry, the design of antennas tends to be diversified. In the field of wireless communication, the Group mainly focuses on the development of antenna products used in various application environments. With the development of technologies toward the various intelligent applications, wireless communication technologies become the mainstream design for communication between different products or systems due to the maturity of market technologies and the reduced costs with the major applications including consumer electronics, automotive electronics, computer network, and IoT. Currently, the 5G mobile communication is built actively around the word, and along with the changes brought by 5G, major reforms, not only in personal life, but also in all trades are brought, too, especially in various new applications of the IoT, such as vehicle-to-everything, computer network, tele medical care, smart meter reading, smart street lights and sensing big data connectivity. This will become the growth momentum driving future communication-related equipment and application demands. In the development process of all wireless communication technologies, antenna technologies and products play an essential role.

(A)Internet of things (IoT)

With the advancement and widespread adoption of various networking technologies, the development of the Internet of Things has been expedited. According to Statista's estimate (September 2023), the market size of the Internet of Things is projected to increase from US$1.387 trillion in 2023 to US$2.227 trillion in 2028, with a compound annual growth rate of 12.57% from 2024 to 2028. The Internet of Things has a wide range of applications, including Vehicle-to-everything, consumer electronics, personal health applications, industrial IoT, smart cities, and intelligent finance. The automotive market is projected to undergo the most substantial growth among various industries, with an estimated value of US$492 billion by 2024.

(B) Automotive electronics

The global automobile industry is heading towards the development directions of connected, autonomous, shared and electrified. The development trend of new energy vehicles or smart vehicles and autonomous vehicles will drive the growth of various automotive antenna markets. With this trend, automotive GNSS antennas will gradually upgrade from single-frequency GNSS antennas to dual-frequency GNSS antennas. This upgrade will improve satellite positioning accuracy, meeting the market's expectations for autonomous vehicles. According to SPHEERICAL's estimate (2023/04), the global automotive antenna market is projected to grow at a compound annual growth rate of 4.05% from 2022 to 2030, reaching a size of US$12.2 billion by 2030.

(C) Location-based service

The Location-Based Services (LBS) industry is projected to reach a scale of US$26.22 billion by 2023, according to Fortune Business Insights' estimation in September 2023. It is expected to grow at a compound annual growth rate of 20.3% from 2023 to 2030. With the advancement of science and technologies, through the collection, storage and statistical analysis of big data that translate data into information required for various industrial operations, thereby creating more operational added value for enterprises and enhancing their competitiveness, it is expected that there will be more and more industries adopt LBS, for the applications such as understanding fuel consumption patterns, tracking fleets of cars/ships and commodity transportation status, or applying to safety and pandemic containment medical care, to grasp the location of patients and their family members; these areas are where LBS can play a role in the future . Products or systems providing LBS services require GNSS satellite signal receiving antennas and receivers. Therefore, it is expected that the market for satellite positioning antennas and receivers will follow the growth of the LBS market and be flourish.

(D) High precision positioning industry

The high-precision positioning industry will be widely used in self-driving vehicles and drone-related fields in the future. According to the forecast of Boston Consulting Group (BCG), the global self-driving car market would reach US$42 billion in 2025, accounting for about 12.4% of the overall auto market, and the market size will be doubled by 2035. According to Fortune Business Insights, the global commercial drone market will reach US$54.81 billion by 2030, with a compound annual growth rate of 25.82% from 2023 to 2030. Drones can be widely used in construction, photography, defense, agriculture and other areas of surveillance and management. Transportation companies such as Amazon/DHL/FedEx/UPS, food delivery platforms and e-commerce service providers have invested a lot of money in the research and development of drone transportation services. In order to meet the demand for high-precision positioning, the above applications need to be paired with high-precision positioning antennas to enhance the accuracy of the positioning, and the demand for small drones in the future is expected to be quite substantial.

B. Sensor industry

For the ultrasonic transducer focused by the Group, they mainly adopt piezoelectric ceramic components. In factory manufacturing, ultrasonic transducers are used in various key production processes, such as: roller diameter measurement, loop control, height measurement, water level measurement, gas flow measurement and distance measurement, especially for smart factories have increasing demand for these transducers; additionally, transducers can be used in various applications in automobiles, such as: object detection and identification, fuel tank level detection, parking assistance systems, collision avoidance and blind spot detection so on. In the next few years, scientific and technological progress will promote the global development of applications including intelligent vehicles, smart factories, medical electronic assistance, AI robots, aerospace, defense industries and other applications, and will also promote the increase in the application of ultrasonic transducers. According to the Global Market Insights report (2021), the global ultrasonic sensor market would increase from US$2.7 billion in 2021 to US$5 billion in 2028.

C. Other piezoelectric application industries

Piezoelectric components mainly use the characteristics of piezoelectric materials to convert electrical energy into mechanical kinetic energy or thermal energy. Its applications include various precision displacement actuator applications, such as bending actuators, piezoelectric speakers/tone generators, and piezoelectric tactile sensing devices, feeding/oscillating machines, vibration damping devices, micro-precision pumps, and low-power ultrasonic transducers, such as ultrasonic beauty/body massagers, tooth cleaners, flow meters, sprayers/atomizers/humidifiers devices, surface acoustic wave (SAW) touch panels, and high-power ultrasonic transducers, such as ultrasonic cleansing machines, ultrasonic processing machines, and ultrasonic welding machines. Other piezoelectric devices, including piezoelectric transformers and electromechanical filter igniters, battery-less remote controllers, energy harvesting devices, are used in a wide range of fields, especially in automotive, medical care, and aerospace and defense, various new applications are constantly increasing. According to the survey of MarketsandMarkets Research Institute, the global piezoelectric device market is estimated to grow from aboutUS$30.8 billion in 2022, at the compound annual growth rate of 5.9%, and the market size in 2027 is estimated to be approximately US$41 billion.

D. Circuit protection component industry

Depending on the sizes and functional complexities of electronic products, the number of wiring protection components used internally may be as many as dozens. Therefore, while the role of wiring protection components in electronic products is not as important as that of active components, it is still an essential component. According to The Business Research Company in January 2024, the global market for circuit protection parts will grow at a compound annual growth rate of 10.6% from 2024 to 2028, reaching a size of US$83 billion by 2028. Due to the rapid development of the mobile communication industry, telecom operators are actively deploying 5G mobile networks and devices, driving the vigorous development of the Netcom industry, and the required protection components and devices will be the beneficiaries relatively. With the increasingly sophisticated development of integrated circuits, the demand for circuit protection for electronic products and equipment will only continue to increase, and the future outlook is promising

(2) Links between the upstream, midstream, and downstream segments of the industry

The Group is a mid-stream manufacturer in the wireless communication industry, mainly providing the high-frequency communication products such as chip antennas, ceramic patch antennas, antenna modules and array antennas. The main upstream raw materials used are silver glue and ceramic powder. Relevant process technologies include the LTCC process technology and thick film process technology, available to downstream industries, such as IoT applications, Netcom manufacturers, wearable products including Bluetooth earphones, and automotive electronic system manufacturers.

Another product line of the Group is piezoelectric ceramics and ultrasonic components, such as products including piezoelectric ceramics, brakes and transducers. The main raw material used from the upstream include ceramic powder, conductive silver, screen printing inks, metal accessories and adhesive. Related process technologies include impedance analysis and testing, ceramic sintering and high-voltage power supply generation and testing, availing to downstream industries such as industrial precision control, measuring instruments and meters, automobiles, aerospace and medical care

The industrial relationship diagram including the up-, mid- and downstream of the Group's wireless communication components, piezoelectric components, ultrasonic components, and circuit protection components is as follows:

A. Wireless communication components, piezoelectric components and ultrasonic components

Upstream | **Midstream** | **Downstream**

Upstream

Supplier of raw materials
Silver glue
Ceramic powder
Screen printing ink
Adhesive
Semiconductor components
Power supply and signal cables
Connectors
Lead-free tin wire / tin bar
Plastic parts
Metal structural parts

Instrument and equipment suppliers
Ceramic forming equipment
LTCC process equipment
High frequency testing equipment
Ceramic sintering equipment
Impedance analysis equipment
High voltage power supply generation and testing equipment

Midstream

A. Parts and components of wireless communication
B. Piezoelectric devices and ultrasonic transducer

Downstream

A. Parts and components of wireless communication
Mobile communication system
Vehicle positioning/wireless communication system
Wearables
TWS Bluetooth earphones
Satellite tracking and positioning system
High-precision positioning system
Self-driving car positioning system
Fleet management system
IoT related system
5G/low-orbit satellite system

B. Piezoelectric devices and ultrasonic transducer
Industrial precision control system
Precision control system for MFPs
Commercial and national defense surveillance/measurement systems
Underwater communication application system
Medical equipment application

B. Circuit protection components

Upstream

Manufacturing of wiring protection components

Midstream

C. Wiring protection components
A provider or complete circuit protection solutions, with diversified component testing and FAE services provided

Downstream

Network communication system
Security monitoring system
Power supply industry
Mobile communication system
Computer peripheral industry
Consumer electronics industry

(3) Product development trends

A. Parts and components of wireless communication

With the rapid development of the wireless communication industry, the application of miniaturized and multi-functional integrated antennas, and multi-band and all-in-one antennas has become the market trend. High bandwidth, high frequency and modularization are the main current development directions.

(A) Chip antenna

Due to the characteristics of miniaturization and high-efficiency for the chip antennas, they can be widely used in wearable products or handheld electronic products, especially in the application of TWS Bluetooth earphones. Because they meet the main demands of wireless transmission, the market demand has greatly increased.

(B) Vertical multi-polarization antenna:

With the ability to receive or transmit multi-directional signals, the convenience of end-customer applications is greatly improved, especially in Wi-Fi AP router, repeater, set-top box and other product applications, the mass production is easier to be introduced than other antennas available in the market.

(C) Ceramic patch antenna:

It is mainly applied in the market of automotive satellite positioning. The current mainstream in the market is single-frequency systems such as GPS, BeiDou, Galileo, and GLONASS. In the future, it will develop into dual-frequency or multi-frequency satellite positioning, and the positioning accuracy will be improved from the range of five to ten meters to the precision of sub-meter (< 1 meter) positioning.

In addition, the Group has developed the Castle Antenna, a high-precision positioning ceramic flat panel antenna, to meet the growing demand for millimeter-level high-precision positioning and the emerging trend of satellite communication. The Castle Antenna offers several advantages, including high precision, flexible design, and low cost, making it an ideal solution to meet the market's application needs.

(D) External antenna modules:

With the rapid development of communication technology and the march towards 5G, the growth of related terminal products and communication equipment further drives the demand for wireless communication. The end application range of wireless communication is very wide, such as mobile phone, wireless local area network (WLAN), Bluetooth, global positioning system (GPS), wireless PC, wireless phone, wireless walkie-talkie, pager, Home RF, digital broadcasting, wireless modem, wireless fax, among other things. Due to the rapid increase in the demand for wireless communication applications in the global market, the frequency bands of wireless communication have surged significantly, and due to the trend of miniaturization, multiple functions and high transmission speed of wireless portable products, the elevated demand for high-frequency integrated components and modules has be triggered in the market.

(E) Trackers and receivers:

Trackers will be extensively utilized in future mobile communication technology. Since the deployment of 5G base stations is not yet complete and 4G technology will continue to exist for at least 2-3 years, it will take some time for trackers to transition from 4G to 5G. A notable development in this industry is the growing demand for high-precision positioning. As a result, our Group's customers in the bus and agricultural machinery satellite positioning receiver industry have also begun to put forward their demands for precise positioning. It is anticipated that products integrating multiple frequencies and satellite systems will progressively dominate the future market.

(F) Millimeter wave phase array antenna modules:

The use of the millimeter wave frequency band can greatly increase the data transmission volume and transmission bandwidth, so the millimeter wave frequency band is bound to be the main use of future mobile communications. The higher the frequency, the greater the attenuation. Therefore, the phase array antenna is designed to overcome this problem and Unictron Technologies Corporation has continued to develop this technology.

B. Piezoelectric devices and ultrasonic transducer

(A) Piezoelectric materials and modules

a. Piezoelectric materials and components:

Part of the crystal materials have piezoelectric properties. Currently, the piezoelectric ceramic components produced by the Group have the conversion function between mechanical energy and electrical energy (direct piezoelectric and inverse piezoelectric effects), and are high-efficiency electromechanical transducers. They are not only applied in many cutting-edge technological fields, but also often appear in people's daily life. We have a solid background of the formulation and process capabilities for piezoelectric ceramics. As the leading supplier of piezoelectric ceramic materials in Taiwan, the Group not only provides various shapes (rounded, ring, patch, tubular, spherical...) and piezoelectric ceramic materials with various functions are available for customers to choose, or customized piezoelectric ceramic components may also be developed and produced depending on customers' specifications and needs.

b. Piezoelectric module:

The applications of some products require the combination of different objects on the piezoelectric ceramic components to be user friendly, such as adding specific wiring and connectors, packaging the piezoelectric ceramic components in a waterproof and pollution-proof shell, and fitting and matching different materials. With different design and combinations, the scope of product applications is expanded, thereby improving customer satisfaction and increasing product sales amount.

(B)Ultrasonic transducer

a. Air transducer

Air transducers consist of piezoceramic elements mounted in metal or plastic housings and materials that match air and ceramics. These piezoelectric air transducers feature high sensitivity, outstanding sound pressure level (SPL), and stable electrical and mechanical characteristics at their resonant frequency. The air transducer can be used as both a transmitter and a receiver; or the applications serving as transmitter or receiver only. It is widely used in object interface detection, distance sensing and other applications.

b. Liquid transducer:

A use scenario for liquid transducers is in liquids, resulting in a function similar to air transducers. Liquid transducer has a better waterproof effect and are widely used in applications such as underwater wireless communication, underwater object sensing, and detection of underwater landscapes such as seabeds, lake beds, and river beds.

c. Transducer for flow meter:

The ultrasonic flow meter is used to measure the flow rate of liquid or gas passing through a fixed point in the pipeline. It is a measuring device that will not affect or destroy the flow of fluid. Piezoelectric transducers are placed on the pipe wall, sending out ultrasonic waves, and calculate the time difference between the trip back and forth between sending and receiving, and then the flow speed of the fluid in the pipe is obtained. With the popularization of smart water/gas meters, ultrasonic flowmeters are gradually attracting the attentions of the market because they provide more precise measurement results.

(C) Piezoelectric actuator

Piezoelectric actuators are transducers that convert electrical energy into mechanical displacement or stress based on the piezoelectric effect. Because the precise mechanical displacement may be controlled at high speed, it has been widely used in high-precision positioning mechanisms, and featured with the advantages of large thrust, stable displacement and user-friendly.

C. Wiring protection components

The Group's circuit protection components are mainly overvoltage and overcurrent protection components. The main function is to protect the circuits, main components and ICs of electronic products by automatically cutting the power supply or automatically reducing excessive voltage to a safe value when the current or voltage is abnormal, to prevent damage to parts of the product.

Depending on the sizes and functional complexities of electronic products, the number of wiring protection components used internally may be as many as dozens. Therefore, while the role of wiring protection components in electronic products is not as important as that of active components, it is still an essential component.

The development trend of circuit protection components will gradually develop into the following three major categories:

(A) High frequency/thin film:

Develop protection components required for high-speed signal equipment with transmission speeds from 1G/2.5G to 10G; protection components made with the traditional thick-film process can no longer meet the requirements of component miniaturization and high precision. The protection components produced using thin-film technology have features including a resistance value precision and temperature coefficient are unparalleled by products produced by traditional thick film processes.

(B) Modularization:

Based on the considerations of the convenience and miniaturization of electronic circuit design, the development of protection components has shifted from the development of a single component to the direction of integration. Array components are products under the concept of integration.

(C) Chip/miniaturization and multi-functional compounding:

By using semiconductor manufacturing process to make the internal circuit of the protection element, the size of the circuit can be miniaturized, and the adoption of lithography technology reduces the circuit to 10um, with the error value of the circuit as low as lower than 1%, to effectively miniaturize the size of the component; the semiconductor process can integrated capacitors, resistors, inductors, and protection components into one chip, with customized development and design to be carried out based on customers' needs, which will make it easier to introduce the products mass production.

(4) Product competition

A. Parts and components of wireless communication

The wireless communication industry is developing rapidly. Be it the applications in the IoT, 5G communication, mobile phones, Bluetooth earphones, wireless communication networks, and wearable devices, the demands will grow significantly. The Group has development experience accumulated for many years, and independent R&D and design capabilities, while the products developed are forward-looking and unique, standing out in the highly competitive domestic wireless communication antenna market.

There are many suppliers of wireless communication components. The main domestic competitors include INPAQ, Cirocomm, Wha Yu, Wistron NeWeb and Grand-tek. Currently, the Group is the main supplier of Bluetooth chip antennas required by TWS wireless Bluetooth earphones. It has a leading position in the global Bluetooth chip antennas market, and is also a major supplier of ceramic patch antennas for car navigation.

B. Piezoelectric devices and ultrasonic transducer

The Group is already the largest supplier of piezoelectric ceramic products in Taiwan. It has piezoelectric ceramic formula developed in house, complete production process and equipment, and complete sales channels. With excellent product characteristics, technical services and mass production capabilities, the Company has been recognized and adopted by internationally renowned manufacturers.

Foreign competitors are represented by Murata of Japan, CeramTec of Germany and CTS of the United States. The Group emphasizes the provision of a full range of technical services to customers, and has gradually increased the market share of piezoelectric ceramic products.

C. Wiring protection components

The Group's protection parts products are mainly overvoltage protection parts and overcurrent protection parts. Other than the strong FAE team and lab to provide the validation service to customers, the rapid delivery with good quality and competitive prices, will make the Group unique in the sales of protection part products and to become the benchmark in the industry.

The main domestic competitors are INPAQ, Amazing, Panjit, Thinking, and Yageo; the foreign competitors include Bourns, LittelFuse, and TDK.

(III) Overview of the company's technologies and its research and development work:

R&D expenditures as well as technologies and/or products successfully developed during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

Unit: NT$ Thousand

Year	R&D expenditures	Technologies and/or products successfully developed
2023	129,497	Lead-free piezoelectric ceramic material, ultrasonic liquid level transducer, capacitive touch with integrated Bluetooth antenna, chip active antenna array, and satellite communication Castle antennas.
As of April 15, 2024	27,162	

(IV) Long- and short-term business development plans

(1) Short-term plans

A. Parts and components of wireless communication

(A) Antennas for various frequency band of the new communication protocols.

(B) Destructive innovative antennas to replace traditional antennas.

(C) RF and microwave component applied for various specific fields.

(D) Multi-frequency and multi-satellite sub-meter positioning antennas.

(E) High precision antenna positioning module / All-in-one external antenna.

(F) Fully customized on-demand antenna ordering platform.

(G) Sub meter multi-frequency positioning receiver modules.

(H) 5G millimeter wave/low-orbit satellite phase array antenna modules

B. Piezoelectric devices and ultrasonic transducer

(A) Deeply cultivate the piezoelectric ceramic technologies.

(B) Continue to expand customers in emerging markets.

(C) Optimize the capability of precision mass production.

C. Wiring protection components

(A) Develop new products based on thin-film process.

(B) Develop high-frequency protection components and multi-functional miniaturized parts.

(C) Build the competitive mass production capability.

(2) Long -term plans

A. Parts and components of wireless communication

(A) 5G antenna solutions.

(B) Integrated products of various RF components.

(C) Wi-Fi 6E antenna solutions.

(D) Millimeter-level high-precision positioning antennas.

(E) 5G/millimeter wave RF antenna modules.

(F) Automotive integrated antenna module products.

(G) IoT antenna solutions.

(H) 5G IoT tracking devices.

(I) Millimeter Multi-Frequency High-Precision Positioning Receiver

B. Piezoelectric devices and ultrasonic transducer

(A) Module products Market development of air/ liquid Transducer

(B) Actuator product development.

(C) Development of various piezoelectric compounded materials.

(D) Actively cultivate excellent professional marketing and management talents to enhance operation and sales capabilities in overseas markets.

C. Wiring protection components

(A) Cope with the international sales strategies and cultivate professional talents.

(B) Research and develop multi-functional protection components.

(C) Establish long-term partnerships with customers.

II. Analysis of the market as well as the production and marketing situation:

(I) Market analysis

(1) Geographic areas where the main products (services) of the company are provided (supplied)

Unit: NT$ Thousand; %

Sales area \ Year		2022		2023	
		Net sales	Percentage of annual net sales %	Net sales	Percentage of annual net sales %
Domestic sales		602,679	40.22	568,447	41.16
Export	The U.S.	393,719	26.27	294,844	21.35
	China	311,817	20.81	337,486	24.44
	Others	190,337	12.70	180,099	13.05
	Subtotal	895,873	59.78	812,429	58.84
Total		1,498,552	100.00	1,380,876	100.00

(2) Market share

The Group's antenna revenue comes from micro-chip antennas, car navigation antennas and high-precision positioning antennas. Due to its commitment to innovative technologies and development of patented products, the Company is the domestic leader in terms of product design and process technologies. Yageo, Walsin Technology, and INPAQ are also the companies developing antenna-related products, but the Group has a pivotal market position in the micro-chip antennas for TWS Bluetooth earphones and car navigation antennas; the revenue of piezoelectric ceramic products is mostly from customization, and currently the Company is the domestic leader, with the largest revenue and production capacity. There is no other company of the identical type, so it is difficult to estimate the market share.

(3) Demand and supply conditions for the market in the future and the market's growth potential

A. Parts and components of wireless communication

The fifth-generation communication system (5G) is booming, especially in 5G/millimeter wave communication fields. Due to the high frequency and attenuation of antenna, it results in a large number of antenna demands, and even developed into Beyond 5G and low-orbit satellites. Such a variety of new applications have brought high demands for antenna.

The positioning system with multi-frequency and multi-satellite improves the precision of satellite positioning from an error of 10 meters to an error of tens of centimeters. The frequency band of satellite positioning has also developed from L1 to L1+L2 / L1+L5. The Group's innovative ceramic patch antenna (Castle Antenna) has a unique patent, being able to evolve the mainstream antenna in the market, a double-layered ceramic patch antenna, into a single ceramic layer structure achieving the performance of a double-layered structure; this structure leads a significant reduction in production costs, and it is easier for customers to place antennas because of the reduced size of the antenna when designing.

Trackers and antenna products become the market winner with their quality. The products are mainly concentrated in the niche market for industrial use, and are widely accepted by customers. The Group's product strategy is unwilling to float in the red ocean market with price-cutting competition, but select to enter the blue ocean market of niche products with higher gross profit. The market share is not high in terms of the global market size, but it has certain shares in different niche markets. With the increasing prevalence of Internet of Things (IoT) technology in various application, the demand for trackers is also increasing. Whether it's for vehicles, humans or animals, the demand for trackers is obviously on the rise, and we will be launching a new generation of 5G IoT tracking devices based on the 4G trackers that we have designed in the past, in order to capture this market.

Due to the development of miniaturized chip antennas, the Company has obtained dozens of chip antenna patents, making our chip antenna more suitable for integration into wearable products. Although the market for TWS wireless Bluetooth earphones has reached maturity, Counterpoint predicts that TWS will continue to grow from October 2023 to 2026. The Group will maintain its dominant position in this market.

The Group has now gained a firm foothold in these markets, with continuous expansion of the market share, and provided high-performance antenna solutions in the market.

B. Piezoelectric devices and ultrasonic transducer

Underwater communication applications: the market for transducer products made of piezoelectric ceramic components continues to grow well with the need for exploration of water areas.

Smart meter application: ultrasonic transducers can accurately detect the flow rate of water/air (and gas), to replace fragile old mechanical meters. Since most households have installed water meters and gas meters, the future market will be promising.

Smart factory management application: in unmanned factories, a large number of ultrasonic transducers are required to detect the movements and distances of objects, and piezoelectric actuators are also required to accurately control positioning, with piezoelectric ceramic components for processing, cutting and fusion. The future market is promising.

Human-machine interface application: In the development trend of consumer electronics products, mechanical buttons will be replaced by ultrasonic transducers to improve the user experience of consumers. In addition, tactile feedback products made of piezoelectric ceramics have low power consumption and quick response, while the efficiency of the penetration rate in the application of related products being continuously improved.

C. Wiring protection components

The circuit protection component market continues to grow. With the development of wireless communication products such as automotive electronics, smart phones, wearable devices, and 5G, a large quantity of circuit protection components are required, with very promising future growth.

Currently, not only the International Electronic Technology Association, but also the safety standard laboratories of various countries, such as UL, VDE, and FCC, have strict controls. To address the static electricity interruption and overvoltage and overcurrent issue, the circuit protection components becomes the best solution.

(4) Competitive edges

A. Parts and components of wireless communication

The Group's antenna products have more than 55 patents of various countries, and with the unique inventions and technologies, the Company continues to provide innovative and high-efficiency high-frequency antenna products.

The Company masters three core technologies, and be one of the few in the industry who has three core experiences in RF circuit design, antenna design and microwave ceramic material design simultaneously. By using the three major technologies, the customers are provided with high-quality products and technical service capabilities.

The Group's product positioning is in line with market demands. For different application aspects, it is backed by unique technologies, such as miniaturization design, functional improvement and low cost. Be it TWS Bluetooth earphones, car navigation antennas, high-precision positioning antennas, the antenna of the IoT, or millimeter wave phase array antenna, the Company leads at the forefront of the market, providing high-performance products to the market.

The Group's trackers and antennas can be used in extreme environments, especially in special applications such as suspects tracking that require high reliability. With the 25 years of experience of the Company in the GPS industry, the Company has an absolute advantage in the technology-oriented ODM market with its deep technologies of RF and antenna integration technology, as well as close cooperation with customers. As electronic products tend to be compact, the Group's wireless technology integration capability will be able to underscore the value of such products.

B. Piezoelectric devices and ultrasonic transducer

The Group develops and manufactures piezoelectric components required for high-tech products such as ultrasonic transducers, actuators, and sensors. In addition to having complete mass production capabilities, the Group also provides customized services, and it is currently the largest supplier of piezoelectric ceramics in Taiwan.

The Group's piezoelectric ceramic products have its own formula and are not limited by raw material suppliers. The Company has actively applied for and already owned various international patents, and continuously provides high-efficiency innovative products.

C. Wiring protection components

As the functions of electronic products become more and more complicated, circuit protection components also need to update the development speed along with the electronic products, to establish circuit protection components meeting new needs. The Group has a complete range of products, and emphasizes the R&D of circuit protection components, with a service team and FAE team responding quickly, while providing customers with free laboratory for verification services. The Group has always been a leading brand in the circuit protection component market. With the increasing demands for circuit protection components in network communication and consumer electronics products, the possibilities for future development of the Company are unlimited.

(5) Positive and negative factors for future development, and the company's response to such factors

A. Positive factors

The Group's wireless communication components and products already have dozens of antenna patents, as the cornerstone of success in the current and future markets. The R&D team has rich experience in radio frequency and provides a full range of products and problem-solving capability. The existing destructive innovative antenna has been certified by major international manufacturers and is expected to gradually replace traditional antennas. And it is expected that in the future, the market demand for antenna-related applications in 5G, high-precision positioning, the IoT and V2X and other markets will explode.

The piezoelectric component and ultrasonic transducer product team has a formula recognized by the piezoelectric market, with the ability to develop new formula. The R&D team has rich experience in piezoelectric component development and provides a full-range capabilities of product customization design and technical service . Domestically, the Group's R&D team has absolute advantages in both quality and quantity. The application of piezoelectric components will play an essential role in smart products, and the market is expected to continue to grow.

The product R&D team of circuit protection components is strong and quickly responds to customer needs. Currently, the demands for related industries are increasing day by day, and the demand for circuit protection components continuously grows rapidly. In addition, the increasingly stringent regulatory requirements are also conducive to the development of the industry.

B. Negative factors and the response to such factors

(A) Negative factors

a. The competition among domestic and foreign peers tends lead the cycle of price-cutting competition.

b. High-end products require special shapes and precise dimensional specifications, resulting in continuous updating of process equipment, which in turns may lead to increased production costs.

c. There is a lack of the domestic piezoelectric-specific technology education cultivation system, and it is not easy to develop relevant talents.

(B) Response to such factors

a. Continuously developing innovative products and applying for patent protection to widen the technological gap with competitors.

b. Investing in automated production equipment to reduce production costs.

c. Combining complementary competitors to provide end customers with the best solutions and create a win-win situation.

d. The in-depth market risk assessment fully understands customers' needs, obtains information on future product trends, and introduces appropriate equipment for the mass production processes to increase production capacity and reduce costs.

e. Actively participating in industrial-governmental-academic activities and programs, striving for domestic and foreign opportunities of technology exchange and transfer, and properly developing and cooperating with peers, to stimulate the breadth of R&D and enhance technical capabilities.

f. Strengthening the R&D capabilities and product breadth, developing more diversified products, and establishing better relationships with customers; improving the service quality and providing comprehensive solutions.

(II) Key usage and manufacturing processes for the company's main products

(1) Key usage of main products

Product type	Product usage
Electronic ceramic components Module and system products	Global Navigation Satellite System (GNSS), Satellite Communication, Wireless local area network (Wireless LAN), Wi-Fi, Bluetooth, ZigBee, Internet of Things (IoT), wearable devices, MIMO (multiple input multiple output), mobile communication (3G/4G/5G), high-definition multimedia interface (HDMI), base station/equipment at client ends, ISM frequency band, various trackers, high-precision positioning of various vehicles or devices. Ultrasonic beauty/body massager, tooth cleaner, ultrasonic cleansing/ welding/ processing machine, vehicle reversing radar sensor, gas flow meter, liquid flow meter, liquid level sensor, near object/ distance sensor, surface wave touch panel, acoustic pulse identifying touch panel, sprayer/ atomizer/ humidifier, bending actuator, piezoelectric speaker /tone generator, piezoelectric tactile sensing device, feeder/oscillator, vibration damping devices, energy harvesting devices, piezoelectric transformers, micro precision pumps.
Other electronic parts and components	It is mainly used in overcurrent, overvoltage and lightning protection of consumer electronics, network communications, mobile communications, industrial computers, security monitoring, automotive electronics, power supplies and other related products.

(2) Manufacturing processes for the main products

A. Electronic ceramic components

(A) Antenna

Antenna design → Antenna characteristic simulation analysis → Dielectric material base material production → Metal conductive layer production → Testing → Stock-in

(B) Piezoelectric ceramic components

Ceramic powder formula preparation → forming → sintering → conductive electrode production → polarization → testing → storage

B. Module and system products

(A) External antenna module/tracker/receiver

Product design→Characteristic simulation analysis→

Material preparation
Plastic parts, antenna components Connecting/signal cables Connectors Metal structural parts

→assembly→Test → Stock-in

(B) Piezoelectric module and ultrasonic transducer

Product design → Characteristic simulation analysis →

Material preparation
Plastic shells or structures, piezoelectric components, connecting/signal cables, adhesive materials, metal structures, printed circuit boards/flexible boards

→ Assembly → Test → Stock-in

C. Other electronic parts and components

Product specification determination and product design → In-house manufacturing/outsourcing → Product verification and testing → Stock-in

(III) Supplies of the main raw materials

The main raw materials in the production process of the Group are silver glue, ceramic powder, screen printing ink, metal accessories and adhesive materials. Each raw material is mainly supplied domestically, and the domestic supply sources are sufficient and stable; meanwhile, the Company has the multiple year foundation of business dealings with various suppliers, and raw materials are obtained stably, without shortage or interruption of supply.

(IV) Any suppliers and clients accounting for 10 percent or more of the company's total procurement (sales) amount in either of the 2 most recent fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each, and an explanation of the reason for increases or decreases in the above figures

1. Suppliers accounting for 10 percent or more of the company's total procurement amount in either of the 2 most recent fiscal years, the amounts bought from, and percentage

Unit: NT$ Thousand

Item	2022				2023				Up to the preceding quarter of 2023 (Note 2)			
	Name	Amount	Percentage of annual net purchases (%)	Relationship with the issuer	Name	Amount	Percentage of annual net purchases (%)	Relationship with the issuer	Name	Amount	Percentage of annual net purchases (%)	Relationship with the issuer
1	A	77,149	17.25	None	B	39,997	12.52	None	-	-	-	-
2	B	48,181	10.77	None	-	-	-	-	-	-	-	-
	Others	321,872	71.98	-	Others	279,404	87.48	-	Others	-	-	-
	Net purchases	447,202	100.00		Net purchases	319,401	100.00		Net purchases	-	-	

Note 1: Reason of the change in procurement: Due to the delay in related sales, the procurement of raw materials related to supplier A was reduced in response to the management of inventory dematerialization; Supplier B's purchase amount of related raw materials decreased, but accounted for 10% of the net purchase amount for the whole year.

Note 2: As of the printing date of the annual report, the most recent prior quarterly financial statements audited and certified by a certified public accountant are the annual financial information for 2023.

3. Clients accounting for 10 percent or more of the company's total sales amount in either of the 2 most recent fiscal years, the amounts sold to each, the percentage of total sales accounted for by each, and an explanation of the reason for increases or decreases in the above figures.

Unit: NT$ Thousand

Item	2022				2023				Up to the preceding quarter of 2023 (Note 2)			
	Name	Amount	Percentage of annual net sales	Relationship with the issuer	Name	Amount	Percentage of annual net sales	Relationship with the issuer	Name	Amount	Percentage of annual net sales	Relationship with the issuer
1	A	312,328	20.84	None	A	259,552	18.80	None	-	-	-	-
2	B	168,685	11.26	None	B	170,600	12.35	None	-	-	-	-
	Others	1,017,539	67.90	-	Others	950,724	68.85	-	Others	-	-	-
	Net sales	1,498,552	100.00		Net sales	1,380,876	100.00		Net sales	-	-	-

Note 1: Reason of the change in sales: In 2023, the overall revenue declined, and the sales to Client A and B were still top two.

Note 2: As of the printing date of the annual report, the most recent prior quarterly financial statements audited and certified by a certified public accountant are the annual financial information for 2023.

(V) Production volume and value in the most recent two year

Unit: NT$ Thousand

Year / Production volume and value / Main products	2022			2023		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Electronic ceramic components	176,400	59,447	480,900	176,400	55,462	485,134
Module and system products	5,000	4,493	290,139	5,000	3,258	230,043
Total	181,400	63,940	771,039	181,400	58,720	715,177

(VI) Sales volume and value in the most recent two year.

Unit: NT$ Thousand

Year / Sales volume and value / Main products	2022				2023			
	Domestic sales		Export		Domestic sales		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Electronic ceramic components	11,245	376,546	48,475	557,358	10,922	327,781	54,206	547,738
Module and system products	1,750	133,040	4,384	275,670	1,716	161,377	2,588	222,775
Other electronic parts and components	84,606	93,093	91,144	62,845	73,081	79,289	82,548	41,916
Total	97,601	602,679	144,003	895,873	85,719	568,447	139,342	812,429

III. The number of employees employed for the 2 most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report, their average years of service, average age, and education levels.

April 15, 2024

Year		2022	2023	April 15, 2024
Number of employees	Direct and indirect employees	370	371	366
	Salespersons	19	19	19
	Management	44	47	40
	R&D staff	72	73	71
	Total	505	510	496
Average age (years old)		38.68	41.27	41.14
Average years of service (years)		5.68	5.39	5.45
Education distribution percentage (%)	Ph.D.	1.39	1.37	1.41
	Master's degree	10.89	10.00	9.88
	College	51.49	55.10	56.06
	Senior high school	32.08	29.61	29.03
	Below senior high school	4.16	3.92	3.62

IV. Disbursements for environmental protection:

Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, 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. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

(I) The Hsinchu County Environmental Protection Bureau conducted an inspection on July 14, 2023 and discovered a malfunctioning flow meter in the washing tower of the communication microwave component prevention equipment. As a result, the quantity of pollution sources in the on-site molding area, degreasing area, and sintering area was different from the permitted number, which is a violation of Article 24, Paragraph 2 of the Air Pollution Control Act. In accordance with Government Authorization Environment Letter 1128659064, dated November 1, 2023, a fine of NT$100,000 has been imposed for this violation of Article 24, Paragraph 2 of the Air Pollution Control Act.

Improvement measures are as following:

(1) The Company submitted a statement of opinions to the Hsinchu County Environmental Protection Bureau of the by the September 4, 2023 deadline. The flowmeter failure is mainly due to the fact that the flowmeter used in the equipment is of the operates on battery storage. During the inspection on the morning of July 14, it was discovered that the battery power was insufficient. As a result, the meter was promptly sent back to the original factory for repair, and the replacement was completed on July 20 to prevent a recurrence of this defect. The number of pollution sources from the machines does not match the approved permits. Due to the recent years' capacity deployment and process upgrades in

pursuit of reducing pollution, the reduction of equipment has resulted in discrepancies with the number of permits, and an environmental consulting firm has been commissioned to proactively conduct air pollution environmental testing and submit the permit for change.

(2) The Company has paid all fines and attended the environmental protection seminar on February 29, 2024.

(II) The Hsinchu County Government Environmental Protection Bureau conducted an inspection on July 18, 2023 and identified the following violations: The waste at site E-0217 (including waste electronic components, substandard products, and defective products) and D-0499 (including other waste mixtures such as glass, ceramics, bricks, tiles, and clay) were not stored in the designated locations specified in the waste disposal plan. Additionally, based on the reconciliation data from the Environmental Protection Administration's Business Waste Reporting and Management Information System, the amount of general waste generated from the communication microwave component manufacturing process at D-1801 exceeded ten percent of the maximum monthly production volume specified in our waste disposal plan from January 2023 to May 2023. According to Letter No. 1123402112 of the Environmental Protection Agency, dated September 1, 2023, a fine of NT$6,000 was imposed for violating Article 31, Paragraph 1, Subparagraph 1 of the Waste Disposal Act.

Improvement measures are as following

(1) The Company submitted a statement of opinions to the Hsinchu County Environmental Protection Bureau of the by the August 27, 2023 deadline. Wastes E-0217 and D-0499 have been correctly stored on the next day of the audit (July 19). Due to the increase in production capacity as a result of the Company's growth in scale in recent years, the amount of waste D-1801 produced exceeded 10% of the maximum monthly production stated in the waste disposal plan, however, the Company continued to comply with the relevant provisions of the Waste Disposal Law for waste reporting and other operations, and is now proposing a change in the plan to the Environmental Protection Administration

(2) The Company has paid all fines and attended the environmental protection seminar on March 21, 2024.

(III) An inspection was conducted on July 18, 2022 by Environmental Inspection Brigade, Northern District, Environmental Inspection Corps, Environmental Protection Department, Environmental Protection Bureau of Hsinchu County Government, and the First Squadron of the Third Brigade of the Seventh Corps of the Security Police, with sampling water quality of PH3.97, chemical oxygen demand (cod) of 145mg/L(100mg/L) and lead of 5.64mg/L(1mg/L), which do not meet the effluent standards and violate Paragraph 1 of Article 7 of the Water Pollution Prevention and Control Act. In Fu-Shou-Huan-Shui No.1118660752 document issued on October 5, 2022, the Company was fined NTD1.221 million for violating Paragraph 1of Article 7 of the Water Pollution Control Act.

Improvement measures are as following:

(1)The Company has sent an opinion representation to the Environmental Protection Bureau of Hsinchu County Government before the scheduled improvement date of August 19, 2022. In this case, the PH electrode of the wastewater treatment facility was obscured by pollutants, resulting in the malfunction of the liquid alkaline dosing equipment, which led to the violation of effluent standards during current inspection. The Company also found the abnormality, immediately replaced the damaged components and installed a 24-hour PH detector. The subsequent system has resumed normal operation.

(2) a. The Company immediately replaced the damaged components, cleaned components each day and installed a 24-hour PH detector.

b. Install a set of automatic PH-adjusting device before discharge.

c. After Improvement, a verification report from the third party is attached and submitted to Environmental Protection Bureau for audit.

(3) The Company has fully paid the fines, and participated in the environmental protection lecture on February 2, 2023.

(IV) Environmental Protection Bureau of Hsinchu County Government sent personnel for an audit on August 30, 2022, in conjunction with Environmental Protection Department's Environmental Inspection Corps, with sampling lead of 2.1mg/L(1mg/L), which do not meet the effluent standards and violate Paragraph 1, Article 7 of the Water Pollution Prevention and Control Act. The Company was fined NT$ 468,000 for violating Paragraph 1 of Article 7 of the Water Pollution Control Act.

Improvement measures are as following

(1) The Company has sent an opinion representation to the Environmental Protection Bureau of Hsinchu County Government before the scheduled improvement date of October 7, 2022. This case was caused by the wastewater operator not following the standard operating procedure to clean the barrel tank and discharging the cleaning water outside the plant. The auditor found that the Company had immediately asked the employee to stop the operation, immediately reprocessed the cleaning water in the recycling plant, and trained the operator.

(2) The Company has participated in the environmental protection lecture on April 20, 2023.

V. Labor relations:

(I) List any 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 benefit plans

The Company regards employees as an important asset, and believes the operating philosophy of respecting human nature and caring for employees. To sufficiently take care of the physical and mental health of employees or their families, and establish various guarantees for their lives, for them to work hard for the Company without distraction, the Company provides or sponsor various welfare programs, and the employees form the Employee Welfare Committee responsible for the planning and implementation of employee welfare matters. The Company's benefit plans are as follows:

(1) Well-rounded insurance plans

In addition to participating in labor insurance and national health insurance as required by laws, all employees are also provided with the Group insurance for employees, and the premium is paid by the Company.

(2) Considerate benefits

The company has an employee canteen serving lunch, and provides meal subsidies to employees. The Company holds festival special sales from time to time to provide employees with healthy and affordable consumption for the daily needs. In addition to statutory special leave, paternity leave, and menstrual leave, the marriage, funeral and maternity subsidies are provided and the comprehensive health care to ensure the physical and mental health of employees.

(3) Company environment with sound facilities

The stationed medical care team composed of professional specialist physicians and nurses, keeps the health of employees in check through the handling of various activities, such as health checks, medical health lectures, cancer screening activities, physical therapy, health information, among other things, to create a comprehensive health care mechanism. for body, mind and soul.

(4) Diversified welfare committee activities

To balance the work and life of employees, the Welfare Committee has launched various activities under the themes of vitality, humanities and arts, green public welfare, and club activities, matching festivals, parent-child interactions, year-end parties, and family days, for employees to relieve their physical and mental stress and enjoy the work and life.

(5) Remuneration policy

Employees are the most important asset of the Company. The Company values employees' work performance and career development, and formulates a competitive incentive system through market salary survey every year. Pursuant to the Articles of Incorporation, where the Company makes profits in a year, 10% to 15% should be provided as employees' remuneration and no more than 3% should be provided as directors' remuneration. However, where the Company has accumulated losses, the amount for compensation shall be set aside first. Annual performance bonuses are distributed based on the operating conditions and the individual performance of employees, to satisfy the needs of employees in work, life and achievement.

2. Continuing education and training of employees

(1) Talents are the most important competitive advantage of the Company, and the cultivation and development of talents is an important element of the Company's long-term development. The Company has established a sound mechanism to select and incubate talents to allow employees to exert their potential and motivate their performance. The long-term goal is to cultivate globalized talents, deeply root the corporate culture and values in employee work conducts, and establish the unique competitive advantages that are difficult to replace. The workforce investment of the Company and individuals is emphasized, both the short-term quick results and long-term training are valued, to integrate with practical applications, and stimulate employees' potential for autonomous learning .

(2) Depending on the Company's internal and external training management and employee's on-the-job training, the Company's organizational strategies, personal performance development and work needs are considered to plan the overall company training courses to establish three major training

systems by functions, levels and self-development courses, such as orientations, management skill training for officers, professional function training, general education courses, and government-subsidized courses.

(3) The corporate culture is an important key to the continuous growth of an enterprise. Therefore, the development of employees' awareness for corporate culture and the thorough implementation are the focus of the Company's talent development.

3. Employee retirement systems, and the status of their implementation

(1) The Company's labor pension system complies with the Labor Standards Act, the Labor Pension Act and other relevant regulations. For hose applicable to the pension provisions of the Labor Standards Act, 2% to 15% of the total monthly salary is contributed monthly pursuant the Labor Standards Act, and deposited to Bank of Taiwan in the name of the Labor Retirement Reserve Supervision Committee. The Committee is responsible for handling income and expenditure, custody, utilization and supervision.

(2) For those applicable to the pension system under the Labor Pension Act, the labor pension contribution at the rate no less than 6% is made monthly pursuant to the Labor Pension Act, and deposited personal dedicated account of labor pension established with the Labor Insurance Bureau of the employee based on the monthly contributed salary grading table approved by the Executive Yuan.

4. Status of labor-management agreements and measures for preserving employees' rights and interests

The Company values the rights and interests of employees and two-way communications. Other than setting up appealing channels, it has also established diverse communication channels for employees, including labor-management meetings, the human resources mailbox, and the Employee Welfare Committees. The personal information of employees who file complain or reflect incidents are carefully kept confidential and handled, for employees to fully reflect their opinions and communicate and exchange, to promote the harmony between labor and the management, while creating a win-win situation for the Company and employees. Since its establishment, the labor-management relationship has been harmonious.

5. Working environment and protection of employees’ physical safety

The Company has long been committed to environmental protection, energy saving and employee care, seeking to fulfill its social responsibilities and operate sustainably while the Company grows. The Company provides pre-employment physical checks for new employees, organizes physical checks for specific items and annual physical checks from time to time, and provides labor safety and health education and trainings pursuant to the Labor Safety and Health Act. To prevent the occurrence of occupational diseases and occupational disasters, labor safety and health management personnel and factory nurses are in place pursuant to the provisions of the Labor Safety and Health Act, to maintain the health of employees, with the regular environmental inspections conducted to maintain a safe working environment.

6. Employees' code of conduct

The Company's employees adopt the "Work Rules" and "Code of Ethical Conduct" as the compliance basis for their daily work and the guidance of their development direction. The Code of Ethical Conduct that the Company's employees of should comply with is summarized as follows: (1) Strictly comply with work discipline. (2) Comply with the Company's regulations. (3) Keep the Company's secrets confidential. (4) Maintain the Company's reputation. (5) Work on time. (6) Implement environmental protection actions.

(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. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

The Occupational Safety and Health Administration of the Ministry of Labor conducted a labor inspection at the Company on November 25, 2022, and identified three violations:

A. The lead mixture manufacturing environment is not equipped with a local exhaust device at the operation site.

B. The circuit breaker in the distribution box of the sintering furnace is not equipped with an isolation plate, which could potentially result in the risk of electric shock through contact or proximity.

C. Necessary measures were not taken immediately when abnormalities were detected during the implementation of automatic inspection of power equipment.

In response to Lao-Zhi-Bei-Zi No. 1111065603 dated January 17, 2023, the Company was instructed to make specified improvements within a designated timeframe and to display notices at the violation site for a minimum of 7 days. As a result of violating Article 6, Paragraph 1 of the Occupational Safety and Health Act, the Company issued a penalty of NT$100,000 as stated in the Lao-Zhi-Shou-Zi No. 1110207103 on January 17, 2023. The penalty has been fully paid, and the necessary improvements were completed on January 30, 2023.

VI. Information security management:

(I) Describe the information security risk management structure, information security policy, specific management plan and resources devoted to information security management, etc.

1. Information Security Policy

1.1 The Information Department (hereinafter referred to as the Department) has formulated this policy to strengthen the management of information security, raise employees' awareness of information security, and ensure the security of data, systems, equipment, and networks.

1.2 The Information Security Promotion and Management Team has been established to coordinate and promote matters related to information security management.

1.3 The powers and responsibilities of the relevant units and officers will be assigned in accordance with the principle of division of work as set out below:

1.3.1 The application system and document administrators are responsible for discussing, establishing, and evaluating information security management policies, programs, and specifications.

1.3.2 The application system and document administrators are responsible for discussing, managing, and protecting the security requirements of data and information systems.

1.3.3 Information confidentiality maintenance and security audits are handled by the Information Security Audit Committee in conjunction with the relevant units.

1.3.4 This policy is formulated as follows for all employees to follow:

（1） Implement the information security management system and successfully pass the verification conducted by a third party agency.

（2） Effective management of information assets, ongoing risk assessment, and adoption of appropriate protective measures.

（3） Protect information and information communication systems from unauthorized access and maintain the confidentiality of the systems.

（4） Unauthorized modifications are strictly prohibited in order to safeguard the integrity of information and information communication systems.

（5） Ensure that authorized users have access to information and communication systems when required.

(6) Compliance with legal and regulatory requirements.

(7) Evaluate the impact of both man-made and natural disasters and develop a recovery plan for the core information and communication system to ensure uninterrupted business operations.

(8) Implement information security education and training and new personnel information security education to enhance employees' awareness on information security.

(9) Implementation of a reward and punishment system for personnel responsible for handling business-related information and communication security matters.

(10) Implement vendor management to ensure the safety of information and communication services.

(11) Implement audit execution and management review processes to achieve continuous improvement of the information security management system.

(12) Promote the integration of information security protection and strengthen joint information security defense and information sharing.

2. Implementation Status

Regular annual checks and audits of computer operation control items are listed below:

Item	**Measurement Items**		**Target Level**
1	Information Security Policy Formulation	1. Number of Information security policy	≥2 times per year
		2. Number of information security policy	≥1 times per year
2	Information Security Organization	1. Has a confidentiality agreement been signed?	Non-compliant
		2. Number of management review meetings held	≥1 times per year
3	Information Asset Management	1. Update of information asset inventory updates	Non-compliant
		2. The inventory of information assets complies	Non-compliant
4	Human Resource Safety	1. Verify the number of hours of information security training.	Information Security Supervisor ≧ 6 hours Technician ≧ 18 hours General personnel ≧ 3 hours
		2. Ensure that the accounts of retired personnel	Non-compliant
5	Physical and Environmental Safety	1. Check for compliance with computer room	Non-compliant
		2. Ensure that fire-fighting equipment and UPS	≥4 times/ year
6	Communication and Operations Management	1. Regularly monitor the system capacity (e.g., CPU, RAM, hard disk) of network critical	Non-compliant
		2. Regular monitoring of network resource usage	Non-compliant

Item	Measurement Items		Target Level
		3. Number of annual internal virus outbreaks (involving the same virus on 5 or more	≦ 3 times/year
		4. Number of internal network disconnections	≦ 3 times/year
		5. Verify that the virus code is up-to-date	Non-compliant
		6. Verify if the system time is synchronized	Non-compliant
		7. Verify that the firewall settings are consistent with the information provided on the firewall	Non-compliant items ≦ 2
		8. Number of vulnerability scans	≥1 times per year
7	Access Control Security	1. Periodic review of critical system access	Non-compliant
		2. Number of unauthorized accesses to sensitive	≤ 0 cases
8	Response and processing of information security	1. Number of unreported security incidents	Non-compliant
		2. Review the records of information security incidents to determine if the same number of	Recurrence ≦ 1 incident
9	Sustainable Business Operations Management	1. Review the implementation of Continuity of	≥1 times per year
		2. Perform risk assessment and operational	≥ 1 times per year
		3. Regularly back up critical system data	Non-compliant
10	Relevant laws and regulations and	1. Installation of legal software	Non-compliant items ≦ 0
	Policy Compliance	Corrective and preventive measures are implemented within the specified time	Overdue ≦ 2 items

Note: The audit results in 2023 all reached the target level.

3. Information security management plan

In order to strengthen the overall information security, the Company promotes the related information security enhancement policy, the scope of which is as follows:

System Aspect	Processing Items	Processing Item Details	Descriptions
Management aspect	Information communication system classification and protection standards		For self-developed or outsourced information and communication systems, the Company should complete the classification of information and communication systems in accordance with Table 9 and the control measures in Table 10, and then review the appropriateness of the classification of information and communication systems at least once a year.
	Information Security Management System implementation and validation by an impartial third party.		All core information communication systems have adopted ISO 27001 and other information security management system standards, completed impartial third-party certification within three years, and continue to maintain the validity of the certification.
	Information and Communication Security Personnel		Staffed by full-time personnel.
	Internal information security audit		Organized twice a year.
	Business continuity plan		All core information systems are processed once a year.
	Information Security Governance		Organized once a year.

<table>
<tr><th>System Aspect</th><th>Processing Items</th><th>Processing Item Details</th><th>Descriptions</th></tr>
<tr><td rowspan="2"></td><td colspan="2">Maturity Assessment</td><td></td></tr>
<tr><td colspan="2">Restrictions on the use of products that jeopardize the security of the Company's information</td><td>The Company shall not purchase or use products that jeopardize the Company's information security that are produced, researched, developed, manufactured, or provided by manufacturers approved by the competent authorities, except for business needs and where there are no other alternatives.</td></tr>
<tr><td rowspan="14">Technical Aspects</td><td rowspan="2">Safety Tests</td><td>Website vulnerability detection</td><td>All core information systems are processed twice a year.</td></tr>
<tr><td>System Penetration Testing</td><td>All core information systems are processed once a year.</td></tr>
<tr><td rowspan="4">Information security health diagnosis</td><td>Network Framework Review</td><td rowspan="4">Organized once a year.</td></tr>
<tr><td>Internet Malware Scan</td></tr>
<tr><td>Inspection of malicious activity on user computers</td></tr>
<tr><td>Settings of the server host malicious activity review and firewall connections</td></tr>
<tr><td colspan="2">Information security threat detection and management mechanism</td><td>Completing the establishment of the threat detection mechanism, and continuously maintaining and submitting the monitoring and management information in accordance with the method specified by the competent authority.</td></tr>
<tr><td rowspan="6">Information security protection</td><td>Antivirus software</td><td rowspan="6">Complete the activation of all information security protection measures, and continue to use and update or upgrade the software and hardware in a timely manner.</td></tr>
<tr><td>Network Firewall</td></tr>
<tr><td>An email filtering mechanism should be in place for a mail server</td></tr>
<tr><td>Intrusion detection and prevention mechanisms</td></tr>
<tr><td>Application firewalls should be provided for core ICT systems with external services.</td></tr>
<tr><td>Defense measures for advanced persistent threat attack</td></tr>
<tr><td rowspan="4">Awareness and Training</td><td rowspan="3">Information security education and training</td><td>Information and Communication Security Personnel</td><td>Each personnel must receive at least 12 hours of professional information security course training or information security functional training every year.
-</td></tr>
<tr><td>Information Personnel other than Information Security Personnel</td><td>Receive at least three hours of information security awareness training each year.</td></tr>
<tr><td>General users and managers
-</td><td>Each personnel must receive at least three hours of information security awareness training each year.</td></tr>
<tr><td>Professional</td><td>Professional license in</td><td>Full-time information security personnel should hold more at</td></tr>
</table>

System Aspect	Processing Items	Processing Item Details	Descriptions
	license and functional training certificate in information security	information security	least one certificate and maintain the validity of the certificate.
		Information Security Functional Assessment Certificate	Full-time information security personnel should hold more at least one certificate and maintain the validity of the certificate.

Note: The 2023 plan has been implemented.

(II) List the losses, possible impacts and countermeasures suffered from major information security incidents in the most recent year or most recent fiscal year up to the date of publication of the annual report. If it cannot be reasonably estimated, state the facts that it cannot be reasonably estimated: none.

VII. Important contracts:

Nature of contract	**Parties**	**Beginning and end dates of contract**	**Major content**	**Restrictive clauses of contract**
Zhizun Building house lease contract	Aspire Park corporation Longtan branch	May 1, 2019 to April 30, 2024	Lease of offices and plants	None
lease contract	Darfon Electronics Corp.	July 1, 2022 to June 30, 2027	Lease of plants	None

Six. Overview of the company's financial status

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

(1) Condensed Balance Sheet

Unit: NT$ Thousand

Item / Year		Financial Information for Most Recent 5 Fiscal Years					Financial information as of March 31, 2023 of the current fiscal year (Note 1)
		2019	2020	2021	2022	2023	
Current assets		776,802	904,206	1,815,578	1,573,193	1,460,206	
Property, plant and equipment		492,838	484,567	506,228	588,144	541,882	
Right-of-use asset		59,966	51,733	36,129	43,772	30,426	
Intangible asset		7,085	7,259	8,061	6,012	6,321	
Other assets		105,606	74,574	72,552	37,199	44,955	
Total assets		1,442,297	1,522,339	2,438,548	2,248,320	2,083,790	
Current liabilities	Before distribution	404,338	434,682	633,209	531,504	337,601	
	After distribution	515,909	587,896	896,523	765,881	506,352	
Non-current liabilities		59,654	49,034	28,310	26,796	21,845	
Total liabilities	Before distribution	463,992	483,716	661,519	558,300	359,446	
	After distribution	575,563	636,930	924,833	792,677	528,197	
Equity attributed to owners of parent		835,598	1,038,623	1,777,029	1,690,020	1,724,344	
Share capital		400,310	437,753	478,753	478,753	478,753	
Capital reserve		24,560	131,148	690,174	690,174	690,174	
Retained earnings	Before distribution	412,287	471,063	609,338	617,018	578,842	
	After distribution	300,716	317,849	346,024	382,641	410,091	
Other equity		(1,559)	(1,341)	(1,236)	(10,000)	62,500	
Treasury shares		-	-	-	(85,925)	(85,925)	
Non-controlling interests		142,707	-	-	-	-	
Total equity	Before distribution	978,305	1,038,623	1,777,029	1,690,020	1,724,344	
	After distribution	866,734	885,409	1,513,715	1,455,643	1,555,593	

Source: financial report audited by the CPAs

Note 1: As of the printing date of the annual report, the most recent prior quarterly financial statements audited and certified by a certified public accountant are the annual financial information for 2023.

(2) Condensed Statement of Comprehensive Income

Unit: NT$ Thousand (except for EPS)

Item \ Year	Financial Information for Most Recent 5 Fiscal Years					Financial information as of March 31, 2023 of the current fiscal year (Note 1)
	2019	2020	2021	2022	2023	
Operating revenue	1,111,293	1,291,635	1,705,810	1,498,552	1,380,876	
Gross operating profit	440,017	485,911	723,380	591,388	498,216	
Operating Income	186,375	180,880	347,687	255,703	205,801	
Non-operating income and expenses	15,180	23,888	3,172	56,653	16,482	
Net profit before tax	201,555	204,768	350,859	312,356	222,283	
Net income for the period from continuing operations	-	-	-	-	-	
Loss from discontinued operations	-	-	-	-	-	
Net profit (loss) of the period	159,574	173,440	291,024	269,773	195,973	
Other comprehensive income of the period (net amount after tax)	(2,095)	(46)	570	(7,543)	72,728	
Total comprehensive income of the period	157,479	173,394	291,594	262,230	268,701	
Net income attributable to owners of parent	155,574	170,611	291,024	269,773	195,973	
Net income (loss) attributable to non-controlling interests	4,000	2,829	-	-	-	
Total comprehensive income attributable to owners of parent	153,859	170,565	291,594	262,230	268,701	
Total comprehensive income, attributable to non-controlling interests	3,620	2,829	-	-	-	
Earnings per share (EPS)	3.89	4.01	6.60	5.68	4.18	

Source: financial report audited by the CPAs

Note 1: As of the printing date of the annual report, the most recent prior quarterly financial statements audited and certified by a certified public accountant are the annual financial information for 2023.

(3) Name of the CPAs and the auditor's opinion given thereby for the past 5 fiscal years

Year	Name of accounting firm	Attesting CPAs	Auditor’s opinions
2019	KPMG Taiwan	Tang, Tzu-Jie, Chang, Huei-Jen	No qualified opinion
2020	KPMG Taiwan	Tang, Tzu-Jie, Chang, Huei-Jen	No qualified opinion
2021	KPMG Taiwan	Tang, Tzu-Jie, Chang, Huei-Jen	No qualified opinion
2022	KPMG Taiwan	Tang, Tzu-Jie, Chang, Huei-Jen	No qualified opinion
2023	KPMG Taiwan	Tang, Tzu-Jie, Chang, Huei-Jen	No qualified opinion

II. Financial analyses for the past 5 fiscal years:

1. Financial analysis - IFRS (consolidate)

Financial analysis

Analysis item / Year		Financial analysis for the most recent 5 years: 2019	2020	2021	2022	2023	Financial information as of March 31, 2022 of the current fiscal year (Note 2)
Financial structure (%)	Debt to assets ratio	32.17	31.77	27.13	24.83	17.25	
	Ratio of long-term capital to property, plant and equipment	210.61	224.46	356.63	291.90	322.25	
Solvency %	Current ratio	192.12	208.02	286.73	295.99	432.52	
	Quick ratio	145.82	163.82	236.57	223.90	333.76	
	Times interest earned	24,770.13	20,333.99	23,213.24	34,690.92	9,270.09	
Operating performance	Accounts receivable turnover (times)	3.95	3.95	4.70	4.58	4.96	
	Average collection days	92	92	78	80	74	
	Inventory turnover (times)	5.11	4.42	3.99	2.66	2.52	
	Accounts payable turnover (times)	5.67	5.19	5.59	5.95	7.90	
	Average days in sales	71	83	91	137	145	
	Property, plant and equipment turnover (times)	3.19	2.64	3.44	2.74	2.44	
	Total asset turnover (times)	0.90	0.87	0.86	0.64	0.64	
Profitability	Return on total assets (%)	13.02	11.76	14.76	11.54	9.14	
	Return on equity (%)	18.41	17.20	20.67	15.56	11.48	
	Ratio of income before tax to paid-in capital (%)	50.35	46.78	73.29	65.24	46.43	
	Net profit margin (%)	14.36	13.43	17.06	18.00	14.19	
	Earnings per share (NT$)	3.89	4.01	6.60	5.68	4.18	
Cash flow	Cash flow ratio (%)	50.67	44.03	58.67	42.24	82.74	
	Cash flow adequacy ratio (%)	(Note 1)	108.26	113.20	84.80	80.20	
	Cash reinvestment ratio (%)	12.64	7.30	11.46	(2.03)	2.20	
Leverage	Operating leverage	343.19	414.13	276.67	309.79	371.84	
	Financial leverage	1.00	1.01	1.00	1.00	1.01	

Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)

1. Decrease in debt-to-equity ratio: Mainly due to the decrease in total liabilities.
2. Increase in current ratio, quick ratio and cash flow ratio: Mainly due to decrease in current liabilities.
3. Decrease in interest coverage: Mainly due to increase in financial costs.
4. Decrease in return on assets, return on equity and net income ratio: Mainly due to decrease in net income after tax.
5. Ratio of pretax income to paid-in capital: Mainly attributable to the decrease in pretax income.
6. The increase in cash reinvestment ratio is primarily due to the increase in net cash flow from operating activities.

7. The increase in accounts payable turnover ratio is primarily due to the decrease in the average accounts payable balance.
8. The increase in operating leverage is primarily due to the decrease in operating income.

Note 1: The Company had not presented consolidated financial statements before 2017, and thus it is not applicable as the financial information was calculated for less than five years.

Note 2: As of the printing date of the annual report, the most recent prior quarterly financial statements audited and certified by a certified public accountant are the annual financial information for 2023.

Note 3: Calculation equations:

1. Financial structure
   (1)Debt to assets ratio = total liabilities / total assets.
   (2)Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net 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 = earnings before tax and interest expenses / current interest expenses.
3. Operating performance
   (1)Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).
   (2)Average collection days = 365 / accounts receivable turnover.
   (3)Inventory turnover = cost of goods sold / average inventory.
   (4)Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).
   (5)Average days in sales = 365 / inventory turnover.
   (6)Property, plant and equipment turnover = net sales / average net property, plant and equipment.
   (7)Total asset turnover = net sales / average total assets.
4. Profitability
   (1)Return on total assets = [net income + interest expenses * (1 - effective tax rate)] / average total assets.
   (2)Return on equity = net income after tax / average total equity.
   (3)Net profit margin = net income after tax / net sales.
   (4)Earnings per share = (income attributable to owners of parent - preferred stock dividends) / weighted average number of shares outstanding. (Note 4)
5. Cash flow
   (1)Cash flow ratio = net cash flows from operating activities / current liabilities.
   (2)Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).
   (3)Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital) (Note 5)
6. Leverage:
   (1)Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income
   (2)Financial leverage = operating income / (operating income – interest expenses).

Note 4: Special attention should be paid to the following when calculating earnings per share by the above equation:

1. The weighted average quantity of outstanding common shares shall be taken as the standard, not the quantity of outstanding shares at the end of the year.
2. If there is any cash capital increase or treasury stock transaction, take the circulation periods into account when calculating the weighted average quantity of outstanding shares.
3. If there is any capitalization of retained earnings or capital surplus, the annual and semi-annual earnings per share of past years shall be retrospectively adjusted pro rata to the size of the capital increase, without considering the issuance period of the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend for the fiscal year (whether it has been distributed or not) shall be deducted from the net income after tax or added to the net loss after tax. If the preferred shares are non-cumulative, the dividend shall be deducted from the net income after tax if there is net income after tax and no adjustment is required in case there is loss.

Note 5: Special attention shall be paid to the following when making the calculations for cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditures refers to the annual cash outflow used in capital investment.

3. Increase in inventory is counted only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory has decreased at the end of the year, it is counted as zero.
4. Cash dividends include the cash dividends of common stock and preferred stock.
5. Gross property, plant and equipment refers to the total property, plant and equipment without deduction of accumulated depreciation.

Note 6: The issuer shall categorize the operating costs and operating expenses into fixed ones and variable ones in accordance with their properties. If the categorization is subject to estimation or subjective judgment, attention shall be paid to ensure that it is done rationally and consistently.

Note 7: If the Company's shares have no par value or the par value per share is not NT$10, the paid-in capital involved in the calculation of the above ratio shall be replaced by the equity attributable to owners of the parent company on the balance sheet.

2. Financial analysis - IFRS (parent-only)

Item	Year	Financial analyses for the past 5 fiscal years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt to assets ratio	30.94	27.26	26.28	24.22	16.38
	Ratio of long-term capital to property, plant and equipment	307.74	381.46	357.29	292.48	321.68
Solvency (%)	Current ratio	181.26	200.81	293.43	300.48	443.21
	Quick ratio	139.53	161.62	242.91	226.91	340.69
	Times interest earned	25,298.70	20,323.91	24,151.69	36,294.21	9,400.54
Operating performance	Accounts receivable turnover (times)	3.42	3.46	4.80	4.64	5.02
	Average collection days	107	105	76	79	73
	Inventory turnover (times)	5.01	4.80	4.27	2.65	2.51
	Accounts payable turnover (times)	5.62	5.45	6.10	6.21	8.32
	Average days in sales	73	76	85	138	146
	Property, plant and equipment turnover (times)	3.54	3.48	4.08	2.68	2.39
	Total asset turnover (times)	0.79	0.76	0.84	0.63	0.63
Profitability	Return on total assets (%)	14.15	13.00	15.22	11.66	9.22
	Return on equity (%)	19.56	18.21	20.67	15.56	11.48
	Ratio of income before tax to paid-in capital (%)	48.53	45.60	73.00	65.24	46.43
	Net profit margin (%)	17.83	17.10	18.09	18.45	14.56
	Earnings per share (NT$)	3.89	4.01	6.60	5.68	4.18
Cash flow	Cash flow ratio (%)	53.56	48.70	62.83	44.69	86.53
	Cash flow adequacy ratio (%)	115.72	106.76	109.64	81.23	78.00
	Cash reinvestment ratio (%)	10.84	5.31	12.00	(1.77)	2.14
Leverage	Operating leverage	282.67	352.32	254.47	290.68	347.53
	Financial leverage	1.00	1.01	1.00	1.00	1.01

Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)

1. Decrease in debt-to-equity ratio: Mainly due to the decrease in total liabilities.
2. Increase in current ratio, quick ratio and cash flow ratio: Mainly due to decrease in current liabilities.
3. Decrease in interest coverage: Mainly due to increase in financial costs.
4. Decrease in return on assets, return on equity and net income ratio: Mainly due to decrease in net income after tax.
5. Ratio of pretax income to paid-in capital: Mainly attributable to the decrease in pretax income.
6. Increase in cash reinvestment ratio: Mainly due to the increase in net cash flows from operating activities.

Note 1: Calculation equations:

1. Financial structure

(1)Debt to assets ratio = total liabilities / total assets.

(2)Ratio of long-term capital to fixed assets = (total equity + non-current liabilities) / net fixed assets.

2. Solvency

(1)Current ratio = current assets / current liabilities.

(2)Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.

(3)Times interest earned = earnings before tax and interest expenses / current interest expenses.

3.Operating performance

(1)Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).

(2)Average collection days = 365 / accounts receivable turnover.

(3)Inventory turnover = cost of goods sold / average inventory.

(4)Accounts payable (including accounts payable and notes payable arising from business activities) turnover =

cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).

(5) Average days in sales = 365 / inventory turnover.

(6) Total asset turnover = net sales / average total assets.

(7) Total asset turnover = net sales / average total assets.

4. Profitability

(1) Return on total assets = [net income + interest expenses * (1 - effective tax rate)] / average total assets.

(2) Return on shareholders' equity = net income after tax / average net shareholders' equity.

(3) Net profit margin = net income after tax / net sales.

(4) Earnings per share = (net income after tax - preferred stock dividends) / weighted average number of shares outstanding.

5. Cash flow

(1) Cash flow ratio = net cash flows from operating activities / current liabilities.

(2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).

(3) Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross fixed assets + long-term investments + other assets + working capital)

6. Leverage:

(1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income.

(2) Financial leverage = operating income / (operating income – interest expenses).

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

The board of directors has prepared the 2023 Business Report, Parent-only and Consolidated Financial Statements, and the profit distribution proposal. The financial statements have been audited by Tang, Tzu-Jie, CPA, and Chang, Huei-Jen, CPA from KPMG Taiwan, with the audit report of unqualified opinion presented. We have reviewed the above business report, financial statements, and the profit distribution proposal, to which we have found no misstatement, and we hereby issue a review report as presented above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please proceed to review it.

To

2024 Regular Shareholders' Meeting, Unictron Technologies Corporation

Convener of the Audit Committee

February 27, 2024

IV. Financial statement for the most recent fiscal year, including an auditor's report prepared by a certified public accountant, and 2-year comparative balance sheet, statement of comprehensive income, statement of changes in equity, cash flow chart, and any related footnotes or attached appendices: please refer to Appendix 1.

V. A parent company only financial statement for the most recent fiscal year, certified by a CPA: please refer to Appendix 2.

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, the annual report shall explain how said difficulties will affect the company's financial situation: none.

Seven. Review and analysis of financial position and financial performance, and risks

I. Financial position:

List the main reasons for any material change in the company's assets, liabilities, or equity during the past 2 fiscal years, and describe the effect thereof. Where the effect is of material significance, the measures to be taken in response shall be described

Unit: NT$ Thousand

Item \ Year	2022	2023	Difference	
			Amount	%
Current assets	1,573,193	1,460,206	(112,987)	(7.18)
Property, plant and equipment	588,144	541,882	(46,262)	(7.87)
Right-of-use asset	43,772	30,426	(13,346)	(30.49)
Intangible asset	6,012	6,321	309	5.14
Other non-current assets	37,199	44,955	7,756	20.85
Total assets	2,248,320	2,083,790	(164,530)	(7.32)
Current liabilities	531,504	337,601	(193,903)	(36.48)
Non-current liabilities	26,796	21,845	(4,951)	(18.48)
Total liabilities	558,300	359,446	(198,854)	(35.62)
Equity attributed to owners of parent	1,690,020	1,724,344	34,324	2.03
Share capital	478,753	478,753	-	-
Capital reserve	690,174	690,174	-	-
Retained earnings	617,018	578,842	(38,176)	(6.19)
Other equity	(10,000)	62,500	72,500	(725.00)
Treasury shares	(85,925)	(85,925)	-	-
Total equity	1,690,020	1,724,344	34,324	2.03

The changes for 20% or more, and the amounts of changes for NT$10,000 thousand are described below:

1. Right-of-use assets: Mainly due to normal amortization and depreciation this year.
2. Current liabilities and total liabilities: Mainly due to repayment of short-term loans.
3. Other equity: Mainly due to the increase in unrealized gain or loss on investments in equity instruments measured at fair value through other comprehensive income.

II. Financial performance:

1. List the main reasons for any material change in operating revenues, operating income, or income before tax during the past 2 fiscal years, provide a sales volume forecast and the basis therefor, and describe the effect upon the company's financial operations as well as measures to be taken in response.

Unit: NT$ Thousand

Item \ Year	2022	2023	Amount increased (decreased)	Percentage of change %
Operating revenue	1,498,552	1,380,876	(117,676)	(7.85)
Operating costs	907,164	882,660	(24,504)	(2.70)
Gross operating profit	591,388	498,216	(93,172)	(15.75)
Operating expenses	335,685	292,415	(43,270)	(12.89)
Net operating profit	255,703	205,801	(49,902)	(19.52)
Non-operating income and expenses	56,653	16,482	(40,171)	(70.91)
Net profit before tax	312,356	222,283	(90,073)	(28.84)
Income tax expense	42,583	26,310	(16,273)	(38.21)
Net profit of the period	269,773	195,973	(73,800)	(27.36)
Other comprehensive income of the period (net amount after tax)	(7,543)	72,728	80,271	(1,064.18)
Total comprehensive income of the period	262,230	268,701	6,471	2.47

The changes for 20% or more, and the amounts of changes for NT$10,000 thousand are described below:

1. Non-operating income and expenses: Mainly attributable to the disposal of investment properties recognized in prior periods.
2. Net income before tax: The decrease in overall revenue, gross profit and non-operating income and expenses for the year.
3. Income tax expense and net income for the period: Mainly due to the decrease in net income before income tax.
4. Other comprehensive income or loss for the period: Mainly attributable to the increase in unrealized gain on valuation of equity instruments measured at fair value.

2. Sales volume forecast and the basis therefor, and describe the effect upon the company's financial operations as well as measures to be taken in response: the Company has not prepared nor disclose the financial forecast, and this is not applicable.

III. Cash flow:

Describe and analyze any cash flow changes during the most recent fiscal year, describe corrective measures to be taken in response to illiquidity, and provide a liquidity analysis for the coming year

1. Description and analysis of any cash flow changes during the most recent fiscal year

Unit: NT$ Thousand

Item / Year	2022	2023	Amount of difference	Percentage increased (decreased) %
Operating activities	224,514	279,319	54,805	24.41
Investing activities	(387,915)	(156,641)	231,274	(59.62)
Financing activities	(355,169)	(343,321)	11,848	(3.34)

Analysis of changes in cash flows:
Operating activities: the net cash inflow from operating activities was mainly due to the expected increase in revenue over the same period last year.
Investing activities: Investing activities consisted of net cash outflows mainly due to the purchase of real estate,plant and equipment and the constructionof a plant in Vietnam.
Financing activities: decreased net cash inflow primarily due to the repurchase of treasury shares in previous fiscal years.

2. Corrective measures to be taken in response to illiquidity: not applicable as the Company has no such circumstance.

3. Liquidity analysis for the coming year

Unit: NT$ Thousand

Beginning cash balance	Expected net cash flow from operating activities for the whole year	Expected net cash flow from investing activities for the whole year	Expected net cash flow from financing activities for the whole year	Expected amount of cash balance (deficit)	Remedial measure of expected cash deficit	
					Investment plans	Treasury plans
382,556	294,189	(106,338)	(193,905)	376,502	-	-

Analysis of changes in cash flows in the coming year:
Operating activities: mainly because the Company expects a growth of the revenue in second half of the year , the operating activities will generate net cash inflows.
Investing activities: mainly because the Company buys property, plant and equipment, the investing activities will generate net cash outflows.
Financing activities: mainly because the Company distributes cash dividends and repayment of the lease principal, the financing activities will generate net cash outflows.
No cash deficit is expected in the coming year.

IV. Effect upon financial operations of any major capital expenditures during the most recent fiscal year: none

V. The 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 plans for the coming year

Unit: NT$ Thousand

Re-investees	Investment policy	Gain (loss) on investment recognized for 2023	Main reasons for the profits/losses	Improvement plan	Investment plans for the coming year.
Unicom Technologies, Inc.	Investment holdings	(6,032)	Recognition of loss from the subsidiary, Unictron Technologies Corporation (Shenzhen).	-	-
Unictron Technologies Corporation (Shenzhen) Co., Ltd.	Promote the Chinese and overseas markets	(5,804)	Decrease in revenue due to the low price competition in the mainland China market	-	-

VI. The section on risks shall analyze and assess:

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

1. The effect upon the company's profits (losses) of interest rate fluctuations in the most recent year, and response measures to be taken in the future:

   Based on sound and conservative financial management, the Company always monitor the development and movements of the overall economic situation, with references to the research reports from various financial institutions, and keeps close contacts with banks all the time to grasp the information of interest rate fluctuations in real time. The utilization of internal funds is strictly controlled to reduce capital costs. The Company's interest expenses accounted for 0.18% and 0.06% of operating income in 2023 and 2022, respectively, and the Company has made stable profits every year, sufficient to cover the cost of borrowing funds. Changes in interest rates have little impact on the Company. Obviously, the Company's risk of interest rate fluctuation is under control; however, the collection of accounts receivable and fund management will still be further enhanced to lower the impact of interest rate fluctuations on the Company's profit and loss.

2. The effect upon the Company's profits (losses) of exchange rate fluctuations in the most recent year, and response measures to be taken in the future:

   Ratio of exchange profits (losses) to revenue and net income before tax for 2023:

Unit: NT$ Thousand

Analysis Item/Year	2023
Exchange profits (losses)	(9,389)
Net revenue	1,380,876
Ratio of exchange profits (losses) to net revenue	(0.68)
Net income before tax	222,283
Ratio of exchange profits (losses) to net income before tax	(4.22)

The Company adopts the following response measures for exchange rates:

The Group's hedging strategy, in addition to the natural hedging, is supplemented by the signing forward foreign exchange contracts to manage the exchange rate risk of net foreign currency positions arising from occurred sales and purchase transactions. By using such derivative instruments, Group is helped to reduce the impact of foreign currency exchange rate fluctuation to a certain extent.

3. The effect upon the company's profits (losses) of inflation in the most recent year, and response measures to be taken in the future:

The Group's quotations to suppliers and customers are adjusted dynamically with reference to fluctuations in market prices of raw materials. Therefore, inflation has not had a major adverse impact on the Group's operations. In addition, the Group will always monitor market price fluctuations, and maintain good interactive relationships with suppliers and customers to reduce the impact of inflation on the Company's operating profits.

(II) The 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.

The Company adopts the conservative and robust approach regarding the financial policies. During the most recent years up to the publication date of the annual report, no loaning of fund and endorsement/guarantee was provided to others. Meanwhile, the Company has established the “Operating Procedures for Loaning of Funds to Others”, “ “Operating Procedures for Making of Endorsements/Guarantees,” and “Operating Procedures for the Acquisition and Disposal of Assets,” as the basis for engaging in related transactions. Where the Group intends to engaging loaning of fund, making endorsement/guarantee, or trading derivatives, the related regulations shall be complied with, and full disclosure shall be made in the financial statements.

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

The Group is oriented to active research and development of new products and commission to innovative technologies; based on core technologies such as ceramic material formula and process technologies, the development of products corresponding wireless communication components, piezoelectric components and ultrasonic transducers is conducted. With the trend of electronic products getting ever-changing, compacter, efficient, and penetrating, the wireless communication industry seeks now the miniaturization, high performance, anti-interference, and multi-functional integration. In the past decade, the Group's antenna R&D team has successively developed the compact TELA (Tuning Element Loop Antenna) chip antennas, which are the important R&D achievement to meet the needs of industrial development. The Group has obtained dozens of multinational patents. Another key product of the Group is the Castle Patch antenna, which resembles a medieval castle building in appearance, with a solid, simple and clean structure. The flat, single-layer, one-piece design is capable of carrying out multi-frequency signals, and can receive a larger number of high-band satellites. The Group's Castle Patch antennas are particularly suitable for applications incorporating RTK high-precision positioning technology, for which patents have been obtained in various countries. Based on the above R&D foundation, the Group will continue its efforts in high-performance miniaturized antennas, and hopes to launch new products in other wireless communication product areas, such as Bluetooth handlebar, kick power liftgate, and in-vehicle detection and other Ultra WideBand (UWB) applications. While the demand for high-precision positioning is becoming more and more urgent, the Group also has R&D energy focused on miniaturized high-precision positioning antennas. In addition, 5G communication with high bandwidth and low latency can increase the data transmission capacity and bandwidth significantly by using millimeter-wave frequency band, so millimeter-wave frequency band is bound to be the main frequency band used for mobile communication in the future. Since the higher the frequency, the higher the attenuation, the phased array antenna design is a technology to overcome this problem, and the continuous development of this technology is also an important R&D direction for the Group.

The Group also continues to observe market trends and requirements of customers' product specification, while proactively being committed to innovative product development. Different product application fields tend to require different characteristics of piezoelectric components, so the development of different material formulations for piezoelectric components is one of the directions of the Group's efforts; with the trend of intelligent products, transducers and actuators developed on the basis of piezoelectric components will also play a more important role, especially in the application of various IoT industries such as environmental monitoring and human-machine interface. While RoHS currently still lists piezoelectric ceramics in an exclusive clause, the Group started to develop new lead-free piezoelectric ceramic formulas based on environmental protection and precautions, to meet the product needs in different markets; moreover, with market development direction including industrial upgrading and industrial 4.0 intelligent control automated production control, piezoelectric ceramic actuators have the advantages of ultra-low power consumption, rapid response speed and precision, and are also widely adopted in industrial automation precision control (such as CNC-digital control machine tools).

The main research and development situation in the future is listed in the table below:

Item	Product name and main specs	Development time
1	Lead-free piezoelectric ceramic material: To be eco-friendly, lead-containing substances may be prohibited in piezoelectric materials, and thus the development of lead-free piezoelectric ceramic materials is the future development trend.	Q1 2021 to Q4 2024
2	LTCC 5G/ millimeter wave RF antenna module: The Company owns the LTCC process technology, with smart array antenna and circuit design capabilities, as well as a complete measurement system to meet customers' needs.	Q4 2022 to Q4 2024
3	Piezo actuator: Utilizing the characteristic of piezoelectric ceramics to deform when voltage is applied, it is made into piezoelectric actuators, widely used in precision displacement control equipment in smart industries. Utilizing the core technology to make piezo actuators with various types of tactile feedback functions.	Q1 2022 to Q4 2025
4	S-band antenna for automotive low-orbit satellite communications: Adopting its own patented Castle antenna with good radiation performance and excellent low elevation transmitting/receiving capability, it can enhance the stability and quality of communication with low orbit satellites while the vehicle is in motion.	Q4 2023 to Q1 2025
5	Underwater ultrasonic transducer: Extending our core technology to enhance the resolution and applicability of our products, we provide solutions that address the pain points of our customers and satisfy the needs of the mid-to-high-end market.	Q4 2023 to Q1 2025
6	UWB high-precision antenna: With stable phase center and TOF consistency at all angles, it can improve the accuracy of UWB AOA and ranging. We uses its own LTCC process technology to miniaturize the antenna size and make it competitively priced.	Q1 2024 to Q4 2024
7	Technological surveillance equipment: Integration of LTE mobile communications with GNSS satellite positioning and RF positioning technologies for special personnel monitoring and tracking purposes, as well as development of VoLTE call functions to meet customer needs.	Q1 2024 to Q1 2025
8	High-pressure resistant ultrasonic gas flow sensors for industrial use: The market demand is for high voltage resistant sensors for the transportation of gas/liquids in long distance pipelines.	Q1 2024 to Q4 2026

The above products planned to be developed will be mass-produced successively depending on the product development progress and future market demand. The Group's estimated investment in research and development in 2023 is NT$170 million. To accelerate the R&D progress, the R&D will be gradually increased to support future R&D plans. Other than purchasing R&D-related hardware and software equipment, R&D talents with rich experience and creativity are continuously recruited, to enhance R&D capabilities and increase the Group's competitive advantage.

(IV) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response.

The execution of all businesses of the Group complies with the laws and regulations of the competent authorities, while always monitoring changes in important policies and laws at home and abroad, with evaluations of impacts thereof on the Company. During the most recent years up to the publication date of the annual report, no material effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad.

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

The Group always monitors scientific changes and technological developments related to the industry where it operates, to launch products meeting market trends. Currently, there is no technological change or industrial change materially affecting the Group's finance and business.

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

Since its incorporation, the Group has complied with the relevant laws and regulations, actively strengthened internal management, cultivated the strength of the management team, and fulfilled corporate social responsibilities. During the most recent years up to the publication date of the annual report, the Group has not had any circumstance affecting crisis management by changes in corporate image.

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

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

There have been no such circumstances up to the most recent fiscal year and as of the date of printing of the annual report, so it does not apply.

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

(1) Risk associated with consolidation of purchasing

During the most recent 2 years up to the publication date of the annual report, the Group has no consolidation of purchase. Moreover, the Group maintains good and stable cooperative relationships with various suppliers to ensure the supply of main raw materials without concerns, while preparing an appropriate inventory to avoid the risk of supply shortage or interruption.

(2) Risk associated with consolidation of sales:

During the most recent 2 years up to the publication date of the annual report, the Group has no consolidation of sales. In addition, the Group develops new customers through the global positioning, to reduce the risk of consolidated sales on some customers. The Group's sales areas are all over Americas, Europe, and Asia, focusing on the balanced development of each sales area, without dependence on a single market.

(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 percent stake in the Company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken.

During the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, no massive transfer of equity interests was made by director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent.

(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.

During the most recent year up to the publication date of the annual report, there was no change in governance personnel or top management.

(XII) List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) 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.

1. Litigious, non-litigious or administrative disputes that 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:

   A search and investigation of the Water Pollution Control Act has been conducted on December 2022 by the Third Brigade of the Seventh Corps of the Security Police, National Police Agency, Audit Agency & Ministry of the Interior, Hsinchu County Government. The case is still under investigation. The Company has appointed a lawyer to handle the case, with the final result not yet determined.

2. Litigious, non-litigious or administrative disputes that have been concluded by means of a final and unappealable judgment, or are still under litigation, where the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company are involved, with material effect on the shareholders' equity or the prices of the company's securities: none.

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

VII. Other important matters: none.

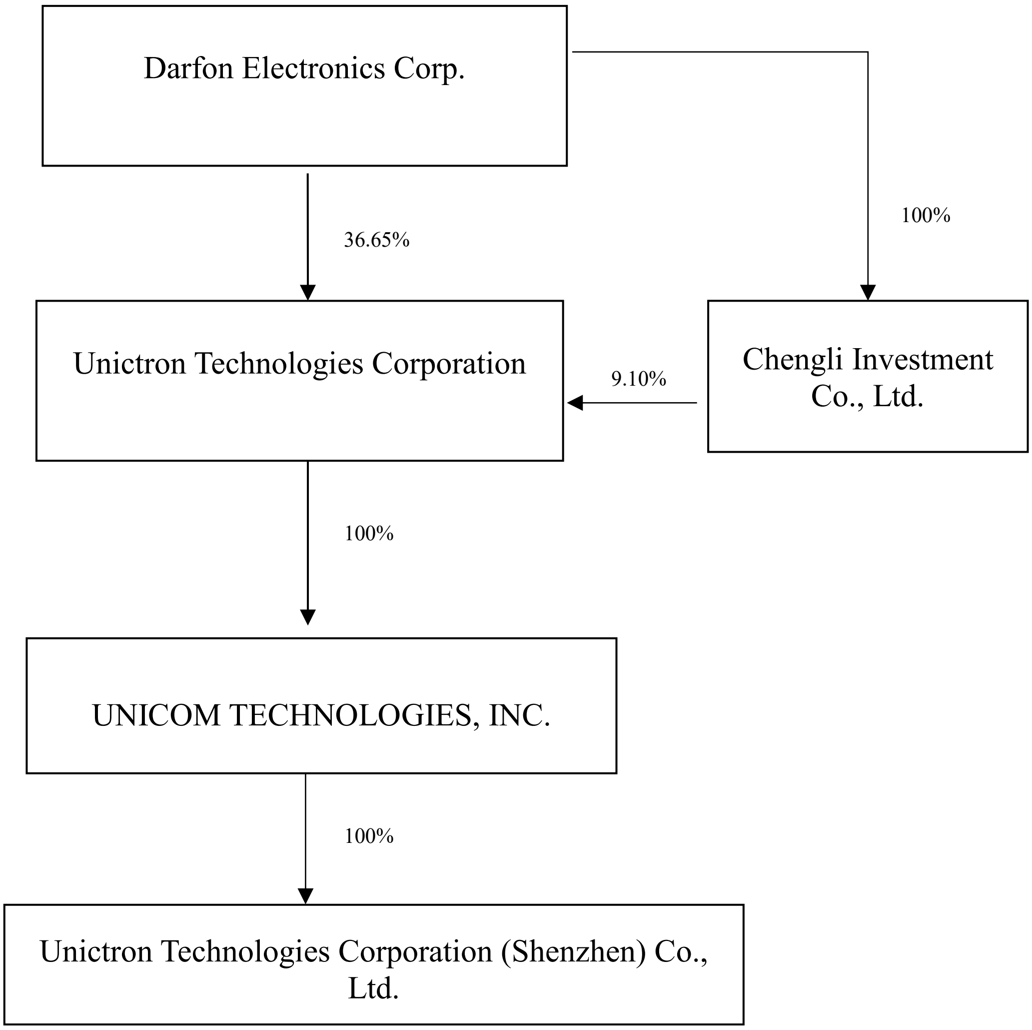
Eight. Special items to be included:

I. Information related to the company's affiliates:

(I) Consolidated business report of affiliates

1. Organizational chart of affiliates

(1) Controlling company and subordinate companies: December 31, 2023



(3) Companies investing each other: none.

2. Basic information on each affiliate:

December 31, 2023/ Unit: NT$ thousand

Name of enterprise	Incorporation date	Address	Paid-up capital	Major business or production items
Controlling company Darfon Electronics Corp.	May 8, 1997	No. 167-1, Shanying Rd., Guishan District, Taoyuan City 333	2,800,000	Manufacturing and sales of computer peripheral products, power supply components, green energy components and integrated components and materials
Subordinate companies Unicom Technologies,Inc	September 30, 2009	Level 3, Alexander House, 35 Cybercity, Ebene Mauritius	47,321	Holding company for reinvestment in foreign companies
Unictron Technologies Corporation (Shenzhen) Co., Ltd.	April 23, 2010	Building 609, Pingshan Minqi Technology Park, No. 65 Lishan Road, Pingshan Community, Taoyuan Street, Nanshan District, Shenzhen	45,264	Design and marketing of antenna and modules for wireless communication

3. Information of the mutual shareholders of the presumed controlling company and subordinate companies: not applicable

4. The industries covered by the business operated by the affiliates overall, and description of the transactions and division of works:

The Company conducts international sales division based in Taiwan. Taiwan is responsible for product R&D, process design, trial production of new products, production of high-end products, and sales of all products. WirelessCom Technologies in China is in charge of designing of various antenna and modules, and the supportive services of product applications to customers. In addition, to fully implement the customer-oriented aim, the Company focuses on online marketing and strengthens the marketing capabilities of foreign agents, to enhance the design and introduction of new products, as well as the development of new markets, to expand the Company's marketing channels, will seeking to be able to provide the most immediate and effective responses to customers' requirements. This division of work system enables the Company to sufficiently exerts the effects of R&D, manufacturing, and marketing, for the best competitiveness.

5. Information of the directors, supervisors, and general manager of each affiliate

December 31, 2023/ Unit: NT$ thousand; share; %

Name of enterprise	Position	Name or representative	No. of shares held	
			No. of shares	Shareholding percentage
Controlling company Darfon Electronics Corp.	Chairman concurrently Chief executive officer	Andy Su	4,058,447	1.45%
	Director	Li, Kun-Yao	1,525,729	0.54%
	Director	Representative of Qisda Corporation: Chen, Chi-Hung	58,004,667	20.72%
	Director	Representative of Qisda Corporation: Hung Chiu-Jin	58,004,667	20.72%
	Director concurrently President	Tsai, Yao-Kun	519,271	0.19%
	Independent director	Lin, Neng-Bai	-	-
	Independent director	Li, Yu-Tian	-	-
	Independent director	Hu, Hsiang-Ning	-	-
	Independent director	Li, Kun-Ming	-	-
Subornidanate companies Unicom Technologies,Inc	Person in Charge	Andy Su	1,534,803	100%
Unictron Technologies Corporation (Shenzhen) Co., Ltd.	Managing director Supervisor	Chuang, Rong-Hua Cheng, Shi-Wei	(Note)	100%

Note: it is in the form of “limited company” and no share is issued.

6. Overview of affiliates’ businesses

December 31, 2023/ Unit: NT$ thousand

Name of enterprise	Paid-up capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Income (loss) of the period (after tax)	Earnings per share (NT$) (after tax)
Controlling company Darfon Electronics Corp.	2,800,000	27,627,441	15,422,836	12,204,605	13,418,186	114,396	1,650,873	5.91
Subornidanate companies Unicom Technologies,Inc	47,321	24,395	-	24,395	-	-	(6,032)	-
Unictron Technologies Corporation (Shenzhen) Co., Ltd.	45,264	63,027	39,225	23,802	63,239	(8,761)	(5,804)	(Note 1)

Note 1: It is in the form of “limited company” and no share is issued.

(II) Consolidated financial statements of affiliates

Per the description in Description 4 and Attachment 5 of the Letter Tai-Cai-Zheng No. 04448 of the Securities and Futures Management Commission, MOF, the Company may be exempted from preparing the consolidated financial statements of affiliates separately, but presents the Declaration as the Attachment 1 of the said letter. The Company has presented the Declaration as Attachment 5, at the first page of the parent and subsidiary consolidated financial statements. Please refer to Appendix 1.

(III) Report of affiliates

1. Declaration for report of affiliates

Declaration for report of affiliates

It is hereby declared that the Company's 2023 (from January 1, 2023 to December 31 2023) report of affiliates was prepared pursuant to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," and the information disclosed are not materially inconsistent to the related information disclosed in the notes to the financial statements of the said period.

Company Name: Unictron Technologies Corporation

Person in Charge: Andy Su

February 27, 2024

3. Overview of the relationships between the controlling company and subordinate companies

December 31, 2023/ Unit: share; %

Name of controlling company	Reason of control	Shareholding and pledge of the controlling company			Directors, supervisors, or managerial officers assigned by the controlling company	
		No. of shares held	Shareholding percentage	Number of shares pledge	Job title	Name
Darfon Electronics Corp.	The Company's parent company	17,551,081	36.65%	None	Director Director Director	Jery Lin (Note) Lee, Ran-Rong Chang, Ming-Chu

Note： On January 3, 2024, Darfon Electronics Corp. changed its representative from Jery Lin to Wang, Wei Chi.

3. Transactions between the controlling company and subordinate companies

(1) Purchase (sale) of goods:

December 31, 2023/ Unit: NT$ thousand; %

Transaction status with the controlling company				Transaction terms with the controlling company		General transaction terms (Note)		Reason of deviation	Accounts and notes receivable (payable)		Overdue accounts receivable			Remarks
Purchase (sale)	Amount	Ratio to the total purchase (sale)	Gross margin (Note)	Unit price (NT$) (Note)	Credit period	Unit price (NT$)	Credit period		Balance	Ratio to the total accounts and notes receivable (payable)	Amount	Treatment	Allowance for bad debt	
Sales	208	-	-	-	90-day monthly settlement	-	-	None	7	-	-	Not applicable	Not applicable	
Purchase	29	-	-	-	90-day monthly settlement	-	-	None	17	-				

Note: the Company has no term of sales and purchase, nor price of general sales and purchase with the controlling company

(2) Property transactions: none.

(3) Financing: none,

(4) Asset leasing: In July 2022, the Company acquired the right-of-use asset of the 2,267-square-meter (685.76

Lessor or Lessee	Object		Lease period	Nature of the leasing	The method by which the leasing price was determined	The collection (payment) method	Comparison with ordinary leasing price levels	Total leasing price for the current period	Collection/ payment status	Other special stipulations
	Name	Location								
Lessee	Tainan plant of Darfon Electronics Corp.	4F,No. 21, Gongye 2nd Rd., Annan Dist., Tainan City, Taiwan (R.O.C.)	7/1/2022 to 6/30/2027	Right-of-use asset	Regional market price	Monthly payment	No significant deviation	5,098	5,098	None

ping) plant in Tainan of the parent company Darfon Electronics Corp.

(5) Endorsement and guarantee: none.

(6) Other: none

II. Any private placement of securities 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 required to be supplemented for description: none.

V. During the current fiscal year up to the date of publication of the annual report, any matter materially affecting the shareholders' equity or securities prices as specified in Subparagraph 2, Paragraph 3, Article 36 of the Act: none.

Stock code: 6792

Unictron Technologies Corporation
and Subsidiaries
Consolidated Financial Statements
With Independent Auditors' Report

For the Years Ended December 31, 2023 and 2022

Company Address: No.41 Shuei-Keng, Guan-Si, Hsin-Chu 30648 Taiwan (R.O.C)
Tel:(03)4072728

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

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Representation Letter

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

Hereby declare

Company name: Unictron Technologies Corporation

Chairman: Su, Kai-Chien

Date: February 27, 2024

Independent Auditors' Report

To the Board of Directors of Unictron Technologies Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2023 are stated as follows:

I. Revenue recognition

Please refer to Note 4(15) to the consolidated financial reports for the accounting policies related to revenue and Note 6(19) to the consolidated financial reports for disclosures related to revenue recognition.

Description on the Key Audit Matters:

The Unictron Group’s sales to customers involve different types of transaction terms. The Unictron Group is required to identify the timing of transfer of control of goods to customers based on the sales terms of individual transactions. Therefore, the revenue recognition testing is one of the important evaluation matters performed in our audit of the Unictron Group's parent-only financial reports.

Audit procedures:

Our main audit procedures for the above key audit matters included testing the sales and payment collection operations and the internal control related to its financial reporting, and reviewing the sales contracts or evidence of transactions to assess whether the timing of revenue recognition was based on the terms of the transactions with the customers; testing a sample of sales transactions for the period before and after the end of the year to identify the timing at which the control over the goods was transferred to the customer to satisfy the contractual obligations in order to assess whether the accounting treatment of the timing of revenue recognition was appropriate; reviewing whether significant sales returns and discounts were incurred in the subsequent period to understand and analyze the reasons in order to assess the appropriateness of revenue and related sales returns and discounts in the period in which they are recognized.

II. Inventory valuation

Please refer to Note 4(8) to the consolidated financial reports for the accounting policies related to inventory valuation; Please refer to Note 5 to the consolidated financial reports for the description on accounting estimates and assumption uncertainties related to inventory valuation; Please refer to Note 6(6) to the consolidated financial reports for the provision of inventory falling price loss.

Description on the Key Audit Matters:

Inventories are subsequently measured at the lower of costs or net realizable value. Due to rapid technological advancement, the costs of inventories may exceed their net realizable value due to obsolescence or a decrease in sales price, resulting in inventory falling price loss. The evaluation of net realizable value involves management's subjective judgment. Therefore, inventory valuation is one of the important evaluation matters in our audit of Unictron Technologies Corporation's consolidated financial reports.

Audit procedures:

Our main audit procedures for the above key audit matters included reviewing the inventory aging statements provided by the Unictron Group and analyzing the changes in inventory aging; sampling the accuracy of the inventory aging statements; reviewing the valuation of inventories and confirming that the accounting policies established by the Unictron Group were followed; and evaluating the reasonableness of the allowance for inventory falling price loss and provision policy formulated by the management.

Other Matter

Unictron Technologies Corporation has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have audited and expressed an unqualified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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:

I. 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.

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

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

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

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

VI. 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 the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Tzu-Chieh Tang and Huei-Chen Chang.

KPMG
Taipei, Taiwan (Republic of China)
February 27, 2024

		December 31, 2023		December 31, 2022	
	Assets	Amount	%	Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6(1))	$ 382,556	18	603,230	27
1110	Financial assets at fair value through profit or loss - current (Note 6(2))	3,945	-	25	-
1120	Financial assets at fair value through other comprehensive income - current (Note 6(3))	248,390	12	80,509	3
1136	Financial assets measured at amortized cost - current (Notes 6(4) and 8)	215,600	10	216,100	10
1170	Notes and accounts receivable, net (Notes 6(5) and (19))	265,100	13	259,099	11
1180	Accounts receivable - related parties, net (Notes 6(5), (19) and 7)	8,114	1	24,266	1
1310	Inventories (Note 6(6))	329,003	16	372,885	17
1410	Prepayments and other current assets	7,498	-	17,079	1
	Total current assets	1,460,206	70	1,573,193	70
	Non-current assets:				
1600	Property, plant and equipment (Notes 6(7) and 7)	541,882	26	588,144	26
1755	Right-of-use assets (Note 6(8))	30,426	2	43,772	2
1780	Intangible assets (Note 6(10))	6,321	-	6,012	-
1840	Deferred income tax assets (Note 6(16))	26,914	1	18,680	1
1915	Prepayments for equipment	12,836	1	13,753	1
1920	Refundable deposits	5,205	-	4,766	-
	Total non-current assets	623,584	30	675,127	30
	Total assets	**$ 2,083,790**	**100**	**2,248,320**	**100**

(Continued)

		December 31, 2023		December 31, 2022	
	Liabilities and equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (Note 6(11))	$ -	-	86,720	4
2120	Financial liabilities at fair value through profit or loss - current(Note 6(2))	13	-	633	-
2170	Notes and accounts payable	107,633	5	115,773	5
2180	Accounts payable - related parties (Note 7)	17	-	10	-
2219	Other payables (Note 6(20))	190,121	9	263,673	12
2220	Other payables - related parties (Note 7)	6,006	-	3,302	-
2230	Current income tax liabilities	10,447	1	22,110	1
2250	Provision for liabilities - current (Note 6(13))	182	-	1,277	-
2280	Lease liabilities-current (Note 6(12))	7,887	-	16,712	1
2282	Lease liabilities - related parties - current (Notes 6(12) and 7)	4,681	-	4,625	-
2300	Other current liabilities (Note 6(19))	10,614	1	16,669	1
	Total current liabilities	337,601	16	531,504	24
	Non-current liabilities:				
2581	Lease liabilities non-current (Note 6(12))	5,360	-	5,137	-
2582	Lease liabilities - related parties - non-current (Notes 6(12) and 7)	11,952	1	16,633	1
2570	Deferred income tax liabilities (Note 6(16))	1,595	-	1,164	-
2640	Net defined benefit liabilities - non-current (Note 6(15))	2,938	-	3,862	-
	Total non-current liabilities	21,845	1	26,796	1
	Total liabilities	359,446	17	558,300	25
	Equity (Notes 6(17))				
3110	Common stock	478,753	23	478,753	21
3200	Capital surplus	690,174	33	690,174	31
	Retained earnings:				
3310	Legal reserve	145,073	7	117,973	5
3320	Special reserve	10,001	1	1,236	-
3350	Unappropriated earnings	423,768	20	497,809	22
		578,842	28	617,018	27
	Other equity:				
3410	Exchange differences on translation of foreign operations	(927)	-	(886)	-
3420	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	63,427	3	(9,114)	-
	Total other equity	62,500	3	(10,000)	-
3500	Treasury stock	(85,925)	(4)	(85,925)	(4)
	Total equity	1,724,344	83	1,690,020	75
	Total liabilities and equity	**$ 2,083,790**	**100**	**2,248,320**	**100**

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

Unictron Technologies Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

		2023		2022	
		Amount	%	Amount	%
4000	**Net revenue (Notes 6(19), 7 and 14)**	$ 1,380,876	100	1,498,552	100
5000	**Operating costs (Notes 6(6), (7), (8), (10), (12), (13), (15), (20), 7 and 12)**	(882,660)	(64)	(907,164)	(61)
	Gross profit	498,216	36	591,388	39
	Operating expenses (Notes 6(5), (7), (8), (10), (12), (15), (20), 7 and 12):				
6100	Marketing expenses	(53,260)	(4)	(71,548)	(4)
6200	Administrative expenses	(107,337)	(8)	(118,017)	(8)
6300	Research and development expenses	(129,497)	(9)	(146,930)	(10)
6450	Expected credit gain (loss)	(2,321)	-	810	-
6000	**Total operating expenses**	(292,415)	(21)	(335,685)	(22)
	Operating income	205,801	15	255,703	17
	Non-operating income and expenses (Notes 6(9), (12), (14), (21), (23), 7 and 12):				
7100	Interest income	5,971	-	2,767	-
7010	Other income	18,824	1	17,127	1
7020	Other gains and losses	(5,889)	-	37,662	3
7050	Finance costs	(2,424)	-	(903)	-
	Total non-operating income and expenses	16,482	1	56,653	4
	Income before income tax	222,283	16	312,356	21
7950	**Less: Income tax expenses (Note 6(16))**	(26,310)	(2)	(42,583)	(3)
	Net income	195,973	14	269,773	18
	Other comprehensive income (Note 6(17)):				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Remeasurement of defined benefit plans	228	-	1,221	-
8316	Unrealized gain (loss) from investments in equity instruments measured at fair value through other comprehensive income	72,541	5	(9,114)	(1)
8349	Income taxes related to items that may not be reclassified	-	-	-	-
		72,769	5	(7,893)	(1)
8360	**Items that may be subsequently reclassified to profit or loss**				
8361	Exchange differences on translation of foreign operations	(41)	-	350	-
8399	Income taxes related to items that may be reclassified	-	-	-	-
		(41)	-	350	-
	Other comprehensive income of the period	72,728	5	(7,543)	(1)
	Total comprehensive income of the period	**$ 268,701**	**19**	**262,230**	**17**
	Earnings per share (Unit: NT$, Note 6(18))				
9750	**Basic earnings per share**	**$**	**4.18**		**5.68**
9850	**Diluted earnings per share**	**$**	**4.15**		**5.58**

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

Unictron Technologies Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributed to owners of parent										
			Retained earnings				Other equity items				
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translation of foreign operations---	Unrealized losses on financial assets at fair value through other comprehensive income	Total	Treasury stock	Total equity
Balance of January 1, 2022	$ 478,753	690,174	88,824	1,341	519,173	609,338	(1,236)	-	(1,236)	-	1,777,029
Net income of the period	-	-	-	-	269,773	269,773	-	-	-	-	269,773
Other comprehensive income of the period	-	-	-	-	1,221	1,221	350	(9,114)	(8,764)	-	(7,543)
Total comprehensive income of the period	-	-	-	-	270,994	270,994	350	(9,114)	(8,764)	-	262,230
Appropriation and distribution of earnings:											
Legal reserve	-	-	29,149	-	(29,149)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(105)	105	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(263,314)	(263,314)	-	-	-	-	(263,314)
Repurchase of treasury stock	-	-	-	-	-	-	-	-	-	(85,925)	(85,925)
Balance of December 31, 2022	478,753	690,174	117,973	1,236	497,809	617,018	(886)	(9,114)	(10,000)	(85,925)	1,690,020
Net income of the period	-	-	-	-	195,973	195,973	-	-	-	-	195,973
Other comprehensive income of the period	-	-	-	-	228	228	(41)	72,541	72,500	-	72,728
Total comprehensive income of the period	-	-	-	-	196,201	196,201	(41)	72,541	72,500	-	268,701
Appropriation and distribution of earnings:											
Legal reserve	-	-	27,100	-	(27,100)	-	-	-	-	-	-
Special reserve	-	-	-	8,765	(8,765)	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(234,377)	(234,377)	-	-	-	-	(234,377)
Balance of December 31, 2023	**$ 478,753**	**690,174**	**145,073**	**10,001**	**423,768**	**578,842**	**(927)**	**63,427**	**62,500**	**(85,925)**	**1,724,344**

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

Unictron Technologies Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities:		
Income before income tax	$ 222,283	312,356
Adjustments for:		
Income and expenses items		
Depreciation expenses	124,962	98,334
Amortization expenses	3,711	3,903
Expected credit impairment loss (reversal gain)	2,321	(810)
Interest expenses	2,424	903
Interest income	(5,971)	(2,767)
Dividend income	(11,870)	(7,150)
Loss (Gain) on disposal of property, plant and equipment	112	(61)
Gain on disposal of investment property	-	(36,821)
Total income and expenses items	115,689	55,531
Changes in assets/liabilities related to operating activities:		
Net changes in assets related to operating activities:		
Financial assets at fair value through profit or loss	(3,920)	540
Notes and accounts receivable	(8,322)	92,983
Accounts receivable - related parties	16,152	(3,946)
Inventories	43,882	(64,246)
Prepayments and other current assets	9,575	(4,852)
Total net changes in assets related to operating activities	57,367	20,479
Net changes in liabilities related to operating activities:		
Financial liabilities at fair value through profit or loss	(620)	610
Notes and accounts payable	(8,140)	(73,122)
Accounts payable - related parties	7	10
Other payables	(59,694)	(7,746)
Other payables - related parties	2,704	3,100
Provision for liabilities	(1,095)	(458)
Other current liabilities	(6,055)	1,668
Net defined benefit liabilities	(696)	(693)
Total net changes in liabilities related to operating activities	(73,589)	(76,631)
Total net changes in assets and liabilities related to operating activities	(16,222)	(56,152)
Total adjustments	99,467	(621)
Cash inflows from operations	321,750	311,735
Interest received	5,977	2,702
Interest paid	(2,647)	(705)
Income taxes paid	(45,761)	(89,218)
Net cash inflows from operating activities	279,319	224,514

(Continued)

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

Unictron Technologies Corporation and Subsidiaries
Consolidated Statements of Cash Flows (continued)
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(95,340)	(89,623)
Acquisition of financial assets measured at amortized cost	-	(215,000)
Proceeds from repayments of financial assets at amortized cost	500	-
Acquisition of property, plant and equipment (including prepayments for equipment)	(69,209)	(153,013)
Price for disposal of property, plant and equipment	-	1,067
Increase in refundable deposits	(439)	(589)
Acquisition of intangible assets	(4,023)	(1,840)
Acquisition of investment property	-	(137)
Price for disposal of investment property	-	64,070
Dividends received	11,870	7,150
Net cash outflows from investing activities	(156,641)	(387,915)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	(86,720)	13,839
Decrease in deposits received	-	(1,130)
Principal repayment of leases	(22,224)	(18,639)
Cash dividends paid	(234,377)	(263,314)
Cost of treasury stock repurchase	-	(85,925)
Net cash outflows from financing activities	(343,321)	(355,169)
Effect of changes in exchange rates	(31)	280
Decrease in cash and cash equivalents of the period	(220,674)	(518,290)
Balance of cash and cash equivalents at beginning of period	603,230	1,121,520
Balance of cash and cash equivalents at end of period	**$ 382,556**	**603,230**

I. Company history

Unictron Technologies Corporation (hereinafter referred to as "the Company") was established on April 8, 1988 with the approval of the Ministry of Economic Affairs. Its registered office is at No.41 Shuei-Keng, Guan-SiHsin-Chu 30648 Taiwan (R.O.C). The principal business of the Company and its subsidiaries (hereinafter referred to as the "Group") is the manufacture and sale of electronic ceramic components, modules and system products and other electronic parts and components.

II. The date and procedure for the adoption of the financial statements

The consolidated financial reports were approved and issued by the Board of Directors on February 27, 2024.

III. Application of newly issued and amended standards and interpretations

(I) Impact of adopting newly issued and amended standards and interpretations recognized by the Financial Supervisory Commission ("FSC")

From January 1, 2023, the Company adopted the following newly amended IFRS, which did not have a significant impact on the consolidated financial reports.

- Amendments to IAS 1, "Disclosures of Accounting Policies"
- Amendments to IAS 8, "Definition of Accounting Estimates"
- Amendments to IAS 12, "Deferred Income Taxes Related to Assets and Liabilities Arising from a Single Transaction"

From May 23, 2023, the Company adopted the following newly amended IFRS, which did not have a significant impact on the consolidated financial reports.

- Amendments to IAS12 "International Tax Reform – Pillar Two Model Rules"

(II) Impact of not yet adopting the IFRS recognized by the FSC

The Group assesses that the application of the following newly amended IFRS, which are effective from January 1, 2024, will not have a material impact on the consolidated financial reports.

- Amendments to IAS 1, "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1, "Non-current Liabilities with Contractual Terms"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16, "Sale and Leaseback Transactions"

(III) Newly issued and amended standards and interpretations not recognized by the FSC

The Group expects that the following newly issued and amended standards, which have not been recognized by the FSC, will not have a significant impact on the consolidated financial reports.

- Amendments to IFRS 10 and IAS 28, "Disposal of or Investment in Assets between an Investor and its Affiliate or Joint Venture".
- Amendments to IFRS 17, "Insurance Contracts" and IFRS 17
- IAS 21 “Lack of Convertibility”

IV. Summary of significant accounting policies

The significant accounting policies adopted in the consolidated financial reports are summarized as follows. The following accounting policies have been applied consistently to all periods presented in the consolidated financial reports.

(I) Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the "Regulations") and the IFRS, IAS, Interpretations and Explanatory Notes recognized by the FSC (hereinafter referred to as the "IFRS approved by the FSC").

(II) Basis of Preparation

1. Basis of Measurement

The consolidated financial reports have been prepared on the historical cost basis, except for the significant balance sheet items as follows:

(1) Financial instruments (including derivative financial instruments) measured at fair value through profit or loss;
(2) Financial assets at fair value through other comprehensive income;
(3) The net defined benefit liabilities are measured at the present value of the defined benefit liabilities less the fair value of pension fund assets and the cap effects as described in Note 4(17).

2. Functional and Expression Currencies

Every entity of the Group’s functional currency is the currency of the primary economic environment in which it operates. The consolidated financial reports are expressed in NT$, the Company's functional currency. All financial information expressed in NT$ is in NT$ thousand unless otherwise stated.

(III) Basis of consolidation

1. Preparation principles of the notes to consolidated financial reports

The entity that prepares the consolidated financial statements consists of the Company and entities controlled by the Company (i.e., subsidiaries). The Company controls an investee when it is exposed to variable compensation from its participation in the investee or has rights to such variable compensation and has the ability to affect such compensation through its power over the investee.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date control over them is acquired until the date control is lost. Internal transactions, balances and any unrealized gains and losses of the Group have been eliminated upon the preparation of the consolidated financial statements. The total consolidated profit or loss of subsidiaries is attributed to the Company's owners and non-controlling interests, respectively, even if the non-controlling interests become a loss balance as a result.

The financial statements of subsidiaries have been appropriately adjusted to conform to the accounting policies used by the Company.

Changes in the Group's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions with the owners. The difference between the adjustment to non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and is attributable to the owners of the Company.

2. Subsidiaries included in the consolidated financial statements

Subsidiaries included in the consolidated financial statements include:

Name of investor companies	Name of subsidiaries	Business nature	Percentage of shareholding December 31, 2023	Percentage of shareholding December 31, 2022
The Company	Unicom Technologies, Inc. (UTI)	Investment holdings	100.00%	100.00%
UTI	Unictron Technologies Corporation (Shenzhen) Co., Ltd. (Original WirelessCom Technologies (Shenzhen) Co., Ltd.)	Design and marketing of antenna and modules for wireless communication	100.00%	100.00%

3. Subsidiaries not included in the consolidated financial statements: None.

(IV) Foreign Currency

1. Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rate at the date of the transaction. At the end of each subsequent reporting period (hereinafter referred to as the reporting date), monetary items denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing on the date. Non-monetary items denominated in foreign currencies measured at fair value are translated into the functional currency using the exchange rate at the date of fair value measurement, while non-monetary items denominated in foreign currencies measured at historical cost are translated using the exchange rate at the date of the transaction.

Translation differences arising from foreign currency translations are generally recognized in profit or loss, except for equity instruments designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

2. Foreign Operating Entities

Assets and liabilities of foreign operating entities, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency of the consolidated financial reports using the exchange rates prevailing at the reporting date; income and expenses items are translated into the presentation currency of the consolidated financial reports using the average exchange rates of the period. The resulting exchange differences are recognized in other comprehensive income.

When the disposal of a foreign operating entity results in a loss of control or significant influence, the cumulative translation differences related to the foreign operating entity are reclassified to profit or loss. Upon disposal of a subsidiary that partially contains a foreign operating entity, the related cumulative translation differences are reclassified to non-controlling interests on a pro rata basis. Upon disposal of investment in an affiliate that partially contains a foreign operating entity, the related cumulative translation differences are reclassified to profit or loss on a pro rata basis.

If there is no plan to settle a monetary receivable or payable to a foreign operating entity and it is not likely to be settled in the foreseeable future, the resulting foreign currency exchange profit or loss is recognized as part of the net investment in the foreign operating entity and is recognized as other comprehensive income.

(V) Classification criteria of assets and liabilities as current and non-current

Assets that meet one of the following criteria are classified as current assets, while all other assets that are not current assets are classified as non-current assets:

1. the asset is expected to be realized in the normal course of business of the Group or is intended to be sold or used;
2. the asset is held primarily for transaction purposes;
3. the asset is expected to be realized within 12 months after the reporting period; or
4. the asset is cash or cash equivalents, unless the asset is otherwise restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Liabilities that meet one of the following criteria are classified as current liabilities, while all other liabilities that are not current liabilities are classified as non-current liabilities:

1. the liability is expected to be repaid in the normal operating cycle of the Group;
2. the liability is held primarily for transaction purposes;
3. the liability is expected to be settled within 12 months after the reporting period; or
4. the liability for which there is no unconditional right to defer settlement for at least 12 months after the reporting period.

(VI) Cash and cash equivalents

Cash includes cash on hand, checking deposits and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to a fixed amount of cash and subject to an insignificant risk of changes in value. Time deposits that meet the above definition and are held to meet short-term cash commitments instead of investment or other purposes are reported as cash equivalents.

(VII) Financial instruments

Accounts receivable and debt securities issued are initially recognized as they are incurred. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual terms of the financial instruments. Financial assets (other than receivables that do not contain significant financial components) or financial liabilities that are not measured at fair value through profit or loss are initially measured at fair value plus transaction costs directly attributable to the acquisition or issuance. Accounts receivable that do not contain significant financial components are initially measured at transaction prices.

1. Financial assets

On initial recognition, financial assets are classified as: financial assets measured at amortized cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss. Accounting treatment using transaction date is adopted when financial assets are purchased or sold under usual transaction practices.

The Group reclassifies all affected financial assets from the first day of the next reporting period only when it changes its operating model for managing financial assets.

(1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets the following conditions and is not designated as at fair value through profit or loss:

- The financial asset is held under an operating model whose objective is to collect the contractual cash flows.
- The contractual terms of the financial asset give rise to cash flows at a specific date that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are measured at amortized cost less impairment losses using the effective interest method after initial recognition. Interest income, foreign currency exchange gain or loss and impairment loss are recognized in profit or loss. Upon derecognition, the gain or loss is recognized in profit or loss.

(2) Financial assets at fair value through other comprehensive income

Investment in debt instruments is measured at fair value through other comprehensive income if it meets the following conditions and is not designated as at fair value through profit or loss:

- The financial asset is held under an operating model whose objective is to collect the contractual cash flows and sale.
- The contractual terms of the financial asset give rise to cash flows at a specific date that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition, the Group may make an irrevocable election to report subsequent changes in the fair value of investment in equity instruments not held for trading in other comprehensive income. The above election is made on an instrument-by-instrument basis.

Investment in debt instruments are subsequently measured at fair value. Interest income, foreign currency translation gain or loss, and impairment loss under the effective interest method are recognized in profit or loss, while the remaining net gain or loss is recognized in other comprehensive income. On derecognition, the amount of other comprehensive income accumulated under equity is reclassified to profit or loss.

Investment in equity instruments are subsequently measured at fair value. Dividend income (unless it clearly represents a partial recovery of investment costs) is recognized in profit or loss. The remaining net gain or loss is recognized as other comprehensive income. Upon derecognition, other comprehensive income accumulated under equity is reclassified to retained earnings and not to profit or loss.

Dividend income from equity investments is recognized on the date the Group has the right to receive the dividends (usually the ex-dividend date).

(3) Financial assets at fair value through profit or loss

Financial assets that are not measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss, including derivative financial assets. On initial recognition, the Group may irrevocably designate financial assets that meet the criteria to be measured at amortized cost or at fair value through other comprehensive income as financial assets measured at fair value through profit or loss in order to eliminate or significantly reduce accounting mismatches.

The net gain or loss (including any dividends and interest income) resulting from the subsequent remeasurement of these assets at fair value is recognized in profit or loss.

(4) Assessment of whether the contractual cash flows are solely the payment of principal and interest on the outstanding principal amount

For evaluation purposes, principal is the fair value of the financial asset at the time of initial recognition. Interest is comprised of the following consideration: time value of the currency, credit risk associated with the principal amount outstanding during a specific period, other fundamental lending risks, and cost and profit margins.

To assess whether the contractual cash flows are solely for the payment of principal and interest on the outstanding principal amount, the Group considers the contractual terms of the financial instrument, including assessing whether the financial asset contains a contractual term that would change the timing or amount of the contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- any contingencies that would change the timing or amount of contractual cash flows;
- any terms that may adjust the contractual coupon rate, including the variable interest rate features;
- early repayment and extension features; and
- terms under which the Group's claim is limited to cash flows from specific assets (e.g., non-recourse features).

(5) Impairment of financial assets

The Group recognizes an allowance for expected credit losses on financial assets at amortized cost (including cash and cash equivalents, financial assets carried at amortized cost, notes and accounts receivable and refundable deposits).

Allowance for losses on the following financial assets are measured at 12-month expected credit losses, while the rest are measured at expected credit losses over the duration:

- The credit risk on bank deposits (i.e., the risk of default over the expected duration of the financial instruments) has not increased significantly since the original recognition.

Allowance for losses on accounts receivable is measured by the expected credit loss over the duration.

The expected credit loss over the duration of the instrument is the expected credit loss arising from all possible defaults over the expected duration of the financial instruments.

12-month expected credit losses refer to the expected credit losses arising from possible defaults within 12 months after the reporting date of the financial instruments (or for a shorter period, if the expected duration of the financial instruments is shorter than 12 months).

The maximum period over which expected credit losses are measured is the maximum contractual period over which the Group is exposed to credit risk.

In determining whether credit risk has increased significantly since initial recognition, the Group considers reasonable and supportable information (which can be obtained without excessive cost or investment), including qualitative and quantitative information, and analysis based on the Group's historical experience, credit evaluations and forward-looking information.

Expected credit losses are weighted estimates of the probability of credit losses over the expected duration of the financial instruments. Credit losses are measured at the present value of all cash shortfalls, which is the difference between the cash flows receivable under the Group's contracts and the cash flows expected to be received by the Group. Expected credit losses are discounted at the effective interest rate of the financial assets.

Allowance for losses on financial assets at amortized cost is deducted from the carrying amount of the assets. The amount of allowance or reversal of losses is recognized in profit or loss.

When the Group cannot reasonably expect to recover all or part of a financial asset, the total carrying amount of the financial asset is directly reduced. The timing and amount of the reversal are analyzed individually on the basis of whether recovery is reasonably expected. The Group does not expect a material reversal of the amount written off. However, financial assets that have been written off may still be enforced in order to comply with the Group's procedures for recovering past due amounts. Based on the Group's experience, amounts overdue for more than 21 days are unlikely to be recovered.

(6) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset cease, or when the financial asset has been transferred and substantially all the risks and rewards of ownership of the asset have been transferred to another entity, or when substantially all the risks and rewards of ownership of the asset have neither been transferred nor retained and control of the financial asset has not been retained.

If the Group enters into a transaction to transfer a financial asset and retains all or substantially all the risks and rewards of ownership of the transferred asset, the financial asset is recognized on the balance sheet on an ongoing basis.

2. Financial liabilities

(1) Financial liabilities

Financial liabilities are classified as measured at amortized cost or at fair value through profit or loss. Financial liabilities are classified as at fair value through profit or loss if they are held for trading, derivative instruments or designated at initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value, and the related net gains and losses, including any interest expense, are recognized in profit or loss.

Financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method. Interest expense and exchange gain or loss are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(2) Derecognition of financial liabilities

Financial liabilities are derecognized by the Group when the contractual obligations are fulfilled, cancelled or expired. When the terms of a financial liability are modified and the cash flows of the modified liability are materially different, the original financial liability is derecognized and the new financial liability is recognized at fair value based on the modified terms.

When a financial liability is derecognized, the difference between the carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(3) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and presented in the balance sheet on a net basis only when the Group has a legally enforceable right to do so and intends to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

3. Derivative financial instruments

The Group holds derivative financial instruments to hedge the risk of foreign currency exchange rate fluctuations. Derivatives are initially recognized at fair value, with transaction costs recognized in profit or loss; subsequently, they are measured at fair value, with gains or losses arising from remeasurement recognized directly in profit or loss. When the fair value of a derivative is positive, it is recognized as a financial asset; when the fair value is negative, it is recognized as a financial liability.

(VIII) Inventories

The original cost of inventories is the necessary expenditure incurred to bring the inventories to a condition and location ready for sale or production. Subsequently, inventories are measured at the lower of cost or net realizable value on an item-by-item basis, with the cost of inventories calculated using the weighted average method and the net realizable value based on the estimated selling price under normal operations at the balance sheet date less costs and marketing expenses remaining to be incurred to completion.

(IX) Property, plant and equipment

1. Recognition and measurement

Property, plant and equipment are measured at cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

If the significant components of property, plant and equipment have different useful lives, they are treated as separate items (major components) of property, plant and equipment.

Gain or loss on disposal of property, plant and equipment is recognized in profit or loss.

2. Subsequent costs

Subsequent expenditures are capitalized only when it is probable that future economic benefits will flow to the Group.

3. Depreciation

Depreciation is calculated based on the cost of the assets less residual values and is recognized as profit or loss over the estimated useful lives of each component using the straight-line method. Except for land, which is not subject to depreciation, the estimated useful lives of the remaining equipment are as follows: machinery and equipment: 2 to 9 years; transportation equipment: 5 to 6 years; office equipment: 3 to 5 years; and other equipment: 2 to 15 years. In addition, building and construction are depreciated over their estimated useful lives based on their significant components: main buildings, 50 to 51 years; other auxiliary equipment, 1 to 44 years.

The depreciation method, useful lives and residual values are reviewed at each reporting date, and the effects of any changes in estimates are deferred.

4. Reclassification to investment property

When properties for own use are reclassified to investment properties, the properties are reclassified to investment properties at the carrying amount upon change of use.

(X) Investment property

Investment property is the property held to earn rentals or for asset appreciation or both. Investment property is initially recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment. The depreciation method, useful life and residual value of investment property are based on the rules of the property, plant and equipment. Cost includes costs directly attributable to the acquisition of investment property and any directly attributable costs of bringing the investment property to a ready-for-use condition and capitalized costs of borrowings.

Gain or loss on disposal of investment property (calculated as the difference between the net disposal price and the carrying amount of the item) is recognized in profit or loss.

Rental income from investment properties is recognized on a straight-line basis over the lease term. Lease incentives granted are recognized as adjustments to lease income over the lease term.

When the use of investment property changes and is reclassified as property, plant and equipment, the reclassification is made at the carrying amount upon change of use.

(XI) Leases

The Company assesses whether a contract is a lease or contains a lease at the inception date. If a contract transfers control over the use of an identified asset for a period of time in exchange for consideration, the contract is a lease or contains a lease.

1. Lessees

The Group recognizes a right-of-use asset and a lease liability at the lease inception date. The right-of-use asset is measured initially at cost, which includes the initial measurement amount of the lease liability, adjusted for any lease payments made on or before the lease inception date, plus the original direct costs incurred and the estimated costs to disassemble, remove the subject asset and restore its location or the subject asset, less any lease incentives received.

Right-of-use assets are subsequently depreciated on a straight-line basis from the lease inception date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the Group periodically assesses whether a right-of-use asset is impaired and addresses any impairment loss incurred, and adjusts the right-of-use asset when the lease liability is remeasured.

Lease liabilities are measured initially at the present value of the lease payments outstanding at the inception date of the lease. If the implied interest rate of a lease is readily determinable, the discount rate is that rate. If it is not readily determinable, the Group's incremental borrowing rate is used. In general, the Company uses the incremental borrowing rate as the discount rate.

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

(1) Fixed payments, including in-substance fixed payments;
(2) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(3) Amounts expected to be payable under a residual value guarantee; and
(4) Payments for purchase or termination options that are reasonably certain to be exercised.

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

(1) There is a change in future lease payments arising from the change in an index or rate; or
(2) There is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee; or
(3) There is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
(4) There is a change of its assessment on whether it will exercise an extension or termination option; or
(5) There is any lease modifications

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

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

The Group presents the right-of-use asset that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of equipment and parking space that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. Lessors

Transactions in which the Group is the lessor are classified as finance leases at the inception date of the lease based on whether the lease contract transfers substantially all the risks and rewards incidental to the ownership of the subject asset, and otherwise are classified as operating leases. In evaluating the leases, the Group considers specific indicators, including whether the lease term covers a significant portion of the economic life of the subject asset.

For operating leases, the Group recognizes lease payments received as rental income over the lease term on a straight-line basis.

(XII) Intangible assets

Software purchased is initially recognized at cost and subsequently measured at cost less accumulated amortization and accumulated impairment.

and accumulated impairment. The amortization is based on the cost of the asset less its residual value and is amortized using the straight-line method over the estimated useful lives of 1 to 3 years. Amortization recognized in profit or loss.

The Group reviews the residual value, useful life and amortization method of intangible assets at each reporting date and makes appropriate adjustments when necessary.

(XIII) Impairment of non-financial assets

For non-financial assets other than inventories, deferred income tax assets and assets arising from employee benefits, the Group assesses at each reporting date whether an impairment loss has occurred and estimates the recoverable amount for the assets for which there is an indication of impairment. If the recoverable amount of an individual asset cannot be estimated, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs for the purpose of assessing impairment.

The recoverable amount is the higher of the fair value of the individual asset or cash generating unit less costs to sell and its value in use. If the recoverable amount of an individual asset or cash generating unit is less than its carrying amount, the carrying amount of the individual asset or cash generating unit is adjusted downward to its recoverable amount and an impairment loss is recognized. An impairment loss is recognized immediately in profit or loss.

The Group reassesses at each reporting date whether there is any indication of impairment. If an impairment loss recognized in prior years for a non-financial asset other than goodwill no longer exists or has decreased, the impairment loss is reversed to increase the carrying amount of the individual asset or cash generating unit to its recoverable amount. However, after deducting the depreciation or amortization, it should not exceed the carrying amount if no impairment loss had been recognized for the individual asset or cash generating unit in prior years.

(XIV) Provision for liabilities

Provisions for liabilities are recognized when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources with economic benefits will be required to settle the obligation in the future, and the amount of the obligation can be reliably estimated.

The provision for warranty liabilities is recognized upon the sale of goods. The provision for such liabilities is estimated based on the historical warranty information and all probable outcomes weighted by their respective probabilities.

(XV) Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled as a result of the transfer of goods. Revenue is recognized when the Group has fulfilled its performance obligations by transferring control of the goods to the customer.

1. Sales of goods

The Group recognizes revenue when control of the goods is transferred to the customer. The transfer of control of the goods means that the goods has been delivered to the customer and there is no outstanding obligation that would affect the customer's acceptance of the goods. Delivery is the point at which the customer has accepted the goods in accordance with the terms of the transaction, the risk of obsolescence and loss has been transferred to the customer, and the Group has objective evidence that all conditions for acceptance have been met.

The Group recognizes accounts receivable upon delivery of goods because the Group has the unconditional right to receive consideration at that timing.

2. Financial components

The Group does not adjust the time value of currency of the transaction price because the interval between the time of transfer of goods to customers and the time of payment for the goods is expected to be less than one year.

(XVI)Government grants

The Group recognizes unconditional government grants as other income when the grants are available. For other asset-related grants, the Group recognizes deferred income at fair value when it can be reasonably assured that the conditions attached to the government grant will be complied with and that the grant will be received, and recognizes the deferred income as other income over the useful life of the asset on a systematic basis. Government grants to compensate for expenses or losses incurred by the Group are recognized in profit or loss on a systematic basis over the same period as the related expenses.

(XVII) Employee benefits

1. Defined contribution plans

The contribution obligation of the defined contribution pension plan is recognized as employee benefit expense in profit or loss during the period in which the employees render service.

2. Defined benefit plans

The net obligation under the defined benefit pension plan is calculated as the discounted value of the future benefit amounts to be earned by each benefit plan for each employee's current or prior service, less the fair value of any plan assets. The discount rate is based on the market yield rate at the reporting date for government bonds with maturity dates approximating the maturity of the Group's net obligations and denominated in the same currency as the expected benefit payments. The net obligation of a defined benefit plan is actuarially determined annually by a qualified actuary using the projected unit benefit method.

When benefits under a plan are improved, the related expense is recognized immediately in profit or loss for the portion of the benefit increase attributable to employees' past service.

The remeasurement of the net defined benefit obligation (asset), which includes actuarial gains and losses, compensation on plan assets (excluding interest) and any change in the asset cap effects (excluding interest) is recognized immediately in other comprehensive income and accumulated in retained earnings.

The Group recognizes a gain or loss on the reduction or settlement of a defined benefit plan when the reduction or settlement occurs. The reduction or settlement gain or loss includes the change in the fair value of any plan assets and the change in the present value of the defined benefit obligation.

3. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are recognized as expenses when the related services are rendered. The amount expected to be paid under short-term cash bonus or dividend plans is recognized as a liability if the Group has a present legal or constructive obligation to pay for the services rendered by employees in the past and the obligation can be reliably estimated.

(XVIII) Income taxes

Income taxes include current and deferred income taxes. Current and deferred income taxes are recognized in profit or loss, except for those related to business combinations, items recognized directly in equity or other comprehensive income.

Current income taxes include estimated income taxes payable or refunds receivable based on current year taxable income (loss) and any adjustments to income taxes payable or refunds receivable in the previous year. The amount reflects the best estimate of the amount expected to be paid or received, measured at the statutory or substantively enacted tax rate at the reporting date, after reflecting uncertainties, if any, related to income taxes.

Deferred income taxes are recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred income tax is not recognized for temporary differences arising from:

1. assets or liabilities that are not originally recognized in a business combination and do not affect the accounting profit or taxable income (loss) at the time of the transaction.
2. temporary differences arising from investments in subsidiaries and affiliates where the Group can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future; and
3. taxable temporary differences arising from the original recognition of goodwill.

Deferred income tax is measured at the tax rates that are expected to apply when the temporary differences reverse, based on the statutory or substantive legislative tax rates at the reporting date, and reflecting uncertainties, if any, related to income taxes.

Deferred income tax assets and deferred income tax liabilities are offset only if the following conditions are met at the same time:

1. there is a legally enforceable right to offset current income tax assets and current income tax liabilities; and
2. the deferred income tax assets and deferred income tax liabilities relate to one of the following taxable entities that are subject to income tax by the same taxing authority:
   (1) the same taxable entity; or
   (2) different taxable entities, provided that each entity intends to settle current income tax liabilities and assets on a net basis, or to realize assets and settle liabilities simultaneously, in each future period in which significant amounts of deferred income tax assets are expected to be recovered and deferred income tax liabilities are expected to be settled.

Deferred income tax assets are recognized for unused tax losses and unused income tax credits in subsequent periods to the extent that it is probable that future taxable income will be available against which the temporary differences can be deducted. Deferred income tax assets are reassessed at each reporting date and reduced to the extent that it is not probable that the related income tax benefit will be realized, or to the extent that it becomes probable that sufficient taxable income will be available to allow the reversal of the original reduction.

(XIX)Earnings per share

The Group presents basic and diluted earnings per share attributable to equity holders of the Company's ordinary shares. Basic earnings per share of the Group is calculated by dividing the profit or loss attributable to equity holders of the Company's ordinary shares by the weighted-average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company's ordinary shares by the weighted-average number of ordinary shares outstanding, adjusted for the effect of all potentially dilutive ordinary shares. Potentially dilutive ordinary shares of the Group represent a optional employee compensation in the form of share issuance.

(XX) Department information

The operating department is a component unit of the Group that engages in operating activities that may earn revenues and incur expenses, including revenues and expenses related to intercompany transactions with other components of the Group. The operating results of all operating departments are reviewed periodically by the Group's chief operating decision maker to make decisions on the allocation of resources to the division and to evaluate its performance. Separate financial information is available for each operating department.

V. Major sources of uncertainty in significant accounting judgments, estimates and assumptions

The preparation of the consolidated financial reports in conformity with the IFRS approved by the FSC requires management to make judgments, estimates and assumptions that affect the adoption of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from estimates.

Management reviews estimates and underlying assumptions on an ongoing basis, and changes in accounting estimates are recognized in the period of change and in the future period affected.

There is a significant risk that uncertainties in assumptions and estimates will cause a material adjustment to the carrying amounts
of assets and liabilities at the reporting date in the next financial year as follows:

Since inventories are measured at the lower of cost or net realizable value, the Group evaluates inventories at the reporting date for obsolescence or decline in selling price and reduces the cost of inventories to net realizable value. This inventory valuation is mainly based on estimates of product demand in specific periods in the future and may change significantly due to rapid changes in the industry. Please refer to Note 6(6) for the recognition of inventory falling price loss.

VI. Description of significant accounting items

(I) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and working capital	$ 459	627
Demand deposits and checking deposits	323,554	425,413
Time deposits with original maturities of less than three months	58,543	177,190
	$ 382,556	603,230

(II) Financial assets and liabilities at fair value through profit or loss - current

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss - current:		
Forward foreign exchange contracts	$ 3,945	25

	December 31, 2023	December 31, 2022
Financial liabilities at fair value through profit or loss - current:		
Forward foreign exchange contracts	$ 13	633

Please refer to 6(21) for the details of amounts recognized at fair value through profit or loss.

The Group entered into derivative financial instruments to hedge the exposure to exchange rate risk arising from operating activities and reported them as financial assets or liabilities at fair value through profit or loss because hedge accounting was not applicable. Details of the Group's outstanding derivative financial instruments at the reporting date is as follows:

December 31, 2023		
Contract amount (in thousands)	**Currency**	**Maturity period**
US$$ 5,250	Buy NT$ / Sell US$	January 4, 2024~May 6, 2024

December 31, 2022		
Contract amount (in thousands)	**Currency**	**Maturity period**
US$$ 3,886	Buy NT$ / Sell US$	January 5, 2023~ March 10, 2023

(III) Financial assets at fair value through other comprehensive income - current

	December 31, 2023	December 31, 2022
Equity instruments at fair value through other comprehensive income:		
Domestic listed company shares	$ 248,390	80,509

The above investments in equity instruments are strategic investments and are not held for trading purposes. Therefore, they are designated as at fair value through other comprehensive income.

The Group did not dispose of the above-mentioned strategic investments in 2023 and 2022, and the gains and losses accumulated during the periods were not transferred within the equity.

(IV) Financial assets measured at amortized cost - current

	December 31, 2023	December 31, 2022
Time deposits with original maturities of over three months	$ 215,000	215,000
Pledged time deposits (Note 8)	600	1,100
	$ 215,600	216,100

The Group assesses that the above assets are held to maturity to collect the contractual cash flows and that the cash flows from these financial assets are solely attributable to the payment of principal and interest on the principal amount outstanding. Therefore, they are therefore reported as financial assets at amortized cost.

(V) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes and accounts receivable	$ 270,172	262,016
Accounts receivable - related parties	8,114	24,266
	278,286	286,282
Less: Allowance for losses	(5,072)	(2,917)
	$ 273,214	283,365

The Group uses a simplified approach to estimate expected credit losses for all notes and accounts receivable (including related parties), which represents that the expected credit losses are measured using the expected credit losses over the life of the instruments and are included in forward-looking information. The analysis of expected credit losses on notes and accounts receivable (including related parties) are as follows:

	December 31, 2023			
		Carrying amounts of notes and accounts receivable (including related parties)	Weighted average expected credit loss ratio	Expected credit losses during the allowance period
Not past due	$	253,023	0.17%	439
Less than 30 days past due		11,932	3.98%	475
31 to 60 days past due		7,956	9.54%	759
61-90 days past due		1,770	27.26%	483
91-120 days past due		2,147	67.94%	1,458
Over 121 days past due		1,458	100%	1,458
	$	278,286		5,072

	December 31, 2022			
		Carrying amounts of notes and accounts receivable (including related parties)	Weighted average expected credit loss ratio	Expected credit losses during the allowance period
Not past due	$	270,399	0.10%	273
Less than 30 days past due		9,228	4.26%	393
31 to 60 days past due		4,541	9.38%	426
61-90 days past due		45	25.69%	12
91-120 days past due		898	71.51%	642
Over 121 days past due		1,171	100.00%	1,171
	$	286,282		2,917

The changes in allowance for losses on notes and accounts receivable (including related parties) are as follows:

		2023	2022
Opening balance	$	2,917	3,719
Recognition (reversal) on impairment loss		2,321	(810)
Amounts written off as uncollectible during the year		(96)	(11)
Foreign currency translation losses (gains)		(70)	19
Closing balance	$	5,072	2,917

(VI) Inventories

1. Details of inventories as follows:

		December 31, 2023	December 31, 2022
Raw materials	$	103,187	121,589
Work in process		131,011	135,470
Finished products		87,142	85,154
Goods		7,663	30,672
	$	**329,003**	**372,885**

2. Details of operating costs recognized in the current period is as follows:

		2023	2022
Cost of inventories sold	$	840,213	876,548
Inventory falling price loss		34,559	17,376
Loss on obsolescence of inventories		7,939	13,193
Inventory loss (gain), net		(51)	47
	$	**882,660**	**907,164**

The above inventory falling price loss is recognized as an inventory falling price loss due to the offset of inventories to net realizable value.

(VII) Property, plant and equipment

Details of the changes in the cost of property, plant and equipment and accumulated depreciation are as follows:

	Land	Building and construction	Machinery equipment	Transportation equipment	Office equipment	Other equipment	Total
Costs:							
Balance of January 1, 2023	$ 259,080	110,459	303,908	7,932	12,402	155,643	849,424
Additions during the period	-	2,030	30,935	-	1,434	11,822	46,221
Disposal during the period	-	-	(4,140)	-	(410)	-	(4,550)
Reclassified from prepaid equipment	-	-	10,142	-	-	128	10,270
Effect of changes in exchange rates	-	-	(75)	-	(2)	-	(77)
Balance of December 31, 2023	**$ 259,080**	**112,489**	**340,770**	**7,932**	**13,424**	**167,593**	**901,288**
Balance of January 1, 2022	$ 259,080	108,915	218,110	9,657	10,397	83,313	689,472
Additions during the period	-	1,293	61,514	-	2,189	72,330	137,326
Disposal during the period	-	-	-	(1,725)	(186)	-	(1,911)
Reclassified from prepaid equipment	-	251	24,221	-	-	-	24,472
Effect of changes in exchange rates	-	-	63	-	2	-	65
Balance of December 31, 2022	**$ 259,080**	**110,459**	**303,908**	**7,932**	**12,402**	**155,643**	**849,424**
Accumulated depreciation:							
Balance of January 1, 2023	$ -	33,673	156,397	6,304	6,824	58,082	261,280
Depreciation during the period	-	4,192	58,443	723	2,941	36,331	102,630
Disposal during the period	-	-	(4,140)	-	(298)	-	(4,438)
Effect of changes in exchange rates	-	-	(64)	-	(2)	-	(66)
Balance of December 31, 2023	**$ -**	**37,865**	**210,636**	**7,027**	**9,465**	**94,413**	**359,406**
Balance of January 1, 2022	$ -	29,515	106,827	6,058	4,478	36,366	183,244
Depreciation during the period	-	4,158	49,529	965	2,531	21,716	78,899
Disposal during the period	-	-	-	(719)	(186)	-	(905)
Effect of changes in exchange rates	-	-	41	-	1	-	42
Balance of December 31, 2022	**$ -**	**33,673**	**156,397**	**6,304**	**6,824**	**58,082**	**261,280**
Carrying amounts:							
December 31, 2023	**$ 259,080**	**74,624**	**130,134**	**905**	**3,959**	**73,180**	**541,882**
December 31, 2022	**$ 259,080**	**76,786**	**147,511**	**1,628**	**5,578**	**97,561**	**588,144**

(VIII) Right-of-use asset

		Building and construction
Costs of right-to-use assets:		
Balance of January 1, 2023	$	100,706
Additions		9,077
Deductions		(7,450)
Effect of changes in exchange rates		(50)
Balance of December 31, 2023	**$**	**102,283**
Balance of January 1, 2022	$	73,989
Additions		26,615
Effect of changes in exchange rates		102
Balance of December 31, 2022	**$**	**100,706**
Accumulated depreciation of right-of-use assets:		
Balance of January 1, 2023	$	56,934
Additions		22,332
Deductions		(7,450)
Effect of changes in exchange rates		41
Balance of December 31, 2023	**$**	**71,857**
Balance of January 1, 2022	$	37,860
Depreciation		19,041
Effect of changes in exchange rates		33
Balance of December 31, 2022	**$**	**56,934**
Carrying amounts:		
December 31, 2023	**$**	**30,426**
December 31, 2022	**$**	**43,772**

(IX) Investment property

		Land	Building and construction	Total
Costs:				
Balance of January 1, 2023				
(That is Balance of December 31, 2023)	**$**	**-**	**-**	**-**
Balance of January 1, 2022	$	17,740	17,426	35,166
Acquisition during the period		-	137	137
Disposal during the period		(17,740)	(17,563)	(35,303)
Balance of December 31, 2022	**$**	**-**	**-**	**-**
Accumulated depreciation and impairment loss:				
Balance of January 1, 2023				
(That is Balance of December 31, 2023)	**$**	**-**	**-**	**-**
Balance of January 1, 2022	$	-	7,660	7,660
Depreciation during the period		-	394	394
Disposal during the period		-	(8,054)	(8,054)
Balance of December 31, 2022	**$**	**-**	**-**	**-**
Carrying amounts:				
December 31, 2023	**$**	**-**	**-**	**-**
December 31, 2022	**$**	**-**	**-**	**-**

Investment properties refer to offices leased to others. Please refer to Note 6(14) for relevant information.

In October 2022, the Group sold investment properties to non-related parties for a total consideration of NT$64,070 thousand (before tax), and the gain on disposal was NT$36,821 thousand. As of December 31, 2022, the transfer procedures have been completed and the related payments have been received.

The above investment properties are not pledged as collateral.

(X) Intangible assets

Details of the changes in the cost and accumulated amortization of intangible assets are as follows:

		Software purchased
Costs:		
Balance of January 1, 2023	$	25,319
Acquired separately		4,023
Effect of changes in exchange rates		(25)
Balance of December 31, 2023	$	29,317
Balance of January 1, 2022	$	23,457
Acquired separately		1,840
Effect of changes in exchange rates		22
Balance of December 31, 2022	$	25,319
Accumulated amortization:		
Balance of January 1, 2023	$	19,307
Amortization during the period		3,711
Effect of changes in exchange rates		(22)
Balance of December 31, 2023	$	22,996
Balance of January 1, 2022	$	15,396
Amortization during the period		3,903
Effect of changes in exchange rates		8
Balance of December 31, 2022	$	19,307
Carrying amounts:		
Balance of December 31, 2023	$	6,321
Balance of December 31, 2022	$	6,012

Amortization expenses of intangible assets are reported in the consolidated statement of comprehensive income as follows:

		2023	2022
Operating costs	$	721	764
Operating expenses		2,990	3,139
	$	3,711	3,903

(XI) Short-term borrowings

		December 31, 2023	December 31, 2022
Unsecured borrowings	$	-	86,720
Unused balance	$	920,000	833,280
Interest rate range		-	5.55%~6.18%

(XII) Lease liabilities

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

		December 31, 2023	December 31, 2022
Current:			
Related parties	$	4,681	4,625
Non-related parties	$	7,887	16,712
Non-current:			
Related parties	$	11,952	16,633
Non-related parties	$	5,360	5,137

For maturity analysis, please refer to Note 6(24) financial risk management.

The amounts recognized in profit or loss are as follows:

		2023	2022
Interest expenses on lease liabilities	$	450	542
Short-term lease payments	$	3,323	2,370

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

		2023	2022
Total cash outflows from leases	$	25,997	21,551

1. Leases of building and construction

The Group leases building and construction for office, factory and warehouses, usually for periods of one to ten years. Among these leases, some of the warehouses leased by the Group have a lease term of one year. The leases are short-term leases and the Group has elected to apply the exemption from recognition and not recognize the related right-of-use assets and lease liabilities.

2. Other leases

Some of the office equipment leased by the Group have a lease term of one year. The leases are short-term leases and the Group has elected to apply the exemption from recognition and not recognize the related right-of-use assets and lease liabilities.

(XIII) Provision for liabilities - current

		2023	2022
Provision for warranty liabilities:			
Balance of January 1	$	1,277	1,735
Additions (reversal) during the period		(1,028)	219
Use during the period		(67)	(677)
Balance of December 31	$	182	1,277

The provision for warranty liabilities is estimated based on the historical warranty information of similar products.

(XIV)Operating leases - lessor

The Group leases out investment properties under operating leases. Please refer to Note 6(9) investment properties for details.

Rental income from investment properties amounted to NT$0 thousand and NT$1,542 thousand for 2023 and 2022, respectively, and was recorded as other income. Please refer to Note 6(21) for details.

Direct operating expenses incurred from investment properties are as follows:

	2023	2022
Rental income generated	$ -	722
No rental income generated	-	-
	$ -	722

(XV) Employee benefits

1. Defined benefit plans

A reconciliation of the present value of the Group's defined benefit obligation to the net defined benefit obligation is as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	$ 9,694	16,276
Fair value of plan assets	(6,756)	(12,414)
Net defined benefit liabilities	$ 2,938	3,862

The Company's defined benefit plan is contributed to the Bank of Taiwan's special account for labor retirement reserve fund. Retirement payments for each employee under the Labor Standards Act are based on the base figure obtained from years of service and the average salary for the six months prior to retirement.

(1) Composition of plan assets

The Company's pension fund under the Labor Standards Act is managed by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as the Bureau of Labor Funds). According to the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", for the use of funds, the minimum income to be distributed annually shall not be less than the income calculated based on the interest rate of two-year time deposits in local banks.

As of December 31, 2023 and 2022, the balances of the Bank of Taiwan's special account for labor retirement reserve fund were NT$6,756 thousand and NT$12,414 thousand, respectively. For information on the use of the labor pension funds assets (including fund yield and fund asset allocation), please refer to the information on the website of the Bureau of Labor Funds for details.

(2) Changes in present value of defined benefit obligation

		2023	2022
Defined benefit obligation on January 1	$	16,276	16,509
Current interest		203	91
Net defined benefit liability (asset) remeasurement			
-Actuarial loss (gain) due to experience adjustments		(185)	343
-Actuarial loss (gain) due to changes in financial assumptions		-	(667)
Benefits paid by the plan		(6,600)	-
Defined benefit obligation on December 31	$	9,694	16,276

(3) Changes in fair value of plan assets

		2023	2022
Fair value of plan assets on January 1	$	12,414	10,733
Interest income		160	62
Net defined benefit liability (asset) remeasurement			
-Return on plan assets (excluding current interest)		43	897
Amounts contributed to the plan		739	722
Benefits paid by the plan		(6,600)	-
Fair value of plan assets on December 31	$	6,756	12,414

(4) Changes in asset cap effects

For 2023 and 2022, the Group had no asset cap effects on the defined benefit plan.

(5) Expenses recognized in profit or loss

Details of losses (gains) reported by the Group is as follows:

		2023	2022
Net interest on the net defined benefit liabilities	$	43	29
Operating costs	$	33	21
Marketing expenses		1	2
Administrative expenses		1	1
Research and development expenses		8	5
	$	43	29

(6) Actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation as of the reporting date are as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.25%	1.25%
Future salary increase rate	4.00%	4.00%

The Group expects to make a contribution of NT$780 thousand to the defined benefit plan in the year following the reporting date in 2023. The weighted-average duration of the defined benefit plans is 10.4 years.

(7) Sensitivity analysis

The effect of changes in the major actuarial assumptions used on the present value of the defined benefit obligation is as follows:

		Effect on the defined benefit obligation	
		December 31, 2023	December 31, 2022
Discount rate			
Increase of 0.25%	$	(180)	(232)
Decrease of 0.25%		186	238
Expected rate of salary increase			
Increase of 1.00%		748	969
Decrease of 1.00%		(678)	(887)

The sensitivity analysis above analyzes the effect of changes in a single assumption with other assumptions held constant. In practice, changes in many assumptions may be corelated. The sensitivity analysis is consistent with the methodology used to calculate the net pension liability on the balance sheet.

The methodology and assumptions used in preparing the sensitivity analysis are the same as those used in the previous period.

2. Defined contribution plans

The Company's defined contribution plan is based on the Labor Pension Act, under which the Company contributes 6% of a worker's monthly wages to a personal pension account of the Bureau of Labor Insurance. Foreign subsidiaries make pension contributions in accordance with local laws and regulations. Under the plan, the Group has no legal or constructive obligation to pay additional amounts after making a fixed contribution to the Bureau of Labor Insurance.

For 2023 and 2022, the Group made contributions of NT$14,952 thousand and NT$16,197 thousand, respectively, to the Bureau of Labor Insurance under the defined pension contribution plan.

(XVI)Income taxes

		2023	2022
Income tax expenses during the period			
Generated during the period	$	37,613	53,856
Adjustments to income tax during the period for prior periods		(3,500)	(5,150)
		34,113	48,706
Occurrence and reversal of temporary differences		(7,803)	(6,123)
Income tax expense	**$**	**26,310**	**42,583**

There was no income tax expense recognized directly in equity or other comprehensive income for 2023 and 2022.

A reconciliation of income tax expenses to net income before tax is as follows:

	2023	2022
Income before income tax	$ 222,283	312,356
Income tax calculated at the domestic tax rate of the Company's location	$ 44,457	62,471
Effects of tax rate differences in foreign jurisdictions	(302)	(317)
Investment tax credit	(7,689)	(7,976)
Adjustments to income tax for prior periods	(3,500)	(5,150)
Tax exemption income	(2,374)	(5,302)
Others	(4,282)	(1,143)
Income tax expense	$ 26,310	42,583

1. Deferred income tax assets and liabilities

   Changes in deferred income tax assets and liabilities are as follows:

   Deferred income tax assets:

	Allowance for inventory falling price loss	Compensation for unused leave	Warranty provision and refund liabilities	Others	Total
January 1, 2023	$ 11,408	2,284	1,292	3,696	18,680
(Debit) credit income statement	6,737	141	(205)	1,561	8,234
December 31, 2023	$ 18,145	2,425	1,087	5,257	26,914
January 1, 2022	$ 8,052	2,116	1,249	1,637	13,054
(Debit) credit income statement	3,356	168	43	2,059	5,626
December 31, 2022	$ 11,408	2,284	1,292	3,696	18,680

   Deferred income tax liabilities:

	Bargain purchase interest	Others	Total
January 1, 2023	$ 1,164	-	1,164
(Credit) debit income statement	(388)	819	431
December 31, 2023	$ 776	819	1,595
January 1, 2022	$ 1,552	109	1,661
Credit income statement	(388)	(109)	(497)
December 31, 2022	$ 1,164	-	1,164

2. The Company's profit-seeking enterprise annual income tax return has been submitted to the tax collecting authorities for approval until 2020.

(XVII) Capital and other equity

1. Common stock

   As of December 31, 2023 and 2022, the Company's total authorized capital was NT$800,000 thousand with a par value of NT$10 per share and 80,000 thousand shares, of which 47,875 thousand shares were issued.

   A reconciliation of the number of outstanding shares of the Company is as follows:

(Unit: thousand shares)

	Ordinary shares	
	2023	2022
Number of shares at the beginning of January 1	$ 46,875	47,875
Repurchase of treasury stock	-	(1,000)
Number of shares at the end of December 31	$ 46,875	46,875

2. Capital surplus

The balance of the Company's Capital surplus is as follows:

		December 31, 2023	December 31, 2022
Premium on issuance of shares	$	666,183	666,183
Difference between actual acquisition of price and carrying amount of equity of subsidiaries		23,991	23,991
	$	**690,174**	**690,174**

Under the Company Act, Capital surplus must be used to cover losses before new shares or cash can be issued based on the realized Capital surplus in proportion to the shareholders' original shares. The realized Capital surplus referred to in the preceding paragraph includes the proceeds from the issuance of shares in excess of par value and the proceeds from the receipt of gifts. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of Capital surplus that may be capitalized each year may not exceed 10% of the paid-in capital.

3. Retained earnings

(1) Legal reserve

If the Company has no deficit, it may issue new shares or cash from the legal reserve by resolution of the shareholders' meeting, provided that the amount of such reserve exceeds 25% of the paid-in capital. If the above is issued in cash, in accordance with the Company Act and the Company's Articles of Incorporation, the Board of Directors is authorized to resolve and report to the shareholders' meeting.

(2) Special reserve

In accordance with the requirements issued by the FSC, when the Company distributes distributable earnings, a special reserve in the same amount should be provided from current profit or loss and unappropriated earnings in prior periods for the net decrease in other shareholders' equity that occurred during the year; the special reserve in the same amount is not distributable from prior unappropriated earnings for the decrease in other shareholders' equity accumulated in prior periods. If there is a subsequent reversal in the amount of the reduction in other shareholders' equity, the reversed portion of the earnings may be distributed.

(3) Earnings distribution and dividend policy

In accordance with the Company's Articles of Incorporation, if there is any surplus in the annual final accounts, the Company shall first pay taxes to make up for prior years' deficits, and then set aside 10% of the legal reserve. After setting aside or reversing the special reserve as required by laws and regulations, the Board of Directors shall prepare an earnings distribution proposal and submit it to the shareholders' meeting for resolution if there are any earnings together with unappropriated earnings accumulated in previous years. If all or part of the dividends and bonuses payable are intended to be paid in cash, the Board of Directors is authorized to resolve and report to the shareholders' meeting.

The Company's dividend policy will depend on factors such as current and future development plans, investment environment, capital needs, domestic and foreign competition conditions, and capital budgets, while taking the interests of shareholders and the Company's long-term financial planning into account. The Board drafts a profit distribution proposal for the distributable earnings above; of which, the distribution of shareholders' dividend bonuses of each year should not be less than 10% of distributable earnings for the year; however, where the accumulated distributable earnings are less than 10% of the paid-in share capital, the distribution may be exempted; when distributing the shareholders' dividend bonuses, such may be distributed in the form of cash or shares, and the cash dividends shall not be less than 10% of the total dividends; provided that the actual distribution percentage shall be handled pursuant to the resolution of the shareholders' meeting.

On March 3, 2023 and March 7, 2022, the Board of Directors resolved the cash dividends of earnings distribution proposals for 2022 and 2021 as follows:

	2022		2021	
	Dividends per share (NT$)	**Amount**	**Dividends per share (NT$)**	**Amount**
Dividends distributed to ordinary shareholders:				
Cash dividends distributed to shareholders from Unappropriated earnings	$ 5.00	234,377	5.50	263,314

On February 27, 2024, the Board of Directors resolved the cash dividends of earnings distribution proposals for 2023 as follows:

	2023	
	Dividends per share (NT$)	**Amount**
Dividends distributed to ordinary shareholders:		
Cash dividends distributed to shareholders from Unappropriated earnings	$ 3.60	168,751

The above information is available on the website MOPS.

4. Treasury stock

During the period from July to August 2022, the Company repurchased a total of 1,000 thousand shares of treasury stock in a total amount of NT$85,925 thousand for the purpose of transferring shares to employees in accordance with Article 28-2 of the Securities and Exchange Act. As of December 31, 2023 and 2022, none of the shares had been transferred to employees or cancelled.

In accordance with the Securities and Exchange Act, treasury stock cannot be pledged and are not entitled to shareholders' rights until they are transferred. In addition, the percentage of number of shares repurchased by the Company shall not exceed 10% of the total number of shares issued by the Company. The total amount of shares repurchased shall not exceed the amount of retained earnings plus share premiums and realized Capital surplus.

5. Other equity (net amount after tax)

		Exchange differences on translation of foreign operations	Unrealized valuation losses on financial assets at fair value through other comprehensive income	Total
January 1, 2023	$	(886)	(9,114)	(10,000)
Exchange differences arising from the translation of net assets of foreign operating institutions		(41)	-	(41)
Unrealized valuation loss on financial assets at fair value through other comprehensive income		-	72,541	72,541
December 31, 2023	**$**	**(927)**	**63,427**	**62,500**
January 1, 2022	$	(1,236)	-	(1,236)
Exchange differences arising from the translation of net assets of foreign operating institutions		350	-	350
Unrealized valuation loss on financial assets at fair value through other comprehensive income		-	(9,114)	(9,114)
December 31, 2022	**$**	**(886)**	**(9,114)**	**(10,000)**

(XVIII) Earnings per share

1. Basic earnings per share

		2023	2022
Net income attributable to equity holders of the Company's ordinary shares	**$**	**195,973**	**269,773**
Weighted-average number of ordinary shares outstanding (in thousands)		**46,875**	**47,454**
Basic earnings per share (NT$)	**$**	**4.18**	**5.68**

2. Diluted earnings per share

		2023	2022
Net income attributable to equity holders of the Company's ordinary shares	**$**	**195,973**	**269,773**
Weighted-average number of ordinary shares outstanding (basic) (in thousands)		46,875	47,454
Effect of dilutive potential ordinary shares (in thousands):			
Effect of employee compensation		399	924
Weighted-average number of ordinary shares outstanding (diluted) (in thousands)		**47,274**	**48,378**
Diluted earnings per share (NT$)	**$**	**4.15**	**5.58**

(XIX)Revenue from customer contracts

1. Breakdown of revenue

		2023	2022
Major regional markets:			
Taiwan	$	568,447	602,679
Mainland China		337,486	311,817
The U.S.		294,844	393,719
Others		180,099	190,337
	$	1,380,876	1,498,552
Major products and services:			
Electronic ceramic components	$	875,519	933,904
Module and system products		384,152	408,710
Other electronic parts and components		121,205	155,938
	$	1,380,876	1,498,552

2. Contract balances

		December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable (including related parties)	$	278,286	286,282	375,311
Less: Allowance for losses		(5,072)	(2,917)	(3,719)
	$	273,214	283,365	371,592

		December 31, 2023	December 31, 2022	January 1, 2022
Contractual liabilities (included in other current liabilities)	$	(4,228)	(7,783)	(6,947)

Notes and accounts receivable (including related parties) and impairment loss are disclosed in Note 6(5).

The change in contract liabilities is mainly due to the difference between the point at which the Group transfers goods to customers to satisfy its contractual obligations and the point at which customers pay. The opening balances of contract liabilities as of January 1, 2023 and 2022 were recognized as income of NT$5,035 thousand and NT$3,565 thousand for 2023 and 2022.

(XX) Employees' and directors' remuneration

Pursuant to the Articles of Incorporation, where the Company makes profits in a year, 10% to 15% should be provided as employees’ remuneration and no more than 3% should be provided as directors’ remuneration. However, where the Company has accumulated losses, the amount for compensation shall be set aside first. The recipients of stock or cash distribution for employees’ remuneration in the preceding paragraph, may include the employees of the controlling or subordinate companies meeting certain conditions.

For the years ended December 31, 2023 and 2022, the estimated amounts of employee compensation were NT$24,922 thousand and NT$55,612 thousand, respectively; the estimated amounts of director compensation were NT$1,869 thousand and NT$2,781 thousand, respectively, which are estimated by multiplying the Company's income before income tax for each period prior to the deduction of employee and director compensation by the percentage of employee and director compensation to be distributed by the Company. Such amounts are reported as operating costs or operating expenses for each period. If the actual distribution amount differs from the estimated amount, the difference is accounted for as a change in accounting estimate and recognized as profit or loss in the following year.

The amount of employee and director compensation resolved by the Board of Directors was not different from the amount estimated in the above 2023 and 2022 parent-only financial reports, and was paid in cash. For relevant information, please refer to the website MOPS.

(XXI)Non-operating income and expenses

1. Interest income

		2023	2022
Interest income from bank deposits	$	5,971	2,767

2. Other income

		2023	2022
Rental income (Note 6(14))	$	-	1,542
Dividend income		11,870	7,150
Subsidy income		525	964
Gains on writing off overdue accounts payable		2,648	-
Other income-others		3,781	7,471
	$	18,824	17,127

3. Other gains and losses

		2023	2022
Gain on disposal of investment property (Note 6(9))	$	-	36,821
Net foreign currency exchange gains (losses)		(9,389)	11,889
Net gain (loss) on financial instruments at fair value through profit or loss		4,540	(1,149)
Gain (loss) on disposal of property, plant and equipment		(112)	61
Others		(928)	(9,960)
	$	(5,889)	37,662

4. Finance costs

		2023	2022
Interest expenses on bank loans	$	(1,974)	(361)
Interest expenses on lease liabilities		(450)	(542)
	$	(2,424)	(903)

(XXII) Financial instruments

1. Types of financial instruments

(1) Financial assets

		December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss:			
Mandatory financial assets at fair value through profit or loss - current:	$	3,945	25
Financial assets at fair value through other comprehensive income-current		248,390	80,509
Financial assets measured at amortized cost:			
Cash and cash equivalents		382,556	603,230
Notes and accounts receivable (including related parties)		273,214	283,365
Financial assets measured at amortized cost - current		215,600	216,100
Refundable deposits		5,205	4,766
Subtotal		876,575	1,107,461
Total	$	1,128,910	1,187,995

(2) Financial liabilities

	December 31, 2023	December 31, 2022
Financial liabilities at fair value through profit or loss	$ 13	633
Financial liabilities measured at amortized cost:		
Short-term borrowings	-	86,720
Notes and accounts payable and other payables (including related parties)	303,777	382,758
Lease liabilities (including current and non-current) (including related parties)	29,880	43,107
Subtotal	333,657	512,585
Total	**$ 333,670**	**513,218**

2. Information on fair value

(1) Financial instruments not measured at fair value

The Group's management believes that the carrying amounts of the Group's financial assets and financial liabilities classified as measured at amortized cost in the consolidated financial reports approximate their fair values.

(2) Financial instruments measured at fair value

Financial instruments held by the Group at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. The following table provides an analysis of financial instruments measured at fair value after initial recognition and is categorized into Levels 1 to 3 based on the degree of observability of the fair value. Each fair value hierarchy is defined as follows:

A. Level 1: Publicly quoted prices (unadjusted) for identical assets or liabilities in active markets.
B. Level 2: Inputs to the asset or liability that are observable, either directly (i.e., as prices) or indirectly (i.e., derived from prices), other than those included in Level 1 publicly available quotations.
C. Level 3: Inputs to the asset or liability that are not based on observable market data (unobservable parameters).

	December 31, 2023				
		Fair value			
	Carrying amounts	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss - current:					
Derivative financial instruments - forward foreign exchange contracts	**$ 3,945**	**-**	**3,945**	**-**	**3,945**
Financial assets at fair value through other comprehensive income - current:					
Domestic listed company shares	**$ 248,390**	**248,390**	**-**	**-**	**248,390**
Financial liabilities at fair value through profit or loss - current:					
Derivative financial instruments - forward foreign exchange contracts	**$ 13**	**-**	**13**	**-**	**13**

	December 31, 2022				
		Fair value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss - current:					
Derivative financial instruments - forward foreign exchange contracts	$ 25	-	25	-	25
Financial assets at fair value through other comprehensive income - current:					
Domestic listed company shares	$ 80,509	80,509	-	-	80,509
Financial liabilities at fair value through profit or loss - current: Derivative financial instruments - forward foreign exchange contracts	$ 633	-	633	-	633

3. Fair value measurement techniques used in measuring financial instruments at fair value

The estimates and assumptions used in estimating the fair value of derivative financial instruments approximate those used by market participants in pricing financial instruments, and such information is available to the Group. The fair value of forward foreign exchange contracts is generally based on current forward exchange rates.

The fair value of listed stocks with standard terms and conditions and traded in an active market is determined by reference to quoted market prices.

4. Transfer between fair value hierarchy

For the years ended December 31, 2023 and 2022, there was no transfer of financial assets and liabilities to the fair value hierarchy.

(XXIII) Financial risk management

The Group is exposed to credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and other price risks) as a result of its business activities. This note presents information on the Group's exposure to each of these risks, the Group's policies and procedures for measuring and managing these risks, and quantitative disclosures.

The Group's Board of Directors is responsible for developing and controlling the Group's risk management policy. The risk management policy is established to identify and analyze the risks faced by the Group, set appropriate risk limits and controls, and monitor compliance with the risks and risk caps. The risk management policy and system are reviewed regularly to reflect changes in market conditions and the Group's operations.

The Group monitors and reviews financial activities in accordance with relevant regulations and internal control system. Internal auditors play a supervisory role and report the review results to the Board of Directors on a regular basis.

1. Credit risk

Credit risk represents the risk of financial loss arising from non-performance of contractual obligations by counterparties to financial assets, mainly from cash and cash equivalents, derivative financial instruments, receivables from customers and financial assets carried at amortized cost. The carrying amount of the Group's financial assets represents the maximum exposure to credit risk.

The Group's bank deposits and derivative financial instruments classified as cash and cash equivalents, financial assets at amortized cost are all traded with financial institutions with good credit ratings, and therefore should not be exposed to significant credit risk.

The Group has established a credit policy under which each customer is analyzed individually to determine its credit limit. 49% and 50% of the Group's notes and accounts receivable (including related parties) balance as of December 31, 2023 and 2022, respectively, consisted of five customers, resulting in a concentration of credit risk in the Group's accounts receivable. The Group continuously evaluates the financial position of its customers to reduce the risk.

2. Liquidity risk

Liquidity risk is the risk that the Group is unable to deliver cash or other financial assets to settle its financial liabilities and unable to meet its obligations. The Group manages liquidity risk by regularly monitoring its current and expected medium- and long-term capital requirements and by maintaining appropriate capital and banking facilities. As of December 31, 2023 and 2022, the Group had unused borrowing facilities of NT$920,000 thousand and NT$833,280 thousand, respectively.

The following table illustrates the maturity analysis of the Group's financial liabilities with contractual repayment terms, which are based on the earliest possible date on which the Group could be required to make repayment and undiscounted cash flows.

	Contractual cash flow	Within one year	1 to 2 years	More than 2 years
December 31, 2023				
Non-derivative financial liabilities:				
Notes and accounts payable and other payables (including related parties)	$ 303,777	303,777	-	-
Lease liabilities (including current and non-current) (including related parties)	30,454	12,870	7,794	9,790
Derivative financial instruments				
Forward foreign exchange contracts:				
Outflows	6,245	6,245	-	-
Inflows	(6,232)	(6,232)	-	-
	13	13	-	-
	$ 334,244	316,660	7,794	9,790
December 31, 2022				
Non-derivative financial liabilities:				
Short-term borrowings	$ 87,943	87,943	-	-
Notes and accounts payable and other payables (including related parties)	382,758	382,758	-	-
Lease liabilities (including current and non-current)	43,906	21,759	9,946	12,201
Derivative financial instruments				
Forward foreign exchange contracts:				
Outflows	99,703	99,703	-	-
Inflows	(99,070)	(99,070)	-	-
	633	633	-	-
	$ 515,240	493,093	9,946	12,201

The Group does not anticipate that the timing of the cash flows for the maturity analysis will be significantly earlier or that the actual amounts will be significantly different.

3. Market risk

Market risk refers to the risk of changes in market prices, such as changes in exchange rates, interest rates and equity instruments, which may affect the Company's revenue or the value of financial instruments held by the Group. The objective of market risk management is to manage the level of market risk within a tolerable range and to optimize investment returns.

(1) Exchange rate risk

A. Exposure to exchange rate risk

The Group's hedging strategy is to enter into forward foreign exchange contracts to manage the exchange rate risk of net foreign currency positions arising from occurred sales and purchase transactions. The use of such derivative instruments helps the Group reduce, but not completely eliminate, the impact of foreign currency exchange rate fluctuation to a certain extent.

The Group has entered into derivative financial instruments with maturities less than six months and does not meet the conditions for hedge accounting.

The Group's exchange rate risk arises mainly from cash and cash equivalents, accounts receivable (payable) (including related parties), other payables (including related parties) and bank loans that are not denominated in functional currencies, which result in foreign currency exchange gains or losses upon translation.

The carrying amounts of monetary assets and liabilities that are not denominated in functional currencies at the reporting date (including monetary items eliminated in the consolidated financial statements that are not denominated in functional currency) and the related sensitivity analysis are as follows:

	December 31, 2023					
		Foreign currency	**Exchange rate**	**NT$**	**Change in exchange rate**	**Impact of profit or loss (before tax)**
<u>Financial assets</u>						
<u>Monetary items</u>						
US$	$	8,049	30.750	247,507	1%	2,475
RMB		7,397	4.3364	32,076	1%	321
<u>Financial liabilities</u>						
<u>Monetary items</u>						
US$		459	30.750	14,114	1%	141
RMB		143	4.3364	620	1%	6

	December 31, 2022					
		Foreign currency	**Exchange rate**	**NT$**	**Change in exchange rate**	**Impact of profit or loss (before tax)**
<u>Financial assets</u>						
<u>Monetary items</u>						
US$	$	9,793	30.730	300,939	1%	3,009
RMB		5,391	4.4057	23,751	1%	238
<u>Financial liabilities</u>						
<u>Monetary items</u>						
US$		2,894	30.730	88,933	1%	889
RMB		524	4.4057	2,309	1%	23

B. Exchange gains and losses on monetary items

Information on unrealized exchange gains and losses on monetary items is as follows:

	December 31, 2023		December 31, 2022	
	Unrealized exchange profits (losses)	**Exchange rate**	**Unrealized exchange profits (losses)**	**Exchange rate**
Financial assets				
US$:NT$	$ (7,446)	30.750	(2,677)	30.730
RMB:NT$	(300)	4.3364	(50)	4.4057
Financial liabilities				
US$:NT$	549	30.750	(219)	30.730
RMB:NT$	13	4.3364	19	4.4057

(2) Interest rate risk

The Group's measures to address the risk of changes in interest rates on borrowings are to regularly evaluate the interest rates on bank loans and borrowings in various currencies, and to maintain good relationships with financial institutions in order to obtain lower financing costs; and to reduce its dependence on bank loans and diversify the risk of changes in interest rates by strengthening working capital management.

On December 31, 2022, the Group's bank loans were on a floating rate basis. If the annual interest rate on bank loans increases (or decreases) by 1%, the Group's income before income tax would decrease (or increase) by NT$867 thousand, with all other variables held constant.

The above sensitivity analysis is based on the interest rate risk of the Group's bank loans on the reporting date. For floating rate liabilities, the analysis is based on the assumption that the amount of liabilities outstanding on the reporting date is outstanding throughout the year.

(3) Other price risk

The Group is exposed to the risk of changes in the market price of equity securities when it holds shares of domestic listed companies. The Group manages and monitors the performance of its investments on a fair value basis.

The sensitivity analysis of the price risk of holding domestic listed stocks (included in financial assets at fair value through other comprehensive income - current) is based on the change in fair value on the reporting date. If the price of the above equity instruments had increased/decreased by 5%, the amount of other comprehensive income would have increased/decreased by NT$12,420 thousand and NT$4,025 thousand for 2023 and 2022 respectively.

(XXIV) Capital Management

Based on the characteristics of the current operating industry and the future development of the Group, and taking into consideration factors such as changes in the external environment, the Group plans its capital management to ensure that it can meet the needs for working capital, research and development expenses, and dividend payments in future periods.

For the years ended December 31, 2023 and 2022, there was no change in the Group's approach to capital management.

(XXV) Investment and fund-raising activities for non-cash transactions

1. For the Group's acquisition of right-of-use asset through leases, please refer to Note 6(8) for details.
2. The reconciliation of liabilities from financing activities is as follows:

			Changes in non-cash		
	January 1, 2023	Cash flow	Increase in lease liabilities	Change in exchange rate	December 31, 2023
Short-term borrowings	$ 86,720	(86,720)	-	-	-
Lease liabilities (including related parties)	43,107	(22,224)	9,077	(80)	29,880
Total liabilities from financing activities	**$ 129,827**	**(108,944)**	**9,077**	**(80)**	**29,880**

			Changes in non-cash		
	January 1, 2022	Cash flow	Increase in lease liabilities	Change in exchange rate	December 31, 2022
Short-term borrowings	$ 72,881	13,839	-	-	86,720
Lease liabilities	35,105	(18,639)	26,615	26	43,107
Deposits received	1,130	(1,130)	-	-	-
Total liabilities from financing activities	**$ 109,116**	**(5,930)**	**26,615**	**26**	**129,827**

3. Investing activities with only partial cash payments:

	2023	2022
Acquisition of property, plant and equipment	$ 46,221	137,326
Add: Payable for equipment at the beginning of the period	15,851	21,128
Less: Payable for equipment at the end of the period	(2,216)	(15,851)
Add: Prepayments for equipment at the beginning of the period	12,836	13,753
Less: Prepayments for equipment at the beginning of the period	(13,753)	(27,815)
Add: Reclassified from prepaid equipment	10,270	24,472
Cash paid during the period	**$ 69,209**	**153,013**

VII. Related party transactions

(I) Parent company and ultimate controlling party

Darfon Electronics Corp. is the parent company of the Company and the ultimate controlling party of the group to which it belongs. It directly and indirectly owns 45.77% of the outstanding ordinary shares of the Company and has prepared consolidated financial statements for public use.

(II) Names and relationships of related parties

The related parties with whom the Group had transactions during the period covered by the consolidated financial reports are as follows:

Name of related parties	Relationship with the Group
Darfon Electronics Corp (Darfon)	The Group's parent company
Suzhou Darfon Electronics Corp (DFS)	A subsidiary of Darfon
Chongqing Darfon Electronics Corp (DFQ)	A subsidiary of Darfon
Darad Innovation Co., Ltd. (Darad)	A subsidiary of Darfon
Qisda Corporation (Qisda)	An individual who has significant influence on Darfon
Hitron Technologies (Hitron)	A subsidiary of Qisda
Hitron Technologies (Vietnam) (Hitron Vietnam)	A subsidiary of Qisda
Transnet Corporation (Transnet)	A subsidiary of Qisda
Alpha Networks Inc. (Alpha Networks)	A subsidiary of Qisda
DFI Inc. (DFI)	A subsidiary of Qisda
Global Investment Holdings (Global Investment)	(Note)

(Note) The Chairman of the Board of Directors of the company is related to the Company's key management as spouses; since March 2022, the company is no longer a related party of the Group due to the resignation of the above key management personnel of the Company.

(III) Significant transactions with related parties

1. Net revenue

The significant amounts of sales to related parties are as follows:

		2023	2022
Parent company	$	208	490
Other related parties		32,374	63,119
	$	**32,582**	**63,609**

The terms of the Group's sales to related parties are not significantly different from those of general sales. The credit period is 90 to 120 days on a monthly basis.

2. Purchase

The amounts of the Group's purchases from related parties are as follows:

		2023	2022
Parent company	**$**	**29**	**72**

The prices of the Group's purchases from the above related parties are not significantly different from the normal purchase prices; the payment terms are 90 days on a monthly basis, which are not significantly different from normal transactions.

3. Leases

The Group leases its plant from its parent company Darfon at a rent that is based on the rental rate in the neighboring areas and is paid monthly. In July 2022, the Group entered into a lease agreement with Darfon and recognized a right-to-use asset and a lease liability of NT$23,551 thousand.

The Group recognized interest expense of NT$230 thousand and NT$136 thousand for 2023 and 2022 respectively, and had a lease liability of NT$16,633 thousand and NT$21,258 thousand as of December 31, 2023 and 2022 respectively.

4. Property transactions

In January 2022, the Group sold transportation equipment to other related parties for NT$1,067 thousand (before tax), resulting in a gain on disposal of NT$61 thousand (before tax), which was recorded as non-operating income and expenses - other gains and losses. The related amount had been received as of December 31, 2022.

In December 2022, the Group purchased machinery equipment from its parent company Darfon for NT$900 thousand (before tax). As of December 31, 2022, the related unpaid portion of the purchase price was recorded under other payables - related parties.

5. Dividend

For the year ended December 31, 2023, 2022, the amount of dividend income generated by the company's related parties' securities is as follows:

Item	Type of related parties	2023	2022
Other income	Parent company	$ 6,150	-
Other income	Other related parties	5,720	7,150
		$ 11,870	7,150

6. Others

The Group incurred operating costs and operating expenses for miscellaneous purchases from related parties, inspection and testing, and apportionment of utilities, etc. as follows:

Item	Type of related parties	2023	2022
Operating costs	Parent company	$ 9,492	3,164
Operating expenses	Parent company	3,025	300
Operating expenses	Other related parties	-	136
		$ 12,517	3,600

7. Amounts due from related parties

The Group's receivables from related parties are summarized as follows:

Item	Type of related parties	December 31, 2023	December 31, 2022
Accounts receivable - related parties	Parent company	$ 7	8
Accounts receivable - related parties	Other related parties	8,107	24,258
		$ 8,114	24,266

8. Amounts due to related parties

The Group's payables to related parties are summarized as follows:

Item	Type of related parties	December 31, 2023	December 31, 2022
Accounts payable - related parties	Parent company	$ 17	10
Other payables - related parties	Parent company	6,006	3,302
		$ 6,023	3,312

(IV) Key management compensation

	2023	2022
Short-term employee benefits	$ 54,983	72,597
Post-employment benefits	382	465
	$ 55,365	73,062

VIII. Pledged assets

The carrying amounts of the assets pledged by the Group are as follows:

Name of assets	Subject of pledge	December 31, 2023	December 31, 2022
Time deposits (included in financial assets measured at amortized cost - current)	Customs import guarantee	$ -	500
Time deposits (included in financial assets measured at amortized cost - current)	Corporate credit card deposits	600	600
		$ 600	1,100

IX. Significant contingent liabilities and unrecognized contractual commitments: None.

X. Significant catastrophic losses: None.

XI. Significant subsequent events: None.

XII. Others

Employee benefits, depreciation and amortization expenses by function are summarized as follows:

By function / By nature	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salary expenses	220,698	169,167	389,865	278,005	216,639	494,644
Labor and health insurance expenses	22,356	15,918	38,274	25,272	15,284	40,556
Pension expenses	9,085	5,910	14,995	10,182	6,044	16,226
Other employee benefit expenses	12,513	4,968	17,481	13,627	5,543	19,170
Depreciation expenses	98,302	26,660	124,962	75,227	22,713	97,940
Amortization expenses	721	2,990	3,711	764	3,139	3,903

(Note 1) The above depreciation expenses for 2022 did not include depreciation expenses of NT$394 thousand for investment properties, which were included in non-operating income and expenses.

XIII.Notes disclosures

(I) Relevant information on significant transactions

The Group’s information on significant transactions required to be disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers in 2023 is as follows:

1. Lending of funds to others: None.
2. Endorsement and guarantee for others: None.
3. Securities held at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures):

Unit: thousand shares

Companies held	Type and name of securities	Relationship with the issuer of securities	Accounting subjects	End of period				Maximum shareholding in the middle of the period		Remarks
				No. of shares	Carrying amounts	Shareholding ratio	Fair value	No. of shares	Shareholding percentage	
The Company	Qisda shares	Significant influence on the Group's parent company	Financial assets at fair value through other comprehensive income - current:	2,860	137,280	0.15%	137,280	2,860	0.15 %	-
The Company	Darfon shares	The Group’s parent company	Financial assets at fair value through other comprehensive income - current:	2,050	111,110	0.73%	111,110	2,050	0.73 %	-

4. Cumulative purchases or sales of securities amounting to at least NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of properties amounting to at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of properties amounting to at least NT$300 million or 20% of the paid-in capital: None.
7. Purchase from or sale to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
9. Derivative transactions: Please refer to Note 6(2).
10. Business relationships and significant transactions between parent company and subsidiaries:

No. (Note 1)	Name of counterparties	Transaction targets	Relationship with counterparties (Note 2)	Transactions (Note 3)			
				Subject	Amount	Transaction terms	As a percentage of consolidated total operating revenues or total assets (Note 4)
0	The Company	Unictron Technologies Corporation (Shenzhen)	1	Sales	24,388	150-day monthly settlement	1.77%
0	The Company	Unictron Technologies Corporation (Shenzhen)	1	Accounts receivable	17,091	150-day monthly settlement	0.82%

Note 1: The numbering method is as follows:
1.0 represents the parent company.
2. Subsidiaries are numbered according to the company, starting with the number 1.

Note 2: The type of relationships with the counterparties is as follows:
1. Parent company to a subsidiary.
2. A subsidiary to parent company.
3. A subsidiary to a subsidiary.

Note 3: The business relationships and significant transactions between the parent and subsidiary are disclosed only for sales and accounts receivable, and the corresponding purchase and accounts payable are not further described.

Note 4: The amount of the transaction is divided by the consolidated operating revenue or consolidated total assets.

Note 5: Written off in the preparation of the consolidated financial statements.

(II) Relevant information on re-investees:

Information on the Company's re-investees for 2023 is as follows (excluding the investees in Mainland China):

Unit: thousand shares

Name of investor companies	Name of investees	Location	Main businesses	Original investment amount		Holding at the end of the period			Maximum shareholding in the middle of the period		Current Profit or loss of the investees	Investment profit or loss recognized during the period	Remarks
				End of the period	End of last year	No. of shares	percentage	Carrying amounts	No. of shares	Shareholding ratio			
The Company	Unicom Technologies, Inc.	Mauritius	Investment holdings	47,321 (USD1,535)	29,756 (USD968)	1,535	100.00%	24,557	1,535	100.00%	(6,032)	(6,032)	Subsidiary of the Company

(III) Information on investment in Mainland China:

1. Name of the investee company in Mainland China, main businesses and other related information:

Name of investees in Mainland China	Main businesses Item	Paid-up capital	Investment method	Cumulative investment amount remitted from Taiwan at the beginning of the period	Amount of investment remitted or recovered during the period		Cumulative investment amount emitted from Taiwan at the end of the period	Investees Profit or loss for the period	Percentage of the Company's direct or indirect investment	Maximum shareholding in the middle of the period		Investment (loss) profit recognized during the period	Carrying value of investments at the end of the period	Investment income remitted or recovered as of the end of the period
					Remitted	Recovered				No. of shares	Shareholding percentage			
Unictron Technologies Corporation (Shenzhen) Co., Ltd.	Design and marketing of antenna and modules for wireless communication	45,264 (USD1,472)	(Note 1)	27,829 (USD905)	17,435 (USD567)	-	45,264 (USD1,472)	(5,804)	100.00 %	(Note 3)	100.00%	(5,804) (Note 2)	23,963	-

Note 1: Company established through third-party investments and reinvested in Mainland China.
Note 2: Recognized based on the financial statements of the investee company audited by the parent company's accountants in Taiwan.
Note 3: It is a limited company, so there is no information on the number of shares.
Note 4: The above amounts in NT$ were translated into NT$ at the closing exchange rate of 30.75 on December 31, 2023.

2. Investment limit in Mainland China:

Company name	Cumulative amount of investment remitted from Taiwan to Mainland China at the end of the period	Amount of investment approved by the Investment Commission, Ministry of Economic Affairs	Investment limit in Mainland China in accordance with the regulations of the Investment Commission, Ministry of Economic Affairs
The Company	45,264 (USD1,472)	45,264 (USD1,472)	1,034,606

3. Significant transactions with Mainland China investees:

Name of related parties	Relationship between the Company and its related parties	Transaction terms					Notes and accounts receivable (payable)		Unrealized loss (profit)
		Type	Amount	Price	Payment terms	Comparison with general transactions	Balance	Percentage	
Unictron Technologies Corporation (Shenzhen) Co., Ltd.	Subsidiary indirectly controlled by the Company	Sales	24,388	Price negotiated between both parties	150-day monthly settlement	(Note 1)	17,091	6.51%	161
		Purchase	4,143	Price negotiated between both parties	90-day monthly settlement	No significant difference from general transactions	453	0.45%	-

(Note 1): The prices of the Company's sales to the related parties are not significantly different from the normal sales prices, except for some products with different specifications, which are not comparable to the normal transaction prices.

4. Direct and indirect endorsement, guarantee or collateral provided by third parties to the investees in Mainland China: None.
5. Direct and indirect loans and financing provided by third parties to the investees in Mainland China: None.
6. Other transactions with significant impact on current profit or loss or financial position: None.

(IV) Information on major shareholders

Unit: shares

Shares / Names of major shareholders	No. of shares held	Shareholding percentage
Darfon Electronics Corp.	17,551,081	36.65%
Chengli Investment Co., Ltd.	4,361,375	9.10%

XIV. Department information

(I) General information

The Group is principally engaged in the manufacture and sale of electronic ceramic components, modules and system products and other electronic parts and components. The Group has only one reportable segment, and the segment profit and loss, segment assets and segment liabilities information are consistent with the consolidated financial statements. Please refer to the consolidated balance sheet and the consolidated statement of comprehensive income for details.

(II) Product and service information

The Group's revenue information from external customers is as follows:

Name of products and services		**2023**	**2022**
Electronic ceramic components	$	875,519	933,904
Module and system products		384,152	408,710
Other electronic parts and components		121,205	155,938
	$	**1,380,876**	**1,498,552**

(III) Geographical area

Information by geographical area of the Group is shown as follows, where revenues are categorized based on the geographical location of customers and non-current assets are categorized based on the geographical location of assets.

By geographical area		**2023**	**2022**
Revenue from external customers:			
Taiwan	$	568,447	602,679
Mainland China		337,486	311,817
The U.S.		294,844	393,719
Others		180,099	190,337
	$	**1,380,876**	**1,498,552**

		December 31, 2023	**December 31, 2022**
Non-current assets:			
Taiwan	$	582,721	647,949
Mainland China		8,744	3,732
	$	**591,465**	**651,681**

The above non-current assets include property, plant and equipment, investment property, intangible assets, right-of-use assets and other assets, but do not include non-current assets such as financial instruments and deferred income tax assets.

(IV) Information on major customers

The Group's revenue from a single customer amounting to more than 10% of consolidated net operating revenue:

		2023	**2022**
Customer A	$	259,552	312,328
Customer B		170,600	168,685

Stock code: 6792

Unictron Technologies Corporation
Parent-Company-Only
Financial Statements
With Independent Auditors’ Report
For the Years Ended December 31, 2023 and 2022

Company Address: No.41 Shuei-Keng, Guan-Si, Hsin-Chu 30648 Taiwan (R.O.C)
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Independent Auditors' Report

To the Board of Directors of Unictron Technologies Corporation

Opinion

We have audited the parent-company-only financial statements of Unictron Technologies Corporation (the "Company"), which comprise the parent-company-only balance sheets as of December 31, 2023 and 2022, and the parent-company-only statements of comprehensive income, changes in equity can cash flows for the years then ended, and notes to the parent-company-only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of the company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the parent-company-only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significant in our audit of the parent-company-only financial statements of the current period. These matters were addressed in the context of our audit of parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the Company's parent-company-only financial statements for the year ended December 31, 2023 are stated as follows :

I. Revenue recognition

Please refer to Note 4(15) to the parent-company-only financial reports for the accounting policies related to revenue recognition and Note 6(20) to the parent-company-only financial reports for disclosures related to revenue recognition.

Description on the Key Audit Matters:

Unictron Technologies Corporation's sales to customers involve different types of transaction terms. Unictron Technologies Corporation is required to identify the timing of transfer of control of goods to customers based on the sales terms of individual transactions. Therefore, the revenue recognition testing is one of the important evaluation matters performed in our audit of Unictron Technologies Corporation's parent-company-only financial reports.

Audit procedures:

Our main audit procedures for the above key audit matters included testing the sales and payment collection operations and the internal control related to its financial reporting, and reviewing the sales contracts or evidence of transactions to assess whether the timing of revenue recognition was based on the terms of the transactions with the customers; testing a sample of sales transactions for the period before and after the end of the year to identify the timing at which the control over the goods was transferred to the customer to satisfy the contractual obligations in order to assess whether the timing of revenue recognition was appropriate; reviewing whether significant sales returns and discounts were incurred in the subsequent period to understand and analyze the reasons in order to assess the appropriateness of revenue and related sales returns and discounts in the period in which they are recognized.

II. Inventory valuation

Please refer to Note 4(7) to the parent-company-only financial reports for the accounting policies related to inventory valuation; Please refer to Note 5 to the parent-company-only financial reports for the description on accounting estimates and assumption uncertainties related to inventory valuation; Please refer to Note 6(6) to the parent-company-only financial reports for the provision of inventory falling price loss.

Description on the Key Audit Matters:

Inventories are subsequently measured at the lower of costs or net realizable value. Due to the rapid technology advancement, the costs of inventories may exceed their net realizable value due to obsolescence or a decrease in sales price, resulting in inventory falling price loss. The evaluation of net realizable value involves management's subjective judgment. Therefore, inventory valuation is one of the important evaluation matters in our audit of Unictron Technologies Corporation's parent-company-only financial reports.

Audit procedures:

Our main audit procedures for the above key audit matters included reviewing the inventory aging statements provided by Unictron Technologies Corporation and analyzing the changes in inventory aging; sampling the accuracy of the inventory aging statements; reviewing the valuation of inventories and confirming that the accounting policies established by Unictron Technologies Corporation were followed; and evaluating the reasonableness of the allowance for inventory falling price loss and provision policy formulated by the management.

Responsibility 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 Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent-company-only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that as audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent-company-only financial statements.

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

I. 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 or 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.

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

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

IV. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

V. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the disclosures, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

VI. Obtain sufficient appropriate audit evidence regarding the financial information of the investees accounted for using the equity method to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the audit. We remained solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent-company-only financial statements for the year ended December 31, 2023 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 circumstance, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Tzu-Chieh Tang and Huei-Chen Chang

KPMG
Taipei, Taiwan
Republic of China
February 27, 2024

		December 31, 2023			December 31, 2022	
	Assets		**Amount**	**%**	**Amount**	**%**
	Current assets:					
1100	Cash and cash equivalents (Note 6(1))	$	362,966	18	593,562	27
1110	Financial assets at fair value through profit or loss - current (Note 6(2))		3,945	-	25	-
1120	Financial assets at fair value through other comprehensive income - current (Note 6(3))		248,390	12	80,509	4
1137	Financial assets measured at amortized cost - current (Notes 6(4) and 8)		215,600	10	216,100	10
1170	Notes and accounts receivable, net (Notes 6(5) and (20))		237,440	12	238,881	11
1180	Accounts receivable - related parties (Notes 6(5), (20) and 7)		25,205	1	34,981	1
1310	Inventories (Note 6(6))		323,053	16	367,549	16
1410	Prepayments and other current assets		7,389	-	11,155	-
	Total current assets		1,423,988	69	1,542,762	69
	Non-current assets:					
1550	Investments accounted for using the equity method (Note 6(7))		24,557	1	11,048	1
1600	Property, plant and equipment (Notes 6(8) and 7)		541,195	26	586,977	26
1755	Right-of-use assets (Note 6(9))		22,533	1	41,714	2
1780	Intangible assets (Note 6(11))		6,157	-	5,504	-
1840	Deferred income tax assets (Note 6(17))		26,914	2	18,680	1
1915	Prepayments for equipment		12,836	1	19,576	1
1920	Refundable deposits		3,998	-	3,986	-
	Total non-current assets		638,190	31	687,485	31
	Total assets	$	2,062,178	100	2,230,247	100

(Continued)

		December 31, 2023		December 31, 2022	
	Liabilities and equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (Note 6(12))	$ -	-	86,720	4
2120	Financial liabilities at fair value through profit or loss - current(Note 6(2))	13	-	633	-
2170	Notes and accounts payable	100,207	5	106,160	5
2180	Accounts payable - related parties (Note 7)	470	-	1,158	-
2219	Other payables (Note 6(21))	185,152	9	257,445	11
2220	Other payables - related parties (Note 7)	6,076	-	3,302	-
2230	Current income tax liabilities	9,511	-	21,159	1
2252	Provision for liabilities - current (Note 6(14))	182	-	1,277	-
2280	Lease liabilities-current (Note 6(13))	5,255	-	14,526	1
2282	Lease liabilities - related parties - current (Notes 6(13) and 7)	4,681	-	4,625	-
2399	Other current liabilities (Note 6(20))	9,740	1	16,426	1
	Total current liabilities	321,287	15	513,431	23
	Non-current liabilities:				
2570	Deferred income tax liabilities (Note 6(17))	1,595	-	1,164	-
2581	Lease liabilities non-current (Note 6(13))	62	-	5,137	-
2582	Lease liabilities - related parties - non-current (Notes 6(13) and 7)	11,952	1	16,633	1
2640	Net defined benefit liabilities - non-current (Note 6(16))	2,938	-	3,862	-
	Total non-current liabilities	16,547	1	26,796	1
	Total liabilities	337,834	16	540,227	24
	Equity (Notes 6(18))				
3110	Common stock	478,753	23	478,753	21
3200	Capital surplus	690,174	34	690,174	31
	Retained earnings:				
3310	Legal reserve	145,073	7	117,973	5
3320	Special reserve	10,001	-	1,236	-
3350	Unappropriated earnings	423,768	21	497,809	23
		578,842	28	617,018	28
	Other equity:				
3410	Exchange differences on translation of foreign operations	(927)	-	(886)	-
3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	63,427	3	(9,114)	-
	Total other equity	62,500	3	(10,000)	-
3500	Treasury stock	(85,925)	(4)	(85,925)	(4)
	Total equity	1,724,344	84	1,690,020	76
	Total liabilities and equity	**$ 2,062,178**	**100**	**2,230,247**	**100**

Unictron Technologies Corporation
Parent-Company-Only Statements of Comprehensive Income
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

		2023			2022	
			Amount	**%**	**Amount**	**%**
4000	**Net revenue (Notes 6(20) and 7)**	$	1,346,243	100	1,462,060	100
5000	**Operating costs (Notes 6(6), (8), (9), (11), (13), (14), (16), (21), 7 and 12)**		(865,025)	(64)	(880,634)	(60)
	Gross profit		481,218	36	581,426	40
5910	Realized (Unrealized) gain on sales		2,017	-	(560)	-
	Realized gross profit		483,235	36	580,866	40
	Operating expenses (Notes 6(5), (8), (9), (11), (13), (15), (16), (21), 7 and 12):					
6100	Marketing expenses		(50,477)	(4)	(68,580)	(5)
6200	Administrative expenses		(91,994)	(7)	(103,341)	(7)
6300	Research and development expenses		(127,028)	(9)	(145,462)	(10)
6450	Expected credit gain		826	-	855	-
6000	**Total operating expenses**		(268,673)	(20)	(316,528)	(22)
	Operating income		214,562	16	264,338	18
	Non-operating income and expenses (Notes 6(10), (13), (15), (22), 7 and 12):					
7100	Interest income		5,949	-	2,751	-
7010	Other income		15,844	1	14,839	1
7020	Other gains and losses		(5,650)	-	37,632	2
7050	Finance costs		(2,390)	-	(863)	-
7070	Share of profits (losses) of subsidiaries recognized using the equity method		(6,032)	-	(6,341)	-
	Total non-operating income and expenses		7,721	1	48,018	3
	Income before income tax		222,283	17	312,356	21
7950	**Less: Income tax expenses (Note 6(17))**		(26,310)	(2)	(42,583)	(3)
	Net income		195,973	15	269,773	18
	Other comprehensive income (Note 6(18)):					
8310	**Items that will not be reclassified subsequently to profit or loss**					
8311	Remeasurement of defined benefit plans		228	-	1,221	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		72,541	5	(9,114)	-
8349	Income taxes related to items that may not be reclassified		-	-	-	-
			72,769	5	(7,893)	-
8360	**Items that may be subsequently reclassified to profit or loss**					
8361	Exchange differences on translation of foreign operations		(41)	-	350	-
8399	Income taxes related to items that may be reclassified		-	-	-	-
			(41)	-	350	-
	Other comprehensive income of the period		72,728	5	(7,543)	-
	Total comprehensive income of the period	**$**	**268,701**	**20**	**262,230**	**18**
	Earnings per share (Unit: NT$, Note 6(19))					
9750	**Basic earnings per share**	**$**	**4.18**		**5.68**	
9850	**Diluted earnings per share**	**$**	**4.15**		**5.58**	

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

Unictron Technologies Corporation
Parent-Company-Only of Statement of Changes in Equity
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Other equity items				
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translation of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total	Treasury stock	Total equity
Balance of January 1, 2022	$ 478,753	690,174	88,824	1,341	519,173	609,338	(1,236)	-	(1,236)	-	1,777,029
Net income of the period	-	-	-	-	269,773	269,773	-	-	-	-	269,773
Other comprehensive income of the period	-	-	-	-	1,221	1,221	350	(9,114)	(8,764)	-	(7,543)
Total comprehensive income of the period	-	-	-	-	270,994	270,994	350	(9,114)	(8,764)	-	262,230
Appropriation and distribution of earnings:											
Legal reserve	-	-	29,149	-	(29,149)	-	-	-	-	-	-
Special reserve	-	-	-	(105)	105	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(263,314)	(263,314)	-	-	-	-	(263,314)
Repurchase of Treasury stock	-	-	-	-	-	-	-	-	-	(85,925)	(85,925)
Balance of December 31, 2022	478,753	690,174	117,973	1,236	497,809	617,018	(886)	(9,114)	(10,000)	(85,925)	1,690,020
Net income of the period	-	-	-	-	195,973	195,973	-	-	-	-	195,973
Other comprehensive income of the period	-	-	-	-	228	228	(41)	72,541	72,500	-	72,728
Total comprehensive income of the period	-	-	-	-	196,201	196,201	(41)	72,541	72,500	-	268,701
Appropriation and distribution of earnings:											
Legal reserve	-	-	27,100	-	(27,100)	-	-	-	-	-	-
Special reserve	-	-	-	8,765	(8,765)	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(234,377)	(234,377)	-	-	-	-	(234,377)
Balance of December 31, 2023	**$ 478,753**	**690,174**	**145,073**	**10,001**	**423,768**	**578,842**	**(927)**	**63,427**	**62,500**	**(85,925)**	**1,724,344**

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

Unictron Technologies Corporation
Parent-Company-Only of Statement of Cash Flows
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities:		
Income before income tax of the period	$ 222,283	312,356
Adjustments for:		
Income and expenses items		
Depreciation expenses	121,938	95,319
Amortization expenses	3,370	3,459
Expected credit impairment reversal gain	(826)	(855)
Interest expenses	2,390	863
Interest income	(5,949)	(2,751)
Dividend income	(11,870)	(7,150)
Share of losses of subsidiaries recognized using the equity method	6,032	6,341
Losses (gain) on disposal of property, plant and equipment	112	(61)
Gain on disposal of investment property	-	(36,821)
Unrealized (realized) gain on sales between affiliated companies	(2,017)	560
Total income and expenses items	113,180	58,904
Changes in assets/liabilities related to operating activities:		
Net changes in assets related to operating activities:		
Financial assets at fair value through profit or loss	(3,920)	540
Notes and accounts receivable	2,267	88,279
Accounts receivable - related parties	9,776	(5,613)
Inventories	44,496	(69,606)
Prepayments and other current assets	3,760	901
Total net changes in assets related to operating activities	56,379	14,501
Net changes in liabilities related to operating activities:		
Financial liabilities at fair value through profit or loss	(620)	610
Notes and accounts payable	(5,953)	(69,774)
Accounts payable - related parties	(688)	760
Other payables	(58,434)	(4,633)
Other payables - related parties	2,774	3,080
Provision for liabilities	(1,095)	(458)
Other current liabilities	(6,686)	2,020
Net defined benefit liabilities	(696)	(693)
Total net changes in liabilities related to operating activities	(71,398)	(69,088)
Total net changes in assets and liabilities related to operating activities	(15,019)	(54,587)
Total adjustments	98,161	4,317
Cash inflows from operations	320,444	316,673
Interest received	5,955	2,687
Interest paid	(2,613)	(666)
Income taxes paid	(45,761)	(89,218)
Net cash inflows from operating activities	278,025	229,476

(Continued)

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

Unictron Technologies Corporation
Parent-Company-Only of Statement of Cash Flows (continued)
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(95,340)	(89,623)
Acquisition of financial assets measured at amortized cost	-	(215,000)
Proceeds from repayments of financial assets at amortized cost	500	-
Acquisition of investments accounted for using the equity method	(17,565)	(4,465)
Acquisition of property, plant and equipment (including prepayments for equipment)	(63,356)	(158,697)
Price for disposal of property, plant and equipment	-	1,067
Acquisition of investment property	-	(137)
Price for disposal of investment property	-	64,070
Acquisition of intangible assets	(4,023)	(1,840)
Increase in refundable deposits	(12)	(526)
Dividends received	11,870	7,150
Net cash outflows from investing activities	(167,926)	(398,001)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	(86,720)	13,839
Decrease in deposits received	-	(1,130)
Principal repayment of leases	(19,598)	(16,186)
Cash dividends paid	(234,377)	(263,314)
Cost of treasury stock repurchase	-	(85,925)
Net cash outflows from financing activities	(340,695)	(352,716)
Decrease in cash and cash equivalents of the period	(230,596)	(521,241)
Balance of cash and cash equivalents at beginning of period	593,562	1,114,803
Balance of cash and cash equivalents at end of period	**$ 362,966**	**593,562**

I. Company history

Unictron Technologies Corporation (hereinafter referred to as "the Company") was established on April 8, 1988 with the approval of the Ministry of Economic Affairs. Its registered office is at No.41 Shuei-Keng, Guan-SiHsin-Chu 30648 Taiwan (R.O.C). The Company's principal business is the manufacture and sale of electronic ceramic components, modules and system products and other electronic parts and components.

II. The date and procedure for the adoption of the financial statements

The parent-company-only financial reports were approved by the Board of Directors on February 27, 2024.

III. Application of newly issued and amended standards and interpretations

(I) Impact of adopting newly issued and amended standards and interpretations recognized by the Financial Supervisory Commission ("FSC")

From January 1, 2023, the Company adopted the following newly amended IFRS, which did not have a significant impact on the parent-company-only financial reports.

- Amendments to IAS 1, "Disclosures of Accounting Policies"
- Amendments to IAS 8, "Definition of Accounting Estimates"
- Amendments to IAS 12, "Deferred Income Taxes Related to Assets and Liabilities Arising from a Single Transaction"

From May 23, 2023, the Company adopted the following newly amended IFRS, which did not have a significant impact on the parent-company-only financial reports.

- Amendments to IAS12 "International Tax Reform – Pillar Two Model Rules"

(II) Impact of not yet adopting the IFRS recognized by the FSC

The Company assesses that the application of the following newly amended IFRS, which are effective from January 1, 2024, will not have a material impact on the parent-company-only financial reports.

- Amendments to IAS 1, "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1, "Non-current Liabilities with Contractual Terms"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16, "Sale and Leaseback Transactions"

(III) Newly issued and amended standards and interpretations not recognized by the FSC

The Company expects that the following newly issued and amended standards, which have not been recognized by the FSC, will not have a significant impact on the parent-company-only financial reports.

- Amendments to IFRS 10 and IAS 28, "Disposal of or Investment in Assets between an Investor and its Affiliate or Joint Venture".
- Amendments to IFRS 17, "Insurance Contracts" and IFRS 17
- IAS 21 “Lack of Convertibility”

IV. Summary of significant accounting policies

The significant accounting policies adopted in the parent-company-only financial reports are summarized as follows. The following accounting policies have been applied consistently to all periods presented in the parent-company-only financial reports.

(I) Statement of Compliance

The parent-company-only financial reports have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (hereinafter referred to as the "Regulations").

(II) Basis of Preparation

1. Basis of Measurement

The parent-company-only financial reports have been prepared on the historical cost basis, except for the significant balance sheet items as follows.

(1) Financial instruments (including derivative financial instruments) measured at fair value through profit or loss;
(2) Financial assets at fair value through other comprehensive income;
(3) The net defined benefit liabilities are measured at the present value of the defined benefit liabilities less the fair value of pension fund assets and the cap effects as described in Note 4(17).

2. Functional and Expression Currencies

The Company's functional currency is the currency of the primary economic environment in which it operates. The parent-company-only financial reports are expressed in NT$, the Company's functional currency. All financial information expressed in NT$ is in NT$ thousand unless otherwise stated.

(III) Foreign Currency

1. Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rate at the date of the transaction. At the end of each subsequent reporting period (hereinafter referred to as the reporting date), monetary items denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing on the date. Non-monetary items denominated in foreign currencies measured at fair value are translated into the functional currency using the exchange rate at the date of fair value measurement, while non-monetary items denominated in foreign currencies measured at historical cost are translated using the exchange rate at the date of the transaction.

Translation differences arising from foreign currency translations are generally recognized in profit or loss, except for equity instruments designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

2. Foreign Operating Entities

Assets and liabilities of foreign operating entities, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency of the parent-company-only financial reports using the exchange rates prevailing at the reporting date; income and expenses items are translated into the presentation currency of the parent-company-only financial reports using the average exchange rates of the period. The resulting exchange differences are recognized in other comprehensive income.

When the disposal of a foreign operating entity results in a loss of control or significant influence, the cumulative translation differences related to the foreign operating entity are reclassified to profit or loss. Upon disposal of a subsidiary that partially contains a foreign operating entity, the related cumulative translation differences are reclassified to non-controlling interests on a pro rata basis. Upon disposal of investment in an affiliate that partially contains a foreign operating entity, the related cumulative translation differences are reclassified to profit or loss on a pro rata basis.

If there is no plan to settle a monetary receivable or payable to a foreign operating entity and it is not likely to be settled in the foreseeable future, the resulting foreign currency exchange profit or loss is recognized as part of the net investment in the foreign operating entity and is recognized as other comprehensive income.

(IV) Classification criteria of assets and liabilities as current and non-current

Assets that meet one of the following criteria are classified as current assets, while all other assets that are not current assets are classified as non-current assets:

1. the asset is expected to be realized in the normal course of business or is intended to be sold or used;
2. the asset is held primarily for transaction purposes;

3. the asset is expected to be realized within 12 months after the reporting period; or
4. the asset is cash or cash equivalents, unless the asset is otherwise restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Liabilities that meet one of the following criteria are classified as current liabilities, while all other liabilities that are not current liabilities are classified as non-current liabilities:

1. the liability is expected to be settled in the normal course of business;
2. the liability is held primarily for transaction purposes;
3. the liability is expected to be settled within 12 months after the reporting period; or
4. the liability for which there is no unconditional right to defer settlement for at least 12 months after the reporting period.

(V) Cash and cash equivalents

Cash includes cash on hand, checking deposits and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to a fixed amount of cash and subject to an insignificant risk of changes in value. Time deposits that meet the above definition and are held to meet short-term cash commitments instead of investment or other purposes are reported as cash equivalents.

(VI) Financial instruments

Accounts receivable and debt securities issued are initially recognized as they are incurred. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual terms of the financial instruments. Financial assets (other than receivables that do not contain significant financial components) or financial liabilities that are not measured at fair value through profit or loss are initially measured at fair value plus transaction costs directly attributable to the acquisition or issuance. Accounts receivable that do not contain significant financial components are initially measured at transaction prices.

1. Financial assets

On initial recognition, financial assets are classified as: financial assets measured at amortized cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss. Accounting treatment using transaction date is adopted when financial assets are purchased or sold under usual transaction practices.

The Company reclassifies all affected financial assets from the first day of the next reporting period only when it changes its operating model for managing financial assets.

(1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets the following conditions and is not designated as at fair value through profit or loss:

- The financial asset is held under an operating model whose objective is to collect the contractual cash flows.
- The contractual terms of the financial asset give rise to cash flows at a specific date that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are measured at amortized cost less impairment losses using the effective interest method after initial recognition. Interest income, foreign currency exchange gain or loss and impairment loss are recognized in profit or loss. Upon derecognition, the gain or loss is recognized in profit or loss.

(2) Financial assets at fair value through other comprehensive income

Investment in debt instruments is measured at fair value through other comprehensive income if it meets the following conditions and is not designated as at fair value through profit or loss:

- The financial asset is held under an operating model whose objective is to collect the contractual cash flows and sale.
- The contractual terms of the financial asset give rise to cash flows at a specific date that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition, the Company may make an irrevocable election to report subsequent changes in the fair value of investment in equity instruments not held for trading in other comprehensive income. The above election is made on an instrument-by-instrument basis.

Investment in debt instruments are subsequently measured at fair value. Interest income, foreign currency translation gain or loss, and impairment loss under the effective interest method are recognized in profit or loss, while the remaining net gain or loss is recognized in other comprehensive income. On derecognition, the amount of other comprehensive income accumulated under equity is reclassified to profit or loss.

Investment in equity instruments are subsequently measured at fair value. Dividend income (unless it clearly represents a partial recovery of investment costs) is recognized in profit or loss. The remaining net gain or loss is recognized as other comprehensive income. Upon derecognition, other comprehensive income accumulated under equity is reclassified to retained earnings and not to profit or loss.

Dividend income from equity investments is recognized on the date the Company has the right to receive the dividends (usually the ex-dividend date).

(3) Financial assets at fair value through profit or loss

Financial assets that are not measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss, including derivative financial assets. On initial recognition, the Company may irrevocably designate financial assets that meet the criteria to be measured at amortized cost or at fair value through other comprehensive income as financial assets measured at fair value through profit or loss in order to eliminate or significantly reduce accounting mismatches.

The net gain or loss (including any dividends and interest income) resulting from the subsequent remeasurement of these assets at fair value is recognized in profit or loss.

(4) Assessment of whether the contractual cash flows are solely the payment of principal and interest on the outstanding principal amount

For evaluation purposes, principal is the fair value of the financial asset at the time of initial recognition. Interest is comprised of the following consideration: time value of the currency, credit risk associated with the principal amount outstanding during a specific period, other fundamental lending risks, and cost and profit margins.

To assess whether the contractual cash flows are solely for the payment of principal and interest on the outstanding principal amount, the Company considers the contractual terms of the financial instrument, including assessing whether the financial asset contains a contractual term that would change the timing or amount of the contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- any contingencies that would change the timing or amount of contractual cash flows;
- any terms that may adjust the contractual coupon rate, including the variable interest rate features;
- early repayment and extension features; and
- terms under which the Company's claim is limited to cash flows from specific assets (e.g., non-recourse features).

(5) Impairment of financial assets

The Company recognizes an allowance for expected credit losses on financial assets at amortized cost (including cash and cash equivalents, financial assets carried at amortized cost, notes and accounts receivable and refundable deposits).

Allowance for losses on the following financial assets are measured at 12-month expected credit losses, while the rest are measured at expected credit losses over the duration:

- The credit risk on bank deposits (i.e., the risk of default over the expected duration of the financial instruments) has not increased significantly since the original recognition.

Allowance for losses on accounts receivable is measured by the expected credit loss over the duration.

The expected credit loss over the duration of the instrument is the expected credit loss arising from all possible defaults over the expected duration of the financial instruments. 12-month expected credit losses refer to the expected credit losses arising from possible defaults within 12 months after the reporting date of the financial instruments (or for a shorter period, if the expected duration of the financial instruments is shorter than 12 months).

The maximum period over which expected credit losses are measured is the maximum contractual period over which the Company is exposed to credit risk.

In determining whether credit risk has increased significantly since initial recognition, the Company considers reasonable and supportable information (which can be obtained without excessive cost or investment), including qualitative and quantitative information, and analysis based on the Company's historical experience, credit evaluations and forward-looking information.

Expected credit losses are weighted estimates of the probability of credit losses over the expected duration of the financial instruments. Credit losses are measured at the present value of all cash shortfalls, which is the difference between the cash flows receivable under the Company's contracts and the cash flows expected to be received by the Company. Expected credit losses are discounted at the effective interest rate of the financial assets.

Allowance for losses on financial assets at amortized cost is deducted from the carrying amount of the assets. The amount of allowance or reversal of losses is recognized in profit or loss.

When the Company cannot reasonably expect to recover all or part of a financial asset, the total carrying amount of the financial asset is directly reduced. The timing and amount of the reversal are analyzed individually on the basis of whether recovery is reasonably expected. The Company does not expect a material reversal of the amount written off. However, financial assets that have been written off may still be enforced in order to comply with the Company's procedures for recovering past due amounts. Based on the Group's experience, amounts overdue for more than 21 days are unlikely to be recovered.

(6) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset cease, or when the financial asset has been transferred and substantially all the risks and rewards of ownership of the asset have been transferred to another entity, or when substantially all the risks and rewards of ownership of the asset have neither been transferred nor retained and control of the financial asset has not been retained.

If the Company enters into a transaction to transfer a financial asset and retains all or substantially all the risks and rewards of ownership of the transferred asset, the financial asset is recognized on the balance sheet on an ongoing basis.

2. Financial liabilities

(1) Financial liabilities

Financial liabilities are classified as measured at amortized cost or at fair value through profit or loss. Financial liabilities are classified as at fair value through profit or loss if they are held for trading, derivative instruments or designated at initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value, and the related net gains and losses, including any interest expense, are recognized in profit or loss.

Financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method. Interest expense and exchange gain or loss are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(2) Derecognition of financial liabilities

Financial liabilities are derecognized by the Company when the contractual obligations are fulfilled, cancelled or expired. When the terms of a financial liability are modified and the cash flows of the modified liability are materially different, the original financial liability is derecognized and the new financial liability is recognized at fair value based on the modified terms.

When a financial liability is derecognized, the difference between the carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(3) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and presented in the balance sheet on a net basis only when the Company has a legally enforceable right to do so and intends to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

3. Derivative financial instruments

The Company holds derivative financial instruments to hedge the risk of foreign currency exchange rate fluctuations. Derivatives are initially recognized at fair value, with transaction costs recognized in profit or loss; subsequently, they are measured at fair value, with gains or losses arising from remeasurement recognized directly in profit or loss. When the fair value of a derivative is positive, it is recognized as a financial asset; when the fair value is negative, it is recognized as a financial liability.

(VII) Inventories

The original cost of inventories is the necessary expenditure incurred to bring the inventories to a condition and location ready for sale or production. Subsequently, inventories are measured at the lower of cost or net realizable value on an item-by-item basis, with the cost of inventories calculated using the weighted average method and the net realizable value based on the estimated selling price under normal operations at the balance sheet date less costs and marketing expenses remaining to be incurred to completion.

(VIII) Investment in subsidiaries

In preparing the parent-company-only financial reports, the Company uses the equity method of accounting for the investees over which it has control. Under the equity method, the apportionment of current profit or loss and other comprehensive income in the parent-company-only financial reports is the same as the apportionment of current profit or loss and other comprehensive income attributable to the owners of the parent company in the consolidated financial reports, and the owners' equity in the parent-company-only financial reports is the same as the equity attributable to the owners of the parent company in the consolidated financial statements.

Changes in the Company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions with the owners.

Gains or losses resulting from transactions between the Company and its subsidiaries that have not yet been realized are deferred. Gains or losses from transactions are recognized annually over the useful lives of depreciable or amortizable assets, while those from other types of assets are recognized in the year of realization.

(IX) Property, plant and equipment

1. Recognition and measurement

Property, plant and equipment are measured at cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

If the significant components of property, plant and equipment have different useful lives, they are treated as separate items (major components) of property, plant and equipment.

Gain or loss on disposal of property, plant and equipment is recognized in profit or loss.

2. Subsequent costs

Subsequent expenditures are capitalized only when it is probable that future economic benefits will flow to the Company.

3. Depreciation

Depreciation is calculated based on the cost of the assets less residual values and is recognized as profit or loss over the estimated useful lives of each component using the straight-line method. Except for land, which is not subject to depreciation, the estimated useful lives of the remaining equipment are as follows: machinery and equipment: 2 to 9 years; transportation equipment: 5 to 6 years; office equipment: 3 to 5 years; and other equipment: 2 to 15 years. In addition, building and construction are depreciated over their estimated useful lives based on their significant components: main buildings, 50 to 51 years; other auxiliary equipment, 1 to 44 years.

The depreciation method, useful lives and residual values are reviewed at each reporting date, and the effects of any changes in estimates are deferred.

4. Reclassification to investment property

When properties for own use are reclassified to investment properties, the properties are reclassified to investment properties at the carrying amount upon change of use.

(X) Investment property

Investment property is the property held to earn rentals or for asset appreciation or both. Investment property is initially recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment. The depreciation method, useful life and residual value of investment property are based on the rules of the property, plant and equipment. Cost includes costs directly attributable to the acquisition of investment property and any directly attributable costs of bringing the investment property to a ready-for-use condition and capitalized costs of borrowings.

Gain or loss on disposal of investment property (calculated as the difference between the net disposal price and the carrying amount of the item) is recognized in profit or loss.

Rental income from investment properties is recognized on a straight-line basis over the lease term. Lease incentives granted are recognized as adjustments to lease income over the lease term.

When the use of investment property changes and is reclassified as property, plant and equipment, the reclassification is made at the carrying amount upon change of use.

(XI) Leases

The Company assesses whether a contract is a lease or contains a lease at the inception date. If a contract transfers control over the use of an identified asset for a period of time in exchange for consideration, the contract is a lease or contains a lease.

1. Lessees

The Company recognizes a right-of-use asset and a lease liability at the lease inception date. The right-of-use asset is measured initially at cost, which includes the initial measurement amount of the lease liability, adjusted for any lease payments made on or before the lease inception date, plus the original direct costs incurred and the estimated costs to disassemble, remove the subject asset and restore its location or the subject asset, less any lease incentives received.

Right-of-use assets are subsequently depreciated on a straight-line basis from the lease inception date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the Company periodically assesses whether a right-of-use asset is impaired and addresses any impairment loss incurred, and adjusts the right-of-use asset when the lease liability is remeasured.

Lease liabilities are measured initially at the present value of the lease payments outstanding at the inception date of the lease. If the implied interest rate of a lease is readily determinable, the discount rate is that rate. If it is not readily determinable, the Company's incremental borrowing rate is used. In general, the Company uses the incremental borrowing rate as the discount rate.

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

(1) Fixed payments, including in-substance fixed payments;
(2) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(3) Amounts expected to be payable under a residual value guarantee; and
(4) Payments for purchase or termination options that are reasonably certain to be exercised.

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

(1) There is a change in future lease payments arising from the change in an index or rate; or
(2) There is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
(3) There is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
(4) There is a change of its assessment on whether it will exercise an extension or termination option; or
(5) There is any lease modifications

When a lease liability is remeasured as a result of changes in the index or rate used to determine lease payments and changes in the valuation of purchase, extension or termination options as described above, the carrying amount of the right-of-use asset is adjusted accordingly and the remaining remeasurement amount is recognized in profit or loss when the carrying amount of the right-of-use asset is reduced to zero.

For lease modifications that reduce the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between the carrying amount and the remeasurement amount of the lease liability is recognized in profit or loss.

The Company presents right-of-use assets and lease liabilities that do not meet the definition of investment property as a separate line item on the balance sheet.

For short-term leases and leases of low-value underlying assets, the Company elects not to recognize right-of-use assets and lease liabilities, and instead recognizes the related lease payments as expenses on a straight-line basis over the lease term.

2. Lessors

Transactions in which the Company is the lessor are classified as finance leases at the inception date of the lease based on whether the lease contract transfers substantially all the risks and rewards incidental to the ownership of the subject asset, and otherwise are classified as operating leases. In evaluating the leases, the Company considers specific indicators, including whether the lease term covers a significant portion of the economic life of the subject asset.

For operating leases, the Company recognizes lease payments received as rental income over the lease term on a straight-line basis.

(XII) Intangible assets

Software purchased is initially recognized at cost and subsequently measured at cost less accumulated amortization and accumulated impairment. The amortization is based on the cost of the asset less its residual value and is amortized using the straight-line method over the estimated useful lives of 1 to 3 years. Amortization recognized in profit or loss.

The Company reviews the residual value, useful life and amortization method of intangible assets at each reporting date and makes appropriate adjustments when necessary.

(XIII) Impairment of non-financial assets

For non-financial assets other than inventories, deferred income tax assets and assets arising from employee benefits, the Company assesses at each reporting date whether an impairment loss has occurred and estimates the recoverable amount for the assets for which there is an indication of impairment. If the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs for the purpose of assessing impairment.

The recoverable amount is the higher of the fair value of the individual asset or cash generating unit less costs to sell and its value in use. If the recoverable amount of an individual asset or cash generating unit is less than its carrying amount, the carrying amount of the individual asset or cash generating unit is adjusted downward to its recoverable amount and an impairment loss is recognized. An impairment loss is recognized immediately in profit or loss.

The Company reassesses at each reporting date whether there is any indication of impairment. If an impairment loss recognized in prior years for a non-financial asset other than goodwill no longer exists or has decreased, the impairment loss is reversed to increase the carrying amount of the individual asset or cash generating unit to its recoverable amount. However, it should not exceed the carrying amount after deducting the depreciation or amortization if no impairment loss had been recognized for the individual asset or cash generating unit in prior years.

(XIV) Provision for liabilities

Provisions for liabilities are recognized when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources with economic benefits will be required to settle the obligation in the future, and the amount of the obligation can be reliably estimated.

The provision for warranty liabilities is recognized upon the sale of goods. The provision for such liabilities is estimated based on the historical warranty information of similar products.

(XV) Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled as a result of the transfer of goods. Revenue is recognized when the Company has fulfilled its performance obligations by transferring control of the goods to the customer.

1. Sales of goods

The Company recognizes revenue when control of the goods is transferred to the customer. The transfer of control of the goods means that the goods has been delivered to the customer and there is no outstanding obligation that would affect the customer's acceptance of the goods. Delivery is the point at which the customer has accepted the goods in accordance with the terms of the transaction, the risk of obsolescence and loss has been transferred to the customer, and the Company has objective evidence that all conditions for acceptance have been met.

The Company recognizes accounts receivable upon delivery of goods because the Company has the unconditional right to receive consideration at that timing.

2. Financial components

The Company does not adjust the time value of currency of the transaction price because the interval between the time of transfer of goods to customers and the time of payment for the goods is expected to be less than one year.

(XVI) Government grants

The Company recognizes unconditional government grants as other income when the grants are available. For other asset-related grants, the Company recognizes deferred income at fair value when it can be reasonably assured that the conditions attached to the government grant will be complied with and that the grant will be received, and recognizes the deferred income as other income over the useful life of the asset on a systematic basis. Government grants to compensate for expenses or losses incurred by the Company are recognized in profit or loss on a systematic basis over the same period as the related expenses.

(XVII) Employee benefits

1. Defined contribution plans

The contribution obligation of the defined contribution pension plan is recognized as employee benefit expense in profit or loss during the period in which the employees render service.

2. Defined benefit plans

The net obligation under the defined benefit pension plan is calculated as the discounted value of the future benefit amounts to be earned by each benefit plan for each employee's current or prior service, less the fair value of any plan assets. The discount rate is based on the market yield rate at the reporting date for government bonds with maturity dates approximating the maturity of the Company's net obligations and denominated in the same currency as the expected benefit payments. The net obligation of a defined benefit plan is actuarially determined annually by a qualified actuary using the projected unit benefit method.

When benefits under a plan are improved, the related expense is recognized immediately in profit or loss for the portion of the benefit increase attributable to employees' past service.

The remeasurement of the net defined benefit obligation (asset), which includes actuarial gains and losses, compensation on plan assets (excluding interest) and any change in the asset cap effects (excluding interest) is recognized immediately in other comprehensive income and accumulated in retained earnings.

The Company recognizes a gain or loss on the reduction or settlement of a defined benefit plan when the reduction or settlement occurs. The reduction or settlement gain or loss includes the change in the fair value of any plan assets and the change in the present value of the defined benefit obligation.

3. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are recognized as expenses when the related services are rendered. The amount expected to be paid under short-term cash bonus or dividend plans is recognized as a liability if the Company has a present legal or constructive obligation to pay for the services rendered by employees in the past and the obligation can be reliably estimated.

(XVIII) Income taxes

Income taxes include current and deferred income taxes. Current and deferred income taxes are recognized in profit or loss, except for those related to business combinations, items recognized directly in equity or other comprehensive income.

Current income taxes include estimated income taxes payable or refunds receivable based on current year taxable income (loss) and any adjustments to income taxes payable or refunds receivable in the previous year. The amount reflects the best estimate of the amount expected to be paid or received, measured at the statutory or substantively enacted tax rate at the reporting date, after reflecting uncertainties, if any, related to income taxes.

Deferred income taxes are recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred income tax is not recognized for temporary differences arising from:

1. Assets or liabilities that are not originally recognized in a business combination and do not affect the accounting profit or taxable income (loss) at the time of the transaction.
2. Temporary differences arising from investments in subsidiaries and affiliates where the Company can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future; and
3. taxable temporary differences arising from the original recognition of goodwill.

Deferred income tax is measured at the tax rates that are expected to apply when the temporary differences reverse, based on the statutory or substantive legislative tax rates at the reporting date, and reflecting uncertainties, if any, related to income taxes.

Deferred income tax assets and deferred income tax liabilities are offset only if the following conditions are met at the same time:

1. there is a legally enforceable right to offset current income tax assets and current income tax liabilities; and
2. the deferred income tax assets and deferred income tax liabilities relate to one of the following taxable entities that are subject to income tax by the same taxing authority:
   (1) the same taxable entity; or
   (2) different taxable entities, provided that each entity intends to settle current income tax liabilities and assets on a net basis, or to realize assets and settle liabilities simultaneously, in each future period in which significant amounts of deferred income tax assets are expected to be recovered and deferred income tax liabilities are expected to be settled.

Deferred income tax assets are recognized for unused tax losses and unused income tax credits in subsequent periods to the extent that it is probable that future taxable income will be available against which the temporary differences can be deducted. Deferred income tax assets are reassessed at each reporting date and reduced to the extent that it is not probable that the related income tax benefit will be realized, or to the extent that it becomes probable that sufficient taxable income will be available to allow the reversal of the original reduction.

(XIX) Earnings per share

The Company presents basic and diluted earnings per share attributable to equity holders of the Company's ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company's ordinary shares by the weighted-average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company's ordinary shares by the weighted-average number of ordinary shares outstanding, adjusted for the effect of all potentially dilutive ordinary shares. Potentially dilutive ordinary shares of the Company represents capital increase by cash reserved for employee subscription and optional employee compensation in the form of share issuance.

(XX) Department information

The Company has disclosed department information in the consolidated financial statements and therefore does not disclose department information in the parent-company-only financial reports.

V. Major sources of uncertainty in significant accounting judgments, estimates and assumptions

The preparation of the parent-company-only financial reports in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" requires management to make judgments, estimates and assumptions that affect the adoption of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from estimates.

Management reviews estimates and underlying assumptions on an ongoing basis, and changes in accounting estimates are recognized in the period of change and in the future period affected.

There is a significant risk that uncertainties in assumptions and estimates will cause a material adjustment to the carrying amounts of assets and liabilities at the reporting date in the next financial year as follows:

Since inventories are measured at the lower of cost or net realizable value, the Company evaluates inventories at the reporting date for obsolescence or decline in selling price and reduces the cost of inventories to net realizable value. This inventory valuation is mainly based on estimates of product demand in specific periods in the future and may change significantly due to rapid changes in the industry. Please refer to Note 6(6) for the provision of inventory falling price loss.

VI. Description of significant accounting items

(I) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and working capital	$ 242	407
Demand deposits and checking deposits	304,181	415,965
Time deposits with original maturities of less than three months	58,543	177,190
	$ 362,966	**593,562**

(II) Financial assets and liabilities at fair value through profit or loss - current

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss - current:		
Forward foreign exchange contracts	**$ 3,945**	**25**

	December 31, 2023	December 31, 2022
Financial liabilities at fair value through profit or loss - current:		
Forward foreign exchange contracts	**$ 13**	**633**

Please refer to 6(22) for the details of amounts recognized at fair value through profit or loss.

The Company entered into derivative financial instruments to hedge the exposure to exchange rate risk arising from operating activities and reported them as financial assets or liabilities at fair value through profit or loss because hedge accounting was not applicable. Details of the Company's outstanding derivative financial instruments at the reporting date is as follows:

December 31, 2023		
Contract amount (in thousands)	**Currency**	**Maturity period**
US$$ 5,250	Buy NT$ / Sell US$	January 4, 2024~May 6, 2024

December 31, 2022		
Contract amount (in thousands)	**Currency**	**Maturity period**
US$$ 3,886	Buy NT$ / Sell US$	January 5, 2023~March 10, 2023

(III) Financial assets at fair value through other comprehensive income - current

	December 31, 2023	December 31, 2022
Equity instruments at fair value through other comprehensive income:		
Domestic listed company shares	$ 248,390	80,509

The above investments in equity instruments are strategic investments and are not held for trading purposes. Therefore, they are designated as at fair value through other comprehensive income.

The Company did not dispose of the above-mentioned strategic investments in 2023 and 2022, and the gains and losses accumulated during the periods were not transferred within the equity.

(IV) Financial assets measured at amortized cost - current

	December 31, 2023	December 31, 2022
Time deposits with original maturities of over three months	$ 215,000	215,000
Pledged time deposits (Note 8)	600	1,100
	$ 215,600	216,100

The Company assesses that the above assets are held to maturity to collect the contractual cash flows and that the cash flows from these financial assets are solely attributable to the payment of principal and interest on the principal amount outstanding. Therefore, they are therefore reported as financial assets at amortized cost.

(V) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes and accounts receivable	$ 238,126	240,489
Accounts receivable - related parties	25,205	34,981
	263,331	275,470
Less: Allowance for losses	(686)	(1,608)
	$ 262,645	273,862

The Company uses a simplified approach to estimate expected credit losses for all notes and accounts receivable (including related parties), which represents that the expected credit losses are measured using the expected credit losses over the life of the instruments and are included in forward-looking information. The expected credit losses on notes and accounts receivable (including related parties) as of December 31, 2023 and 2022 are analyzed as follows:

	December 31, 2023		
	Carrying amounts of notes and accounts receivable (including related parties)	**Weighted average expected credit loss ratio**	**Expected credit losses during the allowance period**
Not past due	$ 250,137	0.04%	101
Less than 30 days past due	8,405	2.47%	208
31 to 60 days past due	4,549	7.06%	321
61-90 days past due	240	23.33%	56
	$ 263,331		**686**

	December 31, 2022		
	Carrying amounts of notes and accounts receivable (including related parties)	**Weighted average expected credit loss ratio**	**Expected credit losses during the allowance period**
Not past due	$ 267,249	0.07%	179
Less than 30 days past due	4,930	4.06%	200
31 to 60 days past due	1,938	8.26%	160
61-90 days past due	38	27.37%	10
91-120 days past due	898	71.51%	642
Over 121 days past due	417	100.00%	417
	$ 275,470		**1,608**

The changes in allowance for losses on notes and accounts receivable (including related parties) are as follows:

	2023	**2022**
Opening balance	$ 1,608	2,474
Reversal on impairment loss	(826)	(855)
Amounts written off as uncollectible during the year	(96)	(11)
Closing balance	**$ 686**	**1,608**

(VI) Inventories

	December 31, 2023	December 31, 2022
Raw materials	$ 102,035	120,362
Work in process	129,352	134,555
Finished products	84,003	81,960
Goods	7,663	30,672
	$ 323,053	367,549

Details of operating costs recognized in the current period is as follows:

	2023	2022
Cost of inventories sold	$ 823,449	850,614
Inventory falling price loss	33,688	16,780
Loss on obsolescence of inventories	7,939	13,193
Inventory loss (gain), net	(51)	47
	$ 865,025	880,634

The above inventory falling price loss is recognized as an inventory falling price loss due to the offset of inventories to net realizable value, which are included in operating costs.

(VII) Investments accounted for using the equity method

The Company's investments accounted for using the equity method at the reporting date are presented as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	$ 24,557	11,048

Please refer to the consolidated financial statements for 2023 for information on subsidiaries.

(VIII) Property, plant and equipment

Details of the changes in the cost of property, plant and equipment and accumulated depreciation are as follows:

		Land	Building and construction	Machinery equipment	Transportation equipment	Office equipment	Other equipment	Total
Costs:								
Balance of January 1, 2023	$	259,080	110,459	299,175	7,932	12,221	155,643	844,510
Additions during the period		-	2,030	30,904	-	1,434	11,822	46,190
Disposal during the period		-	-	(4,140)	-	(410)	-	(4,550)
Reclassified from prepaid equipment		-	-	10,142	-	-	128	10,270
Balance of December 31, 2023	**$**	**259,080**	**112,489**	**336,081**	**7,932**	**13,245**	**167,593**	**896,420**
Balance of January 1, 2022	$	259,080	108,915	213,524	9,657	10,272	83,313	684,761
Additions during the period		-	1,293	61,430	-	2,135	72,330	137,188
Disposal during the period		-	-	-	(1,725)	(186)	-	(1,911)
Reclassified from prepaid equipment		-	251	24,221	-	-	-	24,472
Balance of December 31, 2022	**$**	**259,080**	**110,459**	**299,175**	**7,932**	**12,221**	**155,643**	**844,510**
Accumulated depreciation:								
Balance of January 1, 2023	$	-	33,673	152,772	6,304	6,702	58,082	257,533
Depreciation during the period		-	4,192	57,958	723	2,926	36,331	102,130
Disposal during the period		-	-	(4,140)	-	(298)	-	(4,438)
Balance of December 31, 2023	**$**	**-**	**37,865**	**206,590**	**7,027**	**9,330**	**94,413**	**355,225**
Balance of January 1, 2022	$	-	29,515	103,770	6,058	4,369	36,366	180,078
Depreciation during the period		-	4,158	49,002	965	2,519	21,716	78,360
Disposal during the period		-	-	-	(719)	(186)	-	(905)
Balance of December 31, 2022	**$**	**-**	**33,673**	**152,772**	**6,304**	**6,702**	**58,082**	**257,533**
Carrying amounts:								
December 31, 2023	**$**	**259,080**	**74,624**	**129,491**	**905**	**3,915**	**73,180**	**541,195**
December 31, 2022	**$**	**259,080**	**76,786**	**146,403**	**1,628**	**5,519**	**97,561**	**586,977**

(IX) Right-of-use asset

		Building and construction
Costs of right-to-use assets:		
Balance of January 1, 2023	$	93,298
Additions		627
Balance of December 31, 2023	**$**	**93,925**
Balance of January 1, 2022	$	66,683
Additions		26,615
Balance of December 31, 2022	**$**	**93,298**
Accumulated depreciation of right-of-use assets:		
Balance of January 1, 2023	$	51,584
Depreciation		19,808
Balance of December 31, 2023	**$**	**71,392**
Balance of January 1, 2022	$	35,019
Depreciation		16,565
Balance of December 31, 2022	**$**	**51,584**
Carrying amounts:		
December 31, 2023	**$**	**22,533**
December 31, 2022	**$**	**41,714**

(X) Investment property

	Land	Building and construction	Total
Costs:			
Balance of January 1, 2023 (That is Balance of December 31, 2023)	$ -	-	-
Balance of January 1, 2022	$ 17,740	17,426	35,166
Additions during the period	-	137	137
Disposal during the period	(17,740)	(17,563)	(35,303)
Balance of December 31, 2022	$ -	-	-
Accumulated depreciation and impairment loss:			
Balance of January 1, 2023 (That is Balance of December 31, 2023)	$ -	-	-
Balance of January 1, 2022	$ -	7,660	7,660
Depreciation during the period	-	394	394
Disposal during the period	-	(8,054)	(8,054)
Balance of December 31, 2022	$ -	-	-
Carrying amounts:			
December 31, 2023	$ -	-	-
December 31, 2022	$ -	-	-

Investment properties refer to offices leased to others. Please refer to Note 6(15) for relevant information.

In October 2022, the Company sold investment properties to non-related parties for a total consideration of NT$64,070 thousand (before tax), and the gain on disposal was NT$36,821 thousand. As of December 31, 2022, the transfer procedures have been completed and the related payments have been received.

(XI) Intangible assets

Details of the changes in the cost and accumulated amortization of intangible assets are as follows:

	Software purchased
Costs:	
Balance of January 1, 2023	$ 23,718
Acquired separately	4,023
Balance of December 31, 2023	**$ 27,741**
Balance of January 1, 2022	$ 21,878
Acquired separately	1,840
Balance of December 31, 2022	**$ 23,718**
Accumulated amortization:	
Balance of January 1, 2023	$ 18,214
Amortization during the period	3,370
Balance of December 31, 2023	**$ 21,584**
Balance of January 1, 2022	$ 14,755
Amortization during the period	3,459
Balance of December 31, 2022	**$ 18,214**
Carrying amounts:	
Balance of December 31, 2023	**$ 6,157**
Balance of December 31, 2022	**$ 5,504**

Amortization expenses of intangible assets for 2023 and 2022 are reported in the statement of comprehensive income as follows:

	2023	2022
Operating costs	$ 721	764
Operating expenses	2,649	2,695
	$ 3,370	**3,459**

(XII) Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured borrowings	$ -	86,720
Unused balance	$ 920,000	833,280
Interest rate range	-	5.55%~6.18%

(XIII) Lease liabilities

The carrying amounts of the Company's lease liabilities are as follows:

	December 31, 2023	December 31, 2022
Current:		
Related parties	$ 4,681	4,625
Non-related parties	$ 5,255	14,526
Non-current:		
Related parties	$ 11,952	16,633
Non-related parties	$ 62	5,137

For maturity analysis, please refer to Note 6(24) financial risk management.

The amounts recognized in profit or loss are as follows:

	2023	2022
Interest expenses on lease liabilities	$ 416	502
Short-term lease payments	$ 2,867	2,017

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

	2023	2022
Total cash outflows from leases	$ 22,881	18,705

1. Leases of building and construction

The Company leases building and construction for office, factory and warehouses, usually for periods of one to ten years. Among these leases, some of the warehouses leased by the Company have a lease term of one year. The leases are short-term leases and the Company has elected to apply the exemption from recognition and not recognize the related right-of-use assets and lease liabilities.

2. Other leases

The Company leases office equipment for a period of one year. The leases are short-term leases and the Company has elected to apply the exemption from recognition and not recognize the related right-of-use assets and lease liabilities.

(XIV) Provision for liabilities - current

	2023	2022
Provision for warranty liabilities:		
Balance of January 1	$ 1,277	1,735
Additions (reversal) during the period	(1,028)	219
Use during the period	(67)	(677)
Balance of December 31	$ 182	1,277

The provision for warranty liabilities is estimated based on the historical warranty information of similar products.

(XV) Operating leases - lessor

The Company leases out investment properties under operating leases. Please refer to Note 6(10) investment properties for details.

Rental income from investment properties amounted to NT$0 thousand and NT$1,542 thousand for 2023 and 2022, respectively, and was recorded as other income. Please refer to Note 6(22) for details.

Direct operating expenses incurred from investment properties are as follows:

	2023	2022
Rental income generated	$ -	722
No rental income generated	-	-
	$ -	722

(XVI) Employee benefits

1. Defined benefit plans

A reconciliation of the present value of the Company's defined benefit obligation to the net defined benefit obligation is as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	$ 9,694	16,276
Fair value of plan assets	(6,756)	(12,414)
Net defined benefit liabilities	$ 2,938	3,862

The Company's defined benefit plan is contributed to the Bank of Taiwan's special account for labor retirement reserve fund. Retirement payments for each employee under the Labor Standards Act are based on the base figure obtained from years of service and the average salary for the six months prior to retirement.

(1) Composition of plan assets

The Company's pension fund under the Labor Standards Act is managed by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as the Bureau of Labor Funds). According to the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", for the use of funds, the minimum income to be distributed annually shall not be less than the income calculated based on the interest rate of two-year time deposits in local banks.

As of December 31, 2023 and 2022, the balances of the Bank of Taiwan's special account for labor retirement reserve fund were NT$6,756 thousand and NT$12,414 thousand, respectively. For information on the use of the labor pension funds assets (including fund yield and fund asset allocation), please refer to the information on the website of the Bureau of Labor Funds for details.

(2) Changes in present value of defined benefit obligation

	2023	2022
Defined benefit obligation on January 1	$ 16,276	16,509
Current interest	203	91
Net defined benefit liability (asset) remeasurement		
- Actuarial loss (gain) due to experience adjustments	(185)	343
- Actuarial loss (gain) due to changes in financial assumptions	-	(667)
Benefits paid by the plan	(6,600)	-
Defined benefit obligation on December 31	$ 9,694	16,276

(3) Changes in fair value of plan assets

	2023	2022
Fair value of plan assets on January 1	$ 12,414	10,733
Interest income	160	62
Net defined benefit liability (asset) remeasurement		
- Return on plan assets (excluding current interest)	43	897
Amounts contributed to the plan	739	722
Benefits paid by the plan	(6,600)	-
Fair value of plan assets on December 31	$ 6,756	12,414

(4) Changes in asset cap effects

For 2023 and 2022, the Company had no asset cap effects on the defined benefit plan.

(5) Expenses recognized in profit or loss

	2023	2022
Net interest on the net defined benefit liabilities	$ 43	29
Operating costs	$ 33	21
Marketing expenses	1	2
Administrative expenses	1	1
Research and development expenses	8	5
	$ 43	29

(6) Actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation as of the reporting date are as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.25%	1.25%
Future salary increase rate	4.00%	4.00%

The Company expects to make a contribution of NT$780 thousand to the defined benefit plan in the year following the reporting date in 2023. The weighted-average duration of the defined benefit plans is 10.4 years.

(7) Sensitivity analysis

The effect of changes in the major actuarial assumptions used on the present value of the defined benefit obligation is as follows:

	Effect on the defined benefit obligation	
	December 31, 2023	December 31, 2022
Discount rate		
Increase of 0.25%	$ (180)	(232)
Decrease of 0.25%	186	238
Expected rate of salary increase		
Increase of 1.00%	748	969
Decrease of 1.00%	(678)	(887)

The sensitivity analysis above analyzes the effect of changes in a single assumption with other assumptions held constant. In practice, changes in many assumptions may be corelated. The sensitivity analysis is consistent with the methodology used to calculate the net pension liability on the balance sheet.

The methodology and assumptions used in preparing the sensitivity analysis are the same as those used in the previous period.

2. Defined contribution plans

The Company's defined contribution plan is based on the Labor Pension Act, under which the Company contributes 6% of a worker's monthly wages to a personal pension account of the Bureau of Labor Insurance. Under the plan, the Company has no legal or constructive obligation to pay additional amounts after making a fixed contribution to the Bureau of Labor Insurance.

For 2023 and 2022, the Company made contributions of NT$14,952 thousand and NT$16,197 thousand, respectively, to the Bureau of Labor Insurance under the defined pension contribution plan.

(XVII) Income taxes

1. Details of the Company's income tax expenses for 2023 and 2022 are as follows:

Income tax expenses during the period

	2023	2022
Generated during the period	$ 37,613	53,856
Adjustments to income tax during the period for prior periods	(3,500)	(5,150)
	34,113	48,706
Deferred income tax benefits		
Occurrence and reversal of temporary differences	(7,803)	(6,123)
Income tax expense	$ 26,310	42,583

There was no income tax expense recognized directly in equity or other comprehensive income for 2023 and 2022.

A reconciliation of income tax expenses to net income before tax is as follows:

	2023	2022
Income before income tax	$ 222,283	312,356
Income tax calculated at the domestic tax rate of the Company's location	$ 44,457	62,471
Investment tax credit	(7,689)	(7,976)
Adjustments to income tax for prior periods	(3,500)	(5,150)
Tax exemption income	(2,374)	(5,302)
Others	(4,584)	(1,460)
Income tax expense	$ 26,310	42,583

2. Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

Deferred income tax assets:

	Allowance for inventory falling price loss	Compensation for unused leave	Warranty provision and refund liabilities	Others	Total
January 1, 2023	$ 11,408	2,284	1,292	3,696	18,680
(Debit) credit income statement	6,737	141	(205)	1,561	8,234
December 31, 2023	**$ 18,145**	**2,425**	**1,087**	**5,257**	**26,914**
January 1, 2022	$ 8,052	2,116	1,249	1,637	13,054
(Debit) credit income statement	3,356	168	43	2,059	5,626
December 31, 2022	**$ 11,408**	**2,284**	**1,292**	**3,696**	**18,680**

Deferred income tax liabilities:

		Bargain purchase interest	Others	Total
January 1, 2023	$	1,164	-	1,164
(Debit) Credit income statement		(388)	819	431
December 31, 2023	**$**	**776**	**819**	**1,595**
January 1, 2022	$	1,552	109	1,661
Credit income statement		(388)	(109)	(497)
December 31, 2022	**$**	**1,164**	**-**	**1,164**

3. Income tax approval

The Company's profit-seeking enterprise annual income tax return has been submitted to the tax collecting authorities for approval until 2020.

(XVIII) Capital and other equity

1. Common stock

As of December 31, 2023 and 2022, the Company's total authorized capital was NT$800,000 thousand with a par value of NT$10 per share and 80,000 thousand shares, of which 47,875 thousand shares were issued.

A reconciliation of the number of outstanding shares of the Company is as follows:

(Unit: thousand shares)

	Ordinary shares	
	2023	**2022**
Number of shares at the beginning of January 1	46,875	47,875
Repurchase of treasury stock	-	(1,000)
Number of shares at the end of December 31	**46,875**	**46,875**

2. Capital surplus

The balance of the Company's capital surplus is as follows:

		December 31, 2023	December 31, 2022
Premium on issuance of shares	$	666,183	666,183
Difference between actual acquisition of price and carrying amount of equity of subsidiaries		23,991	23,991
	$	**690,174**	**690,174**

Under the Company Act, capital surplus must be used to cover losses before new shares or cash can be issued based on the realized capital surplus in proportion to the shareholders' original shares. The realized capital surplus referred to in the preceding paragraph includes the proceeds from the issuance of shares in excess of par value and the proceeds from the receipt of gifts. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of capital surplus that may be capitalized each year may not exceed 10% of the paid-in capital.

3. Retained earnings

(1) Legal reserve

If the Company has no deficit, it may issue new shares or cash from the legal reserve by resolution of the shareholders' meeting, provided that the amount of such reserve exceeds 25% of the paid-in capital. If the above is issued in cash, in accordance with the Company Act and the Company's Articles of Incorporation, the Board of Directors is authorized to resolve and report to the shareholders' meeting.

(2) Special reserve

In accordance with the requirements issued by the FSC, when the Company distributes distributable earnings, a special reserve in the same amount should be provided from current profit or loss and unappropriated earnings in prior periods for the net decrease in other shareholders' equity that occurred during the year; the special reserve in the same amount is not distributable from prior unappropriated earnings for the decrease in other shareholders' equity accumulated in prior periods. If there is a subsequent reversal in the amount of the reduction in other shareholders' equity, the reversed portion of the earnings may be distributed.

(3) Earnings distribution and dividend policy

In accordance with the Company's Articles of Incorporation, if there is any surplus in the annual final accounts, the Company shall first pay taxes to make up for prior years' deficits, and then set aside 10% of the legal reserve. After setting aside or reversing the special reserve as required by laws and regulations, the Board of Directors shall prepare an earnings distribution proposal and submit it to the shareholders' meeting for resolution if there are any earnings together with unappropriated earnings accumulated in previous years. If all or part of the dividends and bonuses payable are intended to be paid in cash, the Board of Directors is authorized to resolve and report to the shareholders' meeting.

The Company's dividend policy will depend on factors such as current and future development plans, investment environment, capital needs, domestic and foreign competition conditions, and capital budgets, while taking the interests of shareholders and the Company's long-term financial planning into account. The Board drafts a profit distribution proposal for the distributable earnings above; of which, the distribution of shareholders' dividend bonuses of each year should not be less than 10% of distributable earnings for the year; however, where the accumulated distributable earnings are less than 10% of the paid-in share capital, the distribution may be exempted; when distributing the shareholders' dividend bonuses, such may be distributed in the form of cash or shares, and the cash dividends shall not be less than 10% of the total dividends; provided that the actual distribution percentage shall be handled pursuant to the resolution of the shareholders' meeting.

On March 3, 2023 and March 7, 2022, the Board of Directors resolved the cash dividends of earnings distribution proposals for 2022 and 2021 as follows:

	2022		2021	
	Dividends per share (NT$)	**Amount**	**Dividends per share (NT$)**	**Amount**
Dividends distributed to ordinary shareholders:				
Cash dividends distributed to shareholders from unappropriated earnings	$ 5.00	234,377	5.50	263,314

On February 27, 2024, the Board of Directors resolved the cash dividends of earnings distribution proposals for 2023 as follows:

	2023	
	Dividends per share (NT$)	**Amount**
Dividends distributed to ordinary shareholders:		
Cash dividends distributed to shareholders from unappropriated earnings	$ 3.60	168,751

The above information is available on the website MOPS.

4. Treasury stock

During the period from July to August 2022, the Company repurchased a total of 1,000 thousand shares of treasury stock in a total amount of NT$85,925 thousand for the purpose of transferring shares to employees in accordance with Article 28-2 of the Securities and Exchange Act. As of December 31, 2023 and 2022, none of the shares had been transferred to employees or cancelled.

In accordance with the Securities and Exchange Act, treasury stock cannot be pledged and are not entitled to shareholders' rights until they are transferred. In addition, the percentage of number of shares repurchased by the Company shall not exceed 10% of the total number of shares issued by the Company. The total amount of shares repurchased shall not exceed the amount of retained earnings plus share premiums and realized capital surplus.

5. Other equity (net amount after tax)

	Exchange differences on translation of foreign operations	Unrealized valuation gains (losses) on financial assets at fair value through other comprehensive income	Total
January 1, 2023	$ (886)	(9,114)	(10,000)
Exchange differences arising from the translation of net assets of foreign operating institutions	(41)	-	(41)
Unrealized valuation losses on financial assets at fair value through other comprehensive income	-	72,541	72,541
December 31, 2023	$ (927)	63,427	62,500
January 1, 2022	$ (1,236)	-	(1,236)
Exchange differences arising from the translation of net assets of foreign operating institutions	350	-	350
Unrealized valuation losses on financial assets at fair value through other comprehensive income	-	(9,114)	(9,114)
December 31, 2022	$ (886)	(9,114)	(10,000)

(XIX) Earnings per share

1. Basic earnings per share

	2023	2022
Net income attributable to equity holders of the Company's ordinary shares	$ 195,973	269,773
Weighted-average number of ordinary shares outstanding (in thousands)	46,875	47,454
Basic earnings per share (NT$)	$ 4.18	5.68

2. Diluted earnings per share

	2023	2022
Net income attributable to equity holders of the Company's ordinary shares	$ 195,973	269,773
Weighted-average number of ordinary shares outstanding (basic) (in thousands)	46,875	47,454
Effect of dilutive potential ordinary shares (in thousands):		
Effect of employee compensation	399	924
Weighted-average number of ordinary shares outstanding (diluted) (in thousands)	47,274	48,378
Diluted earnings per share (NT$)	$ 4.15	5.58

(XX) Revenue from customer contracts

1. Breakdown of revenue

		2023	2022
Major regional markets:			
Taiwan	$	568,447	602,679
Mainland China		302,853	275,325
The U.S.		294,844	393,719
Others		180,099	190,337
	$	1,346,243	1,462,060
Major products and services:			
Electronic ceramic components	$	856,124	919,922
Module and system products		379,692	400,655
Other electronic parts and components		110,427	141,483
	$	1,346,243	1,462,060

2. Contract balances

		December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable (including related parties)	$	263,331	275,470	358,147
Less: Allowance for losses		(686)	(1,608)	(2,474)
	$	262,645	273,862	355,673
Contractual liabilities (included in other current liabilities)	$	(3,465)	(7,473)	(6,741)

Notes and accounts receivable (including related parties) and impairment loss are disclosed in Note 6(5).

The change in contract liabilities is mainly due to the difference between the point at which the Company transfers goods to customers to satisfy its contractual obligations and the point at which customers pay. The opening balances of contract liabilities as of January 1, 2023 and 2022 were recognized as income of NT$4,902 thousand and NT$3,565 thousand for 2023 and 2022.

(XXI) Employees' and directors' and supervisors' remuneration

Pursuant to the Articles of Incorporation, where the Company makes profits in a year, 10% to 15% should be provided as employees’ remuneration and no more than 3% should be provided as directors’ remuneration. However, where the Company has accumulated losses, the amount for compensation shall be set aside first. The recipients of stock or cash distribution for employees’ remuneration in the preceding paragraph, may include the employees of the controlling or subordinate companies meeting certain conditions.

For the years ended December 31, 2023 and 2022, the estimated amounts of employee compensation were NT$24,922 thousand and NT$55,612 thousand, respectively; the estimated amounts of director compensation were NT$1,869 thousand and NT$2,781 thousand, respectively, which are estimated by multiplying the Company's income before income tax for each period prior to the deduction of employee and director compensation by the percentage of employee and director compensation to be distributed by the Company. Such amounts are reported as operating costs or operating expenses for each period. If the actual distribution amount differs from the estimated amount, the difference is accounted for as a change in accounting estimate and recognized as profit or loss in the following year.

The amount of employee and director compensation resolved by the Board of Directors was not different from the amount estimated in the above 2023 and 2022 parent-company-only financial reports, and was paid in cash. For relevant information, please refer to the website MOPS.

(XXII) Non-operating income and expenses

1. Interest income

	2023	2022
Interest income from bank deposits	$ 5,949	2,751

2. Other income

	2023	2022
Rental income (Note 6(15))	$ -	1,542
Dividend income	11,870	7,150
Subsidy income	38	10
Gains on writing off overdue accounts payable	2,648	-
Other income-others	1,288	6,137
	$ 15,844	14,839

3. Other gains and losses

	2023	2022
Net foreign currency exchange (losses) gains	$ (9,388)	11,765
Net gain (loss) on financial instruments at fair value through profit or loss	4,540	(1,149)
Gain (loss) on disposal of property, plant and equipment	(112)	61
Gain on disposal of investment property (Note 6(10))	-	36,821
Others	(690)	(9,866)
	$ (5,650)	37,632

4. Finance costs

	2023	2022
Interest expenses on bank loans	$ (1,974)	(361)
Interest expenses on lease liabilities	(416)	(502)
	$ (2,390)	(863)

(XXIII) Financial instruments

1. Types of financial instruments

(1) Financial assets

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss:		
Mandatory financial assets at fair value through profit or loss - current:	$ 3,945	25
Financial assets at fair value through other comprehensive income - current	248,390	80,509
Financial assets measured at amortized cost:		
Cash and cash equivalents	362,966	593,562
Notes and accounts receivable (including related parties)	262,645	273,862
Financial assets measured at amortized cost - current	215,600	216,100
Refundable deposits	3,998	3,986
Subtotal	845,209	1,087,510
Total	$ 1,097,544	1,168,044

(2) Financial liabilities

	December 31, 2023	December 31, 2022
Financial liabilities at fair value through profit or loss	$ 13	633
Financial liabilities measured at amortized cost:		
Short-term borrowings	$ -	86,720
Notes and accounts payable and other payables (including related parties)	291,905	368,065
Lease liabilities (including current and non-current)	21,950	40,921
Subtotal	313,855	495,706
Total	**$ 313,868**	**496,339**

2. Information on fair value
   (1) Financial instruments not measured at fair value

The Company's management believes that the carrying amounts of the Company's financial assets and financial liabilities classified as measured at amortized cost in the parent-company-only financial reports approximate their fair values.

   (2) Financial instruments measured at fair value

Financial instruments held by the Company at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. The following table provides an analysis of financial instruments measured at fair value after initial recognition and is categorized into Levels 1 to 3 based on the degree of observability of the fair value. Each fair value hierarchy is defined as follows:

A. Level 1: Publicly quoted prices (unadjusted) for identical assets or liabilities in active markets.
B. Level 2: Inputs to the asset or liability that are observable, either directly (i.e., as prices) or indirectly (i.e., derived from prices), other than those included in Level 1 publicly available quotations.
C. Level 3: Inputs to the asset or liability that are not based on observable market data (unobservable parameters).

	December 31, 2023				
		Fair value			
	Carrying amounts	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss - current: derivative financial instruments -					
Forward foreign exchange contracts	**$ 3,945**	**-**	**3,945**	**-**	**3,945**
Financial assets at fair value through other comprehensive income - current:					
Domestic listed company shares	**$ 248,390**	**248,390**	**-**	**-**	**248,390**
Financial liabilities at fair value through profit or loss - current: derivative financial instruments -					
Forward foreign exchange contracts	**$ 13**	**-**	**13**	**-**	**13**

	December 31, 2022				
		Fair value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss - current: derivative financial instruments -					
Forward foreign exchange contracts	$ 25	-	25	-	25
Financial assets at fair value through other comprehensive income - current:					
Domestic listed company shares	$ 80,509	80,509	-	-	80,509
Financial liabilities at fair value through profit or loss - current: derivative financial instruments -					
Forward foreign exchange contracts	$ 633	-	633	-	633

3. Fair value measurement techniques used in measuring financial instruments at fair value

The estimates and assumptions used in estimating the fair value of derivative financial instruments approximate those used by market participants in pricing financial instruments, and such information is available to the Company. The fair value of forward foreign exchange contracts is generally based on current forward exchange rates.

The fair value of listed stocks with standard terms and conditions and traded in an active market is determined by reference to quoted market prices.

4. Transfer between fair value hierarchy

For the years ended December 31, 2023 and 2022, there was no transfer of financial assets and liabilities to the fair value hierarchy.

(XXIV) Financial risk management

The Company is exposed to credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and other price risk) as a result of its business activities. This note presents information on the Company's exposure to each of these risks, the Company's policies and procedures for measuring and managing these risks, and quantitative disclosures.

The Company's Board of Directors is responsible for developing and controlling the Company's risk management policy. The risk management policy is established to identify and analyze the risks faced by the Company, set appropriate risk limits and controls, and monitor compliance with the risks and risk caps. The risk management policy and system are reviewed regularly to reflect changes in market conditions and the Company's operations.

The Company monitors and reviews financial activities in accordance with relevant regulations and internal control system. Internal auditors play a supervisory role and report the review results to the Board of Directors on a regular basis.

1. Credit risk

Credit risk represents the risk of financial loss arising from non-performance of contractual obligations by counterparties to financial assets, mainly from cash and cash equivalents, derivative transactions, receivables from customers and financial assets carried at amortized cost. The carrying amount of the Company's financial assets represents the maximum exposure to credit risk.

The Company's bank deposits and derivative financial instruments classified as cash and cash equivalents, financial assets at amortized cost are all traded with financial institutions with good credit ratings, and therefore should not be exposed to significant credit risk.

The Company has established a credit policy under which each customer is analyzed individually to determine its credit limit. 53% and 52% of the Company's notes and accounts receivable (including related parties) balance as of December 31, 2023 and 2022, respectively, consisted of five customers, resulting in a concentration of credit risk in the Company's accounts receivable. The Company continuously evaluates the financial position of its customers to reduce the risk.

2. Liquidity risk

Liquidity risk is the risk that the Company is unable to deliver cash or other financial assets to settle its financial liabilities and unable to meet its obligations. The Company manages liquidity risk by regularly monitoring its current and expected medium- and long-term capital requirements and by maintaining appropriate capital and banking facilities. As of December 31, 2023 and 2022, the Company had unused borrowing facilities of NT$920,000 thousand and NT$833,280 thousand, respectively.

The following table illustrates the maturity analysis of the Company's financial liabilities with contractual repayment terms, which are based on the earliest possible date on which the Company could be required to make repayment and undiscounted cash flows.

	Contractual cash flow	Within one year	1 to 2 years	More than 2 years
December 31, 2023				
Non-derivative financial liabilities:				
Notes and accounts payable and other payables (including related parties)	$ 291,905	291,905	-	-
Lease liabilities (including current and non-current) (including related parties)	22,328	10,127	4,913	7,288
Derivative financial instruments				
Forward foreign exchange contracts:				
Outflow	6,245	6,245	-	-
Inflow	(6,232)	(6,232)	-	-
	13	13	-	-
	$ 314,246	**302,045**	**4,913**	**7,288**
December 31, 2022				
Non-derivative financial liabilities:				
Short-term borrowings	$ 87,943	87,943	-	-
Notes and accounts payable and other payables (including related parties)	368,065	368,065	-	-
Lease liabilities (including current and non-current)	41,710	19,563	9,946	12,201
Derivative financial instruments				
Forward foreign exchange contracts:				
Outflow	99,703	99,703	-	-
Inflow	(99,070)	(99,070)	-	-
	633	633	-	-
	$ 498,351	**476,204**	**9,946**	**12,201**

The Company does not anticipate that the timing of the cash flows for the maturity analysis will be significantly earlier or that the actual amounts will be significantly different.

3. Market risk

Market risk refers to the risk of changes in market prices, such as changes in exchange rates, interest rates and equity instruments, which may affect the Company's revenue or the value of financial instruments held by the Company. The objective of market risk management is to manage the level of market risk within a tolerable range and to optimize investment returns.

(1) Exchange rate risk

A. Exposure to exchange rate risk

The Company’s hedging strategy is to enter into forward foreign exchange contracts to manage the exchange rate risk of net foreign currency positions arising from occurred sales and purchase transactions. The use of such derivative instruments helps the Company reduce, but not completely eliminate, the impact of foreign currency exchange rate fluctuation to a certain extent.

The Company has entered into derivative financial instruments with maturities less than six months and does not meet the conditions for hedge accounting.

The Company's exchange rate risk arises mainly from cash and cash equivalents, accounts receivable (payable) (including related parties), other payables (including related parties) and bank loans that are not denominated in functional currencies, which result in foreign currency exchange gains or losses upon translation.

The carrying amounts of monetary assets and liabilities that are not denominated in functional currencies at the reporting date and the related sensitivity analysis are as follows:

	December 31, 2023					
		Foreign currency	**Exchange rate**	**NT$**	**Change in exchange rate**	**Impact of profit or loss (before tax)**
Financial assets						
Monetary items						
US$	$	8,042	30.750	247,292	1%	2,473
RMB		7,397	4.3364	32,076	1%	321
Financial liabilities						
Monetary items						
US$		459	30.750	14,114	1%	141
RMB		143	4.3364	620	1%	6

	December 31, 2022					
		Foreign currency	**Exchange rate**	**NT$**	**Change in exchange rate**	**Impact of profit or loss (before tax)**
Financial assets						
Monetary items						
US$	$	9,792	30.730	300,908	1%	3,009
RMB		5,391	4.4057	23,751	1%	238
Financial liabilities						
Monetary items						
US$		2,894	30.730	88,933	1%	889
RMB		524	4.4057	2,309	1%	23

B. Exchange gains and losses on monetary items

Information on unrealized exchange gains and losses on monetary items is as follows:

	December 31, 2023			December 31, 2022	
		Unrealized exchange profits (losses)	**Exchange rate**	**Unrealized exchange profits (losses)**	**Exchange rate**
Financial assets					
US$:NT$	$	(7,492)	30.750	(2,670)	30.730
RMB:NT$		(300)	4.3364	(50)	4.4057
Financial liabilities					
US$:NT$		549	30.750	(219)	30.730
RMB:NT$		13	4.3364	19	4.4057

(2) Interest rate risk

The Company's measures to address the risk of changes in interest rates on borrowings are to regularly evaluate the interest rates on bank loans and borrowings in various currencies, and to maintain good relationships with financial institutions in order to obtain lower financing costs; and to reduce its dependence on bank loans and diversify the risk of changes in interest rates by strengthening working capital management.

On December 31, 2022, the Company's bank loans were on a floating rate basis. If the annual interest rate on bank loans increases (or decreases) by 1%, the Company's income before income tax would decrease (or increase) by NT$867 thousand for 2022, with all other variables held constant.

The above sensitivity analysis is based on the interest rate risk of the Company's bank loans on the reporting date. For floating rate liabilities, the analysis is based on the assumption that the amount of liabilities outstanding on the reporting date is outstanding throughout the year.

(3) Other price risk

The Company is exposed to the risk of changes in the market price of equity securities when it holds shares of domestic listed companies. The Company manages and monitors the performance of its investments on a fair value basis.

The sensitivity analysis of the price risk of holding domestic listed stocks (included in financial assets at fair value through other comprehensive income - current) is based on the change in fair value on the reporting date. If the price of the above equity instruments had increased/decreased by 5%, the amount of other comprehensive income would have increased/decreased by NT$12,420 thousand and NT$4,025 thousand for 2023 and 2022, respectively.

(XXV) Capital Management

Based on the characteristics of the current operating industry and the future development of the Company, and taking into consideration factors such as changes in the external environment, the Company plans its capital management to ensure that it can meet the needs for working capital, research and development expenses, and dividend payments in future periods.

For the years ended December 31, 2023 and 2022, there was no change in the Company's approach to capital management.

(XXVI) Investment and fund-raising activities for non-cash transactions

1. For the Company’s acquisition of right-of-use asset through leases, please refer to Note 6(9) for details.
2. The reconciliation of liabilities from financing activities is as follows:

	January 1, 2023	Cash flow	Changes in non-cash: Increase in lease liabilities	December 31, 2023
Short-term borrowings	$ 86,720	(86,720)	-	-
Lease liabilities (including related parties)	40,921	(19,598)	627	21,950
Total liabilities from financing activities	**$ 127,641**	**(106,318)**	**627**	**21,950**

	January 1, 2022	Cash flow	Changes in non-cash: Increase in lease liabilities	December 31, 2022
Short-term borrowings	$ 72,881	13,839	-	86,720
Lease liabilities (including related parties)	30,492	(16,186)	26,615	40,921
Deposits received	1,130	(1,130)	-	-
Total liabilities from financing activities	**$ 104,503**	**(3,477)**	**26,615**	**127,641**

3. Investing activities with only partial cash payments:

	2023	2022
Acquisition of property, plant and equipment	$ 46,190	137,188
Add: Payable for equipment at the beginning of the period	15,852	21,128
Less: Payable for equipment at the end of the period	(2,216)	(15,852)
Add: Prepayments for equipment at the beginning of the period	12,836	19,576
Less: Prepayments for equipment at the beginning of the period	(19,576)	(27,815)
Add: Reclassified from prepaid equipment	10,270	24,472
Cash paid during the period	$ 63,356	158,697

VII. Related party transactions

(I) Parent company and ultimate controlling party

Darfon Electronics Corp. is the parent company of the Company and the ultimate controlling party of the group to which it belongs. It directly and indirectly owns 45.77% of the outstanding ordinary shares of the Company and has prepared consolidated financial statements for public use.

(II) Names and relationships of related parties

The Company's subsidiaries and related parties with whom the Company had transactions during the period covered by the parent-company-only financial reports are as follows:

Name of related parties	Relationship with the Company
Darfon Electronics Corp (Darfon)	The Company's parent company
Unicom Technologies, Inc.	Subsidiary of the Company
Unictron Technologies Corporation (Shenzhen) Co., Ltd. (Original WirelessCom Technologies (Shenzhen) Co., Ltd.)	Subsidiary indirectly held by the Company
Suzhou Darfon Electronics Corp (DFS)	A subsidiary of Darfon
Chongqing Darfon Electronics Corp (DFQ)	A subsidiary of Darfon
Darad Innovation Co., Ltd. (Darad)	A subsidiary of Darfon
Qisda Corporation (Qisda)	An individual who has significant influence on Darfon
Hitron Technologies (Hitron)	A subsidiary of Qisda
Hitron Technologies (Vietnam) (Hitron Vietnam)	A subsidiary of Qisda
Transnet Corporation (Transnet)	A subsidiary of Qisda
Alpha Networks Inc. (Alpha Networks)	A subsidiary of Qisda
DFI Inc. (DFI)	A subsidiary of Qisda
Global Investment Holdings (Global Investment)	(Note)

(Note) The Chairman of the Board of Directors of the company is related to the Company's key management as spouses; since March 2022, the company is no longer a related party of the Company due to the resignation of the above key management personnel of the Company.

(III) Significant transactions with related parties

1. Operating revenue

The amounts of sales to related parties are as follows:

	2023	2022
Subsidiaries	$ 24,388	14,723
Parent company	208	490
Other related parties	32,374	63,119
	$ 56,970	78,332

The transaction prices of the Company's sales to the above related parties are not significantly different from the normal sales prices, except for some products with different specifications, which are not comparable to the normal transaction prices; the credit period is 90 to 150 days on a monthly basis, which is not significantly different from the normal transactions.

2. Purchase

The amounts of the Company's purchases from related parties are as follows:

	2023	2022
Subsidiaries	$ 4,143	3,097
Parent company	29	72
	$ 4,172	3,169

The prices of the Company's purchases from the above related parties are not significantly different from the normal purchase prices; the payment terms are 90 days on a monthly basis, which are not significantly different from normal transactions.

3. Leases

The Company leases its plant from its parent company -Darfon at a rent that is based on the rental rate in the neighboring areas and is paid monthly. In July 2022, the Company entered into a lease agreement with Darfon and recognized a right-to-use asset and a lease liability of NT$23,551 thousand.

The Company recognized interest expense of NT$230 thousand and NT$136 thousand for 2023 and 2022 respectively, and had a lease liability of NT$16,633 thousand and NT$21,258 thousand as of December 31, 2023 and 2022 respectively.

4. Property transactions

In January 2022, the Company sold transportation equipment to other related parties for NT$1,067 thousand (before tax), resulting in a gain on disposal of NT$61 thousand (before tax), which was recorded as non-operating income and expenses - other gains and losses. The related amount had been received as of December 31, 2022.

In December 2022, the Company purchased machinery equipment from its parent company Darfon for NT$900 thousand (before tax). As of December 31, 2022, the related unpaid portion of the purchase price was recorded under other payables - related parties.

For the year ended December 31, 2023 and 2022, the Company entrusted its subsidiary Unictron Technologies Corporation (Shenzhen) to purchase equipment on its behalf. As of December 31, 2023 and 2022, the related prepayments of NT$1,541 thousand and NT$5,822 thousand, respectively, were included in prepayments for equipment.

5. Dividend

For the year ended December 31, 2023 and 2022, the amount of dividend income generated by the company's related parties’ securities is as follows:

Item	Type of related parties	2023	2022
Other income	Parent company	$ 6,150	-
Other income	Other related parties	5,720	7,150
		$ 11,870	7,150

6. Others

The Company incurred operating costs and operating expenses for miscellaneous purchases from related parties, inspection and testing, and apportionment of utilities, etc. as follows:

Item	Type of related parties	2023	2022
Operating costs	Subsidiaries	$ 10	-
Operating costs	Parent company	9,492	3,164
Operating expenses	Subsidiaries	120	-
Operating expenses	Parent company	3,025	300
Operating expenses	Other related parties	-	136
		$ 12,647	3,600

7. Amounts due from related parties

The Company's receivables from related parties are summarized as follows:

Item	Type of related parties	December 31, 2023	December 31, 2022
Accounts receivable - related parties	Subsidiary - Unictron Technologies Corporation (Shenzhen)	$ 17,091	10,715
Accounts receivable - related parties	Parent company	7	8
Accounts receivable - related parties	Other related parties	8,107	24,258
		$ 25,205	**34,981**

8. Amounts due to related parties

The Company's payables to related parties are summarized as follows:

Item	Type of related parties	December 31, 2023	December 31, 2022
Accounts payable - related parties	Subsidiaries	$ 453	1,148
Accounts payable - related parties	Parent company	17	10
Other payables - related parties	Subsidiaries	70	-
Other payables - related parties	Parent company	6,006	3,302
		$ 6,546	**4,460**

(IV) Key management compensation

	2023	2022
Short-term employee benefits	$ 54,983	72,597
Post-employment benefits	382	465
	$ 55,365	**73,062**

VIII. Pledged assets

The carrying amounts of the assets pledged by the Company are as follows:

Name of assets	Subject of pledge	December 31, 2023	December 31, 2022
Time deposits (included in financial assets measured at amortized cost - current)	Customs import guarantee	$ -	500
Time deposits (included in financial assets measured at amortized cost - current)	Corporate credit card deposits	600	600
		$ 600	**1,100**

IX. Significant contingent liabilities and unrecognized contractual commitments: None.

X. Significant catastrophic losses: None.

XI. Significant subsequent events: None.

XII. Others

Employee benefits, depreciation and amortization expenses by function are summarized as follows:

By function / By nature	2023			2022		
	Operating costs	**Operating expenses**	**Total**	**Operating costs**	**Operating expenses**	**Total**
Employee benefit expenses						
Salary expenses	220,698	152,318	373,016	278,005	200,930	478,935
Labor and health insurance expenses	22,356	14,013	36,369	25,272	13,726	38,998
Pension expenses	9,085	5,910	14,995	10,182	6,044	16,226
Directors’ Remuneration	-	7,889	7,889	-	8,533	8,533
Other employee benefit expenses	12,513	4,902	17,415	13,627	5,493	19,120
Depreciation expenses	98,302	23,636	121,938	75,227	19,698	94,925
Amortization expenses	721	2,649	3,370	764	2,695	3,459

(Note) The above depreciation expenses for 2022 did not include depreciation expenses of NT$394 thousand for investment properties, which were included in non-operating income and expenses.

Additional information on the number of employees and employee benefit expenses for 2023 and 2022 is as follows:

	2023	2022
Number of employees	498	543
Number of directors who are not employees	7	7
Average employee benefit expenses	$ 900	1,032
Average employee salary expenses	$ 760	894
Adjustment of average employee salary expenses	(14.99)%	(6.97)%
Supervisors' remuneration	$ -	-

Information on the Company's compensation policy (including directors, supervisors, managers and employees) is as follows:

A. Description of remunerations to directors and independent directors

The remuneration of the directors is distributed by the board of directors under the authorization pursuant to the Articles of Incorporation, based on the degree of participation and contribution of the directors to the Company's operations while referencing the "Regulations Governing Remuneration for Directors and Functional Committee Members" determined at the domestic and foreign industry standards, and references the results of director performance evaluation. Where the Company makes a profit in a year, the board of directors shall, pursuant to Article 21 of the Company's Articles of Incorporation, determine on the amount of directors' remuneration within 3% of the profit for the year, and submit the report to the shareholders’ meeting upon the resolution of the Board.

B. Description of remunerations to presidents and vice presidents

The remuneration of the president(s) and vice president(s) is granted by the Remuneration Committee, based on their positions and duties, pursuant to the "Remuneration Committee Charter" and the "Principles of Managerial Officers’ Remuneration Policy", while referring to the general level of peers, the Company's operating revenue, profit situation and performance of individual managerial officer.

C. Description of employee compensation

The Company's main principle for remuneration is to link duties and performance results, and provide market-competitive remuneration to attract, retain and cultivate talents for a long time. In addition to referring to the Company's overall operating performance, future operating risks and development trends of the industry, reasonable compensation is given based on the individual performance achievement rate and contribution to the Company's performance. The Remuneration Committee and the Board review the performance appraisal and reasonableness of compensation, and the remuneration system is reviewed in a timely manner depending on the actual operating conditions and relevant laws and regulations at any time, seeking to achieve a balance between the Company's sustainable operations and risk control. The short-term profits are not adopted as the only indicator for remuneration and performance evaluation but linking to the long-term shareholder value.

XIII. Notes disclosures

(I) Relevant information on significant transactions

The information on significant transactions required to be disclosed in accordance with the Company's preparation standards in 2023 is as follows:

1. Lending of funds to others: None.
2. Endorsement and guarantee for others: None.
3. Securities held at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures):

Unit: thousand shares

Companies held	Type and name of securities	Relationship with the issuer of securities	Accounting subjects	End of period				Remarks
				No. of shares	Carrying amounts	Shareholding ratio	Fair value	
The Company	Qisda shares	Significant influence on the Company's parent company	Financial assets at fair value through other comprehensive income - current	2,860	137,280	0.15%	137,280	-
The Company	Darfon shares	The Group's parent company	Financial assets at fair value through other comprehensive income - current:	2,050	111,110	0.73%	111,110	

4. Cumulative purchases or sales of securities amounting to at least NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of properties amounting to at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of properties amounting to at least NT$300 million or 20% of the paid-in capital: None.
7. Purchase from or sale to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
9. Derivative transactions: Please refer to Note 6(2).

(II) Relevant information on re-investees:

Information on the Company's re-investees for 2023 is as follows (excluding the investees in Mainland China):

Unit: thousand shares

Name of investor companies	Name of investees	Location	Main businesses	Original investment amount		Holding at the end of the period			Current Profit or loss of the investees	Investment profit or loss recognized during the period	Remarks
				End of the period	End of last year	No. of shares	percentage	Carrying amounts			
The Company	Unicom Technologies, Inc.	Mauritius	Investment holdings	47,321 (USD1,535)	29,756 (USD968)	1,535	100.00%	24,557	(6,032)	(6,032)	Subsidiary of the Company

(III) Information on investment in Mainland China:

1. Name of the investee company in Mainland China, main businesses and other related information:

Name of investees in Mainland China	Main businesses	Paid-up capital	Investment method	Cumulative investment amount remitted from Taiwan at the beginning of the period	Amount of investment remitted or recovered during the period: Remitted	Amount of investment remitted or recovered during the period: Recovered	Cumulative investment amount remitted from Taiwan at the end of the period	Investees Profit or loss for the period	Percentage of the Company's direct or indirect investment	Investment (loss) profit recognized during the period	Carrying value of investments at the end of the period	Investment income remitted or recovered as of the end of the period
Unictron Technologies Corporation (Shenzhen)	Design and marketing of antenna and modules for wireless communication	45,264 (USD1,472)	(Note I)	27,829 (USD905)	17,435 (USD567)	-	45,264 (USD1,472)	(5,804)	100.00 %	(5,804) (Note 2)	23,963	-

Note 1: Company established through third-party investments and reinvested in Mainland China.
Note 2: Recognized based on the financial statements of the investee company audited by the parent company's accountants in Taiwan.
Note 3: The above amounts in NT$ were translated into NT$ at the closing exchange rate of 30.75 on December 31, 2023.

2. Investment limit in Mainland China:

Company name	Cumulative amount of investment remitted from Taiwan to Mainland China at the end of the period	Amount of investment approved by the Investment Commission, Ministry of Economic Affairs	Investment limit in Mainland China in accordance with the regulations of the Investment Commission, Ministry of Economic Affairs
The Company	45,264 (USD1,472)	45,264 (USD1,472)	1,034,606

3. Significant transactions with Mainland China investees:

Name of related parties	Relationship between the Company and its related parties	Transaction terms: Type	Amount	Price	Payment terms	Comparison with general transactions	Notes and accounts receivable (payable): Balance	Percentage	Unrealized loss (profit)
Unictron Technologies Corporation (Shenzhen)	Subsidiary indirectly controlled by the Company	Sales	24,388	Price negotiated between both parties	150-day monthly settlement	(Note 1)	17,091	6.51%	161
		Purchase	4,143	Price negotiated between both parties	90-day monthly settlement	No significant difference from general transactions	453	0.45%	-

(Note I): The transaction prices of the Company's sales to the related parties are not significantly different from the normal sales prices, except for some products with different specifications, which are not comparable to the normal transaction prices.

4. Direct and indirect endorsement, guarantee or collateral provided by third parties to the investees in Mainland China: None.
5. Direct and indirect loans and financing provided by third parties to the investees in Mainland China: None.
6. Other transactions with significant impact on current profit or loss or financial position: None.

(IV) Information on major shareholders

Unit: shares

Names of major shareholders \ Shares	No. of shares held	Shareholding percentage
Darfon Electronics Corp.	17,551,081	36.65%
Chengli Investment Co., Ltd.	4,361,375	9.10%

XIV. Department information

Please refer to the consolidated financial reports for 2023 for details.

Unictron Technologies Corporation
Details of cash and cash equivalents
December 31, 2023

Unit: NT$ Thousand

Item	Summary		Amount
Cash on hand and working capital		$	242
Checking deposits			1,302
Demand deposits			231,903
Foreign currency deposits (Note 1)			70,976
Time deposits with original maturities of less than three months	Annual interest rate of 1.10%~3.05%		58,543
		$	**362,966**

Note 1: Foreign currency deposits are translated at the spot exchange rate on December 31, 2023.
US$ 2,059 thousand (US$: NT$=1：30.75)
JPY 984 thousand (JPY: NT$=1：0.2175)
RMB 1,453 thousand (RMB:NT$=1：4.3364)
EUR 33 thousand (EUR:NT$=1：34.034)

Details of financial assets measured at amortized cost - current

Name	Summary	Interest rate		Carrying amounts
Time deposits with original maturities of over three months	First Bank, Land Bank and E.SUN Bank	0.645%~1.335%	$	215,000
Pledged time deposits	First Bank	1.565%		600
			$	**215,600**

Unictron Technologies Corporation
Details of notes and accounts receivable
December 31, 2023

Unit: NT$ Thousand

Name of customer		Amount
Customer A	$	37,089
Customer B		36,657
Customer C		24,566
Customer D		22,491
Customer E		13,183
Others (Note)		104,140
		238,126
Less: Allowance for losses		(686)
	$	**237,440**

Note: None of them reached 5% of this account.

Details of accounts receivable - related parties

Name of customer		Amount
Unictron Technologies Corporation (Shenzhen)	$	17,091
Hitron		6,949
Others (Note)		1,165
	$	**25,205**

Note: None of them reached 5% of this account.

Unictron Technologies Corporation
Details of inventories
December 31, 2023

Unit: NT$ Thousand

Item	Amount		Remarks
	Carrying amounts	Net realizable value	
Raw materials	$ 102,035	135,286	Net realizable value at market price
Work in process	129,352	144,282	Net realizable value at market price
Finished products	84,003	174,332	Net realizable value at market price
Goods	7,663	13,882	Net realizable value at market price
	$ 323,053	**467,782**	

Details of prepayments and other current assets

Item	Amount
Input tax	$ 1,933
Prepayments of maintenance fees	1,141
Prepayments of insurance expenses	1,077
Prepayments of goods	834
Others (Note)	2,404
	$ 7,389

Note: None of them reached 5% of this account.

Unictron Technologies Corporation
Details of changes in acquisition of investments accounted for using the equity method
January 1 to December 31, 2023

Unit: NT$ Thousand

Name of investees	Opening balance		Increase during the period		Decrease during the period (Note 1)		Share of (losses) profit of subsidiaries recognized using the equity method	Exchange differences on translation of foreign operations	Realized (unrealized) gross profit on sales	Equity method adjustment	Closing balance			Net equity		Provision of guarantees or pledges
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount					No. of shares	Shareholding percentage	Amount	Unit price (NT$)	Total	
UTI	968	$ 11,048	567	17,565	-	-	(6,032)	(41)	2,017	-	1,535	100%	24,557	15.89	24,395	None

Unictron Technologies Corporation
Details of notes and accounts payable
December 31, 2023

Unit: NT$ Thousand

Name of firm	Amount
Firm A	$ 14,418
Firm B	13,310
Firm C	11,003
Others (Note)	61,476
	$ 100,207

Note: The accounts payable to individual firms did not reach 5% of this account.

Details of accounts payable - related parties

Name of firm	Amount
Unictron Technologies Corporation (Shenzhen)	$ 453
Darfon	17
	$ 470

Details of other payables

Item	Amount
Salaries and bonuses payable	$ 87,011
Compensation payable to employees and directors	26,791
Payables for unused vacation bonuses.	12,126
Others (Note)	59,224
	$ 185,152

Note: None of them reached 5% of this account.

Detail of other payables - related parties

Name of firm	Amount
Darfon	$ 6,006
Unictron Technologies Corporation (Shenzhen)	70
	$ 6,076

Unictron Technologies Corporation
Details of other current liabilities
December 31, 2023

Unit: NT$ Thousand

Item	Amount
Refund liabilities	$ 5,252
Contract liabilities	3,465
Temporary payments	1,010
Others (Note)	13
	$ 9,740

Detail of lease liabilities

Item	Lease term	Discount rate	Closing balance
Building and construction	2019/5/1~2024/4/30	1.39％	$ 4,930
Building and construction	2016/2/1~2026/1/31	1.39％	119
Building and construction	2022/10/1~2024/9/30	1.45％	268
Building and construction	2022/7/1~2027/6/30	1.20％	16,633
			$ 21,950
Current:			
Lease liabilities - current			**$ 5,255**
Lease liabilities-current - related parties			**$ 4,681**
Non-current:			
Lease liabilities-non-current			**$ 62**
Lease liabilities - non-current - related parties			**$ 11,952**

Unictron Technologies Corporation
Details of operating costs
January 1 to December 31, 2023 **Unit: NT$ Thousand**

Item	Amount
Raw materials:	
Raw materials at the beginning of the period	$ 134,449
Add: Net incoming materials during the period	210,198
Transfer from work in process	67,218
Inventory gain of raw materials	52
Less: Raw materials at the end of the period	135,227
Transferred to various expenses	21,735
Scrapping of raw materials	2,555
Raw materials consumed during the period	252,400
Direct labor	164,819
Manufacturing expenses	395,904
Manufacturing costs	813,123
Work in process at the beginning of the period	152,259
Add: Finished products input	86,915
Net purchases during the period	2,604
Goods inventory input	48
Less: Work in process at the end of the period	151,536
Transfer to raw materials	67,218
Transferred to various expenses	2,361
Scrapping of work in process	4,408
Inventory loss of work in process	1
Costs of finished goods	829,425
Finished products at the beginning of the period	106,581
Add: Net purchases during the period	9,820
Transfer from various expenses	725
Less: Finished goods at the end of the period	110,877
Transfer to work in process	86,915
Scrapping of finished products	976
Cost of production and sales	747,783
Goods inventory at the beginning of the period	39,170
Add: Purchases during the period	60,612
Less: Inventories at the end of the period	24,011
Transfer to work in process	48
Transferred to various expenses	57
Production and sales costs	75,666
Sales costs	823,449
Inventory falling price loss	33,688
Loss on obsolescence of inventories	7,939
Inventory gain	(51)
Operating costs	**$ 865,025**

Unictron Technologies Corporation
Details of marketing expenses
January 1 to December 31, 2023

Unit: NT$ Thousand

Item	Amount
Salary expenses	$ 27,217
Export expenses	5,467
Travelling expense	3,166
Insurance expense	2,567
Other expenses (Note)	12,060
	$ 50,477

Note: None of them reached 5% of this account.

Details of administrative expenses

Item	Amount
Salary expenses	$ 51,025
Directors' Remuneration	7,889
Insurance expenses	7,210
Depreciation expenses	6,259
Other expenses (Note)	19,611
	$ 91,994

Note: None of them reached 5% of this account.

Unictron Technologies Corporation
Details of research and development expenses
January 1 to December 31, 2023

Unit: NT$ Thousand

Item	Amount
Salary expenses	$ 74,076
Depreciation	16,085
Material testing expenses	6,853
Other expenses (Note)	30,014
	$ 127,028

Note: None of them reached 5% of this account.

Please refer to Note 6(2) in the parent-company-only financial reports for the details of financial assets at fair value through profit or loss - current

Please refer to Note 6(3) in the parent-company-only financial reports for the details of financial assets at fair value through other comprehensive income - current

Please refer to Note 6(8) in the parent-company-only financial reports for the details of changes in property, plant and equipment.

Please refer to Note 6(8) in the parent-company-only financial reports for the details of changes in accumulated depreciation of property, plant and equipment.

Please refer to Note 6(9) in the parent-company-only financial reports for the details of changes in right-of-use asset.

Please refer to Note 6(10) in the parent-company-only financial reports for the details of changes in investment property.

Please refer to Note 6(11) in the parent-company-only financial reports for the details of changes in intangible asset.

Please refer to Note 6(17) in the parent-company-only financial reports for the details of deferred income tax assets.

Please refer to Note 6(2) in the parent-company-only financial reports for the details of changes in financial liabilities at fair value through profit or loss - current.

Please refer to Note 6(14) in the parent-company-only financial reports for the details of provision for liabilities - current.

Please refer to Note 6(17) in the parent-company-only financial reports for the details of deferred income tax liabilities.

Please refer to Note 6(16) in the parent-company-only financial reports for the details of net defined benefit liabilities - non current.

Please refer to Note 6(20) in the parent-company-only financial reports for the details of operating revenue.

Please refer to Note 6(22) in the parent-company-only financial reports for the details of other income, other gains and losses and finance costs for
non-operating income and expenses.

Unictron Technologies Corporation

Chairman: Andy Su