Stock Code:6271

TONG HSING ELECTRONIC INDUSTRIES, LTD.
同欣電子工業股份有限公司

2023

Annual Report

Notice to readers

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

Printed on May 8, 2024
Taiwan Stock Exchange Market Observation Post System:
http://mops.twse.com.tw

Spokesperson

Name: Jia-Shuai Chang
Title: CEO
Tel: 886-2-2679-0122
E-mail: info@theil.com

Deputy Spokesperson

Name: Jhih-Yuan Chen
Title: Vice President
Tel: 886-2-2679-0122
E-mail: info@theil.com

Headquarters, Branches and Plant

Headquarters
Address: 6F., No. 83, Yanping S. Rd., Taipei City
Tel: 886-2-2389-0432

Taipei Plant
Address: No. 55, Ln. 365, Yingtao Rd., New Taipei City
Tel: 886-2-2679-0122

Longtan Plant
Address: No. 21, Longyuan 5th Rd., Taoyuan City
Tel: 886-3-489-3700

Zhubei Plant
Address: No. 84, Taihe Rd, Zhubei City
Tel: 886-3-553-5888

Bade Plant
Address: No. 88, Lane 1125, Heping Rd, Bade District, Taoyuan City
Tel: 886-3-362-5000

Philippines Plant
Address: 103 Prosperity Ave., Carmelray Ind'l Park Canlubang, Calamba City Philippines
Tel: 63-495494250

Stock Transfer Agent

Name: Registrar and Transfer Agency Department of KGI Securities Co. LTD.
Address: 5F., No. 2, Sec. 1, Chung-Ching S. Rd., Taipei City
Website: http://www.kgieworld.com.tw
Tel: 886-2-2389-2999

Auditors

CPA Firm: KPMG
Name of CPA: Szu-Chuan Chien, I-Wen Wang
Address: 68F, TAIPEI 101 TOWER, No. 7, Sec. 5, Xinyi Road, Taipei City
Website: http://www.kpmg.com.tw
Tel: 886-2-8101-6666

Overseas Securities Exchange: None.

Corporate Website: http://www.theil.com

Contents

Chapter 1 Letter to Shareholders

Dear Shareholders,

In 2023, due to the slow global economic recovery, ongoing geopolitical, regional conflicts and the impact of the US-China trade war, Tong Hsing Electronic Industries, Ltd. (hereinafter referred to as "Tong Hsing" or "the Company") experienced a slowdown in customer demand and longer inventory destocking period in the first half year. Additionally, challenges such as rising raw material prices and volatile exchange rates of New Taiwan dollars (NTD), although the business of four major product lines were increased in the fourth quarter, the consolidated operating revenue still declined compared to that of 2022.

Looking ahead into 2024, despite uncertainties in the overall market supply and demand, global inflation and other factors, as customer demand has recovered gradually, we believe that the growth momentum will be continued, and the annual revenue and profits are still something to be expected.

2023 Business overview

(I) Budget Implementation

The Company has not made any financial projections for 2023 and therefore does not need to disclose its budgetary performance.

(II) Financial and Profitability Analysis

The consolidated net operating revenue in 2023 reached NT$11,584,909 thousand, a 18% decrease of NT$2,486,682 thousand compared to that in 2022.

The consolidated net income in 2023 was NT$1,150,513 thousand, a 63% decrease of NT$1,990,429 thousand compared to that in 2022. Earnings per share were NT$5.5.

(III) Research and Development

With the efforts of our R&D team, the Company has achieved good results in the development of image sensor packaging technology for automotive applications, high frequency communication modules, as well as high power semiconductor packaging and ceramic circuit boards in 2023, which contributes to the Company's revenue and profit growth.

2024 Business Plan

(I) Operating Policies

1. Continuously to improve the quality of the products and services to enhance customer satisfaction.
2. To improve manufacturing processes, yield rate and phase in automation to lower production costs.
3. To strengthen the division of labor between the plants in Taiwan and the Philippines to improve production flexibility and cost competitiveness.
4. To strengthen cooperation with suppliers to establish long-term partnerships.
5. Continuously to invest in innovation and R&D to develop new materials, equipments and process technology applications to provide differentiated products and services.

6. To integrate process technologies of substrates manufacturing, packaging and testing to provide customers with a complete service in a one-time purchase.

(II) Sales Volume Forecast, Important Production and Sales Policies

The Company is engaged in the manufacture and sale of high frequency wireless communications, hybrid integrated circuit module assembly, image sensor packaging and testing services and ceramic circuit boards.

The main growth momentum in 2024 shall come from:

1. The trend of demand for self-driving functions in automobiles is bouncing back after the economic condition has improved in the short run.
2. Demand for high-power LEDs and high-power semiconductors, driven by trends in clean energy and electric vehicles, will also continue to boost the breakthrough growth of ceramic circuit boards and module assembly services.
3. Based on 5G technology, new network applications will be developed, and the concept of innovative business models will be extended. Also, the development of the wireless communication industry and image sensor applications will be accelerated as well.
4. As rocket launch and satellite transmission technologies become more mature, the low-orbit satellite communication industry will continue to grow.

The Impact of External Competitive Environment, Legal Regulations, and Overall Business Environment

In response to the demands and significance of ESG from regulatory authorities and customers, the Company is committed to implementing corporate governance and pursuing sustainable development. We will also prioritize society, the environment and stakeholders to mitigate the impact of internal and external environmental pressures on our operations. This commitment is in line with the formal implementation of the "Climate Change Response Act" and the upcoming carbon tax trial, as well as the ongoing rising of global energy and raw material costs due to inflation and the persistent increase in labor costs.

Future Development Strategy

(I) To establish the Medium-to-Long-Term Business Strategies:

We focus on the growth industries of communications, automotive, energy and biomedical to develop high value-added products.

(II) To strengthen the division of labor between the plants in Taiwan and the Philippines:

With the opening of the Bade Plant and optimizing the capacity allocation of the plants in New Taipei City, Taoyuan City, and Chupei City to improve production scale and efficiency, we will continue to increase the number of products produced in the Philippines and strengthen the division of labor to improve the flexibility and efficiency of serving customers.

(III) To develop Long-Term Partnerships:

We are committed to developing strategic customers across the globe and building long-term partnerships with suppliers to explore new growth opportunities through collaboration.

(IV) To organize Management and Intergroup Cooperation:

We strengthen the cooperation between production and sales of each business unit, share resources and integrate information systems among the group, in order to continuously improve quality and production processes, enhance cost competitiveness, improve operational efficiency and build a responsible corporate culture.

We wish to thank all our shareholders for your attendance, long-term support and encouragement. We wish you all health, peace, and happiness.

Tie-Min Chen Chairperson of the Board

Chapter 2 Corporate Profile

I. Date of Incorporation: August 11, 1974

II. A Brief History of the Company:

Year	Month	Milestones
1974	Aug.	Tong Hsing Electronic Industries Limited was established with a paid-in capital of NT$30 million.
1976	Aug.	Started to produce ceramic substrates.
1977	Sep.	Started to produce thick-film substrates.
1979	Sep.	Started to produce hybrid modules.
1982	May	Started to produce thick film printed substrates for capacitors.
1986	Jan.	Shipped 500K Modules of Electronic Fuse.
1989	Aug.	Passed the IECQ certification.
1991	Dec.	Entered a technical cooperation project with Smart Relay Technology, Inc. (SRT) in the United States and commenced the production and sales of electro-optical conversion and processing of integrated circuits, metal-oxide-semiconductor field-effect transistors, and optically isolated solid-state relays.
1993	May	Started mass production of thick film copper process.
	Jul.	Passed the ISO-9002 certification.
1994	Jun.	Established the Tong Hsing Electronics Phils. Inc. (THEPI)
1996	Feb.	Established CIM System to track the WIP through LAN.
1997	Jan.	Provided RF modules packaging service for Conexant.
	Jul.	Awarded the CSP patent in Taiwan.
	Sep.	Started the mass production of CDMA power amplifier modules.
	Oct.	Started the mass production of substrates by applying exposure and etching technologies.
1998	Dec.	QS-9000 and ISO-9001 certification awarded.
1999	Jul.	The Company conducted a cash capital increase of NT$160.35 million and retroactive handling of public issuance procedures.
	Dec.	Started the mass production of GSM power amplifier modules.
2002	Mar.	Passed the “ISO-14001 Environmental management systems” certification.
	Dec.	Application for listing on the Emerging Stock market was approved.
2003	May	Acquired 23.38% of equity shares from Impac Technology Ltd. Corp.
2005	Jun.	Patent to produce the high-frequency and power modules was awarded.
	Jul.	The Philippines Plant passed the QS-9000 and ISO-9001 certification.
	Sep.	Started to produce the thin film DPC substrate fabrication.
	Nov.	Started the mass production of AlN substrates.
2006	Jan.	Started DPC mass production for high-brightness LED substrates.
	Feb.	Successfully passed the certification from world-leading automotive electronic component makers.
	May	Developed digital mirror devices (DMD) packaging and started mass production.
	Aug.	Passed the “TS16949 Automotive Quality Management “ accreditation.
	Nov.	Passed the “OHSAS18001 Occupational Health and Safety Assessment Series” certification.
2007	Jan.	The Philippines Plant passed the “TS16949 Automotive Quality Management “ accreditation.
	May	For the first time, the Company was ranked into the top 1000 manufacturing industries of Common Wealth Magazine.

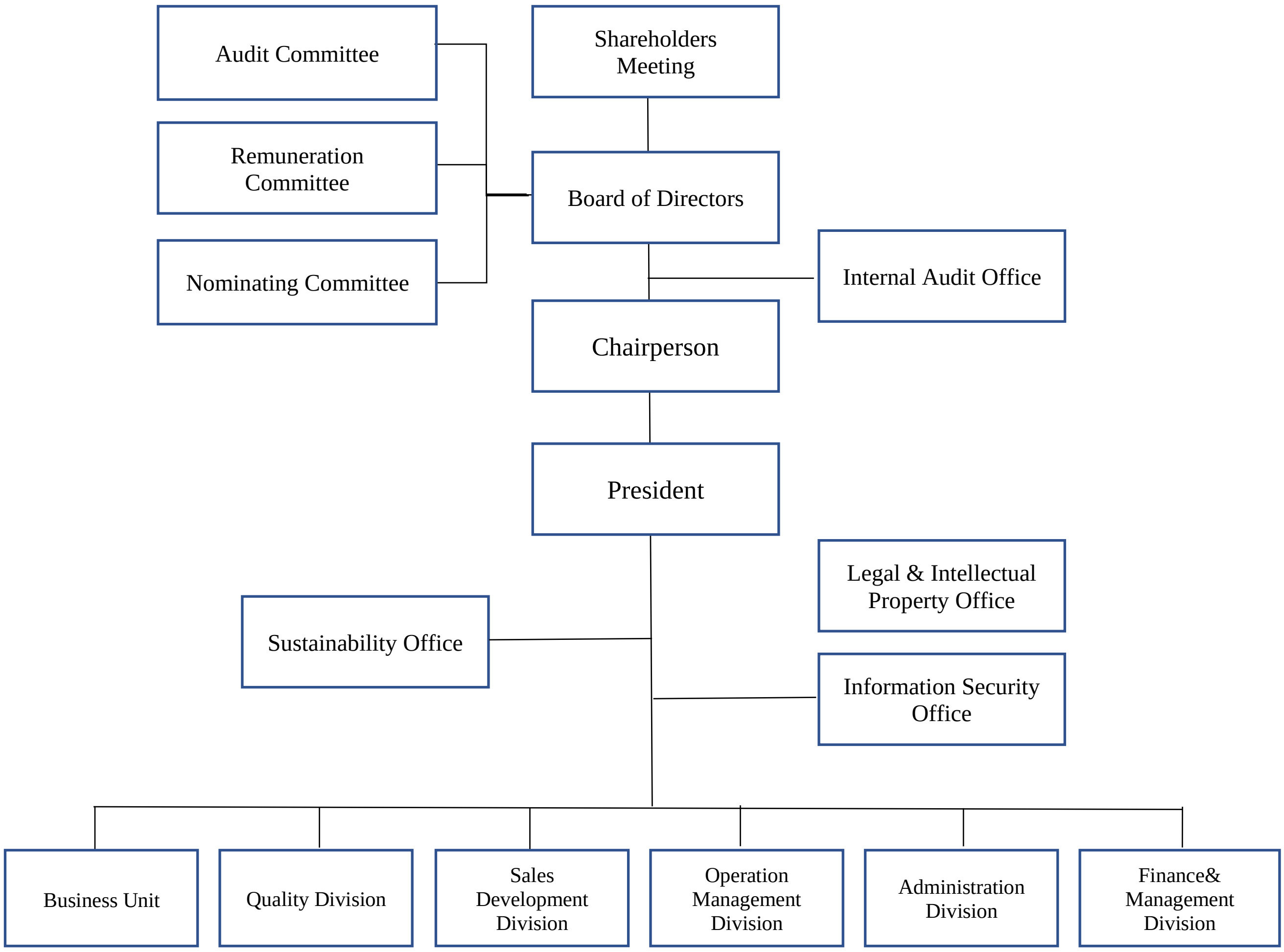
Year	Month	Milestones
	Aug.	Issued 1st employee stock warrants of 4,000 units with 5-year duration.
	Nov.	The Company conducted a cash capital increase of NT$120 million and can be listed and traded on TWSE.
	Dec.	The Philippines Plant constructed the Plant II.
2008	Oct.	Awarded as "Excellent Innovation" by Ministry of Economic Affairs.
	Oct.	The Company conducted a cash capital increase of NT$100 million.
	Nov.	The Philippines Plant passed the “OHSAS18001 Occupational Health and Safety Assessment Series” certification.
2009	Feb.	The Company canceled its shares by stock buyback of NT$7.91 million.
	Dec.	The Company conducted a cash capital increase of NT$30 million to fully acquire and merged with Impac Technology Ltd. Corp.
	Dec.	The Philippines Plant completed the construction of the Plant II.
2010	Feb.	Passed the “AS9100 Quality Management Systems” accreditation.
	Jul.	The Company conducted a cash capital increase of NT$160 million.
2011	May	Ranked as Top 500 manufacturers industries by Common Wealth Magazine.
	Aug.	The Company conducted a cash capital increase of NT$200 million.
	Sep.	Pass the Sony Green Partners accreditation.
2012	Jun.	Awarded as excellent photoelectric products by Photonics Industry and Technology Development Association (PIDA).
	Aug.	Acquired DBC’s production assets, process, know-how, and IP from HCS.
	Dec.	Passed the ISO13485 “Medical Device Quality Management System” accreditation.
2013	Jul.	Joined Electronic Industry Citizenship Coalition (EICC) to implement corporate social responsibility.
	Oct.	Passed the China RoHs certification.
2014	Apr.	Issued 1st domestic convertible bonds of NT$2,000 million.
	Nov.	Participated in campaign run by the Economic Department in New Taipei City to promote energy saving.
	Dec.	To purchase factory and building for a total amount of 819,000 in Longtan Plant to expand the production capacity of imaging products
2015	Apr.	Approved to establish Longtan branch in Hsinchu Science Park to manufacture CP and wafer reconstruction.
2016	Jan.	Started to produce RW products in Longtan Plant.
	Jul.	Awarded as Top-500 Excellent Exporters / Importers.
2018	Aug.	Awarded as “Excellent Management of National Quality Award by Ministry of Economic Affairs”.
	Oct.	Passed the “IATF16949 Automotive Quality Management System” accreditation.
2019	Jun.	To expand the production capacity of imaging products and construct the Company's headquarters, the Company acquired land in Zhonghua Section, Bade District, Taoyuan City and commenced the construction of the Bade Plant.
	Jun.	The Company held elections for all Directors and established the Audit Committee to strengthen corporate governance.
	Dec.	Expanded operation scale and increase competitiveness, the Board of Directors of the Company resolved to issue new shares for s equity conversion with Kingpak Technology Inc.
2020	June	The Company completed equity conversion with Kingpak Technology Inc., and Kingpak Technology Inc. became a 100% subsidiary of the Company.

Year	Month	Milestones
	Aug.	The Company signed the contract for construction of Bade Factory to build the headquarters.
	Aug.	The Company signed memorandums of understandings with HonghaI. Yageo, Chilisin and Kaimei to establish positive cooperation in such fields of digital healthcare, electric vehicle, and new generation communication technologies.
2021	Jan.	In 2020, the consolidated revenue of the Company exceeded NT$ 10 billion, creating a new record.
	Nov.	The Company received the 6th Taiwan Mittlestand Award issued by the Ministry of Economic Affairs.
2022	Mar.	The Board of Directors of the Company resolved to approve of the short-form merger of Kingpak Technology Inc.
	Mar.	Purchased Zhubei Plant of Chilisin Electronic Corporation (Mag.Layears) for the expansion plan of imaging products of automobile field.
	Sep.	The Company established sustainable development committee, published sustainability report, and fulfilled the corporate social responsibility.
2023	Mar.	The production plant in Bade has been completed consecutively, and the packaging and testing production have started to operate.
2024	Mar.	Longtan Plant passed the “ISO13485 Medical Device Quality Management System” accreditation.

Chapter 3 Corporate Governance Report

I. Organizational System

1. The Company's Structure:



2. The Tasks of Company's Principal Division:

Department	Functions
Business Unit	Responsible for conducting research and development, manufacturing, sales, and operations of a wide range of products. Responsible for introducing four major products, or developing advanced technology for the industry, and formulating short-term, middle-term and long-term technology and R&D strategies.
Quality Division	Formulation of the Company's quality policy and promotion of continuous improvement activities. Preventing and correcting deficiencies related to product quality and quality system. Managing quality records and improving ISO quality system.
Sales Development Division	Customer relationship maintenance, service, and management; regular communication with customers. Customer order acceptance, quotation, negotiation, payment collection, and other related operations.
Operation Management Division	Responsible for production scheduling, delivery, and management of raw materials, inventories and assets. Responsible for personnel planning and general administration affairs. Handling import and export and bonded business.
Administration Division	Managing general affairs, environmental safety and other related matters in all factories.
Finance& Management Division	Manage cash flow, financial analysis and reporting, taxations, accounting, shareholder service, cost accounting and production cost analysis. Responsible for computer software and hardware related matters. Acquisition of raw materials, machine and equipment.
Internal Audit Office	Auditing on availability of operations Supervision on compliance with internal control, execution of audit plan Regular report to the Board of Directors
Legal & Intellectual Property Office	Preparing and reviewing all legal documents, contracts and other related materials to ensure the benefit and risk control of the Company. Providing legal consultation for the Company's operation and decisions, resolving various disputes and properly dealing with litigation cases to reduce risks against the Company Establishing the Company's intelligent asset portfolio and protective measures so as to safeguard the Company's interests
Information Security Office	Coordinating the planning and implementation of information security policies and procedures, ensuring proper functioning of security systems and reviewing matters related to information security management.
Sustainability Office	Ensuring that the Company complies with and adheres to sustainable trends and regulatory changes, both domestically and internationally. Planning and implementing ESG-related strategies and activities (including corporate governance evaluation, greenhouse gas inventories, carbon footprints, social inclusion projects, etc.), publishing sustainability reports, completing ESG-related questionnaires, and maintaining effective communication with stakeholders.

II. Information on Directors, General Manager, Vice Presidents, Senior Managers, Chiefs of all the Divisions and Branch units

(I) Board members:

1.Information on directors:

April 1, 2024

Title	Nationality/ Place of Incorporation	Name	Gender /Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Shareholding of Spouse & Children Minor Age		Shareholding held through Nominees		Principal Work Experience and Academic Qualifications	Position(s) held Concurrently in the Company and/or in any other company	Being Spouse or Second Degree Relation with other Directors & Supervisors			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairperson	R.O.C	Tie-Min Chen	Male 66-70 years old	2022.06.08	3 years	2019.06.21	8,170,134	4.57%	9,559,057	4.57%	-	-	-	-	Bachelor's degree in engineering, National Cheng Kung University Doctor's degree in Department of Business Management, NSYSU Chairperson, Yageo Corp.	Chairperson, Yageo Corp. Chairperson, Tong Hsing Electronic Ind., Ltd. Chairperson, Advanced Power Electronics Co., Ltd. Chairperson, Xsemi Corporation Chairperson, Kuo Shin Investment Co, Ltd.	-	-	-	-
Vice Chairperson	R.O.C	Multifield Investment Inc	-	2022.06.08	3 years	2019.06.21	62,084	0.03%	72,638	0.03%	-	-	-	-	Not Applicable	Not Applicable	-	-	-	-
	R.O.C	Representative: Hsi-Hu Lai	Male 61-65 years old	2022.06.08	3 years	2022.06.08	-	-	-	-	-	-	-	-	Bachelor's Degree in Department of Economics, Soochow University Finance Department, Far East Group Vice President, Tong Hsing Electronic Ind., Ltd. Chief of Staff, Tong Hsing Electronic Ind., Ltd. Chairperson, Tong Hsing Electronic Ind., Ltd. Chairperson, Kingpak Technology	Chairperson, Tong Hsing Enterprise Corp. Vice Chairperson, Tong Hsing Electronic Ind., Ltd.	-	-	-	-
Juristic-person Director	R.O.C	Huan Tai Co., Ltd.	-	2022.06.08	3 years	2022.06.08	27,555	0.02%	32,238	0.02%	-	-	-	-	Not Applicable	Not Applicable	-	-	-	-
	R.O.C	Representative: Jia-Shuai Chang	Male 51-55 years old	2022.06.08	3 years	2022.06.08	50,619	0.03%	59,224	0.03%	11,724	0.01%	-	-	Doctor degree in Physics, National Tsing Hua University. Vice President, Impac Technology Co., Ltd. Manager of R&D Department, Walsin Thz Technology Corp. Manager of Electronic and Optoelectronic System Research Laboratories, ITRI. Vice President of Marketing Department, Tong Hsing Electronic Ind., Ltd. COO, Tong Hsing Electronic Ind., Ltd. CEO, Kingpak Technology	CEO/Director, Advanced Power Electronics Co., Ltd. CEO, XSemi Corporation CEO/ Director Representative, Tong Hsing Electronic Ind., Ltd.	-	-	-	-

Title	Nationality/ Place of Incorporation	Name	Gender /Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Shareholding of Spouse & Children Minor Age		Shareholding held through Nominees		Principal Work Experience and Academic Qualifications	Position(s) held Concurrently in the Company and/or in any other company	Being Spouse or Second Degree Relation with other Directors & Supervisors			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Juristic-person Director	R.O.C	Huan Tai Co., Ltd.	-	2022.06.08	3 years	2022.06.08	27,555	0.02%	32,238	0.02%	-	-	-	-	Not Applicable	Not Applicable	-	-	-	-
	R.O.C	Representative: Pen-Chi Chen	Female 51-55 years old	2022.06.08	3 years	2022.06.08	1,000	0.00%	1,950	0.00%	-	-	-	-	Accounting, Fu-Jen Catholic University PricewaterhouseCoopers Audit Manager	Vice President, Kaimei Electronic Corporation Director Representative, Kaijet Technology International Corporation Director Representative, Tong Hsing Electronic Ind., Ltd. Director Representative, Ralec Technology (H.K.) Ltd. Supervisor, Ralec Trading (KUNSHAN) Limited Supervisor, Ralec Technology (KUNSHAN) Limited Supervisor of Hunan Ralec Electronic Tech Co., Ltd Director Representative, ASJ Holdings Pte Limited. Director Representative,, ASJ Pte. Limited.	-	-	-	-
Juristic-person Director	R.O.C	Shi Hen Enterprise Limited	-	2022.06.08	3 years	2019.06.21	7,555	0.00%	8,838	0.00%	-	-	-	-	Not Applicable	Not Applicable	-	-	-	-
	R.O.C	Representative: Shu-Chen Tsai	Female 61-65 years old	2022.06.08	3 years	2019.06.21	-	-	-	-	-	-	-	-	Catholic Sheng Kung Girls' High School Chairperson and President, Hsin Bung Co., Ltd.	Chairperson and President, Hsin Bung Co., Ltd. Director Representative, Tong Hsing Electronic Ind., Ltd.	-	-	-	-

Title	Nationality/ Place of Incorporation	Name	Gender /Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Shareholding of Spouse & Children Minor Age		Shareholding held through Nominees		Principal Work Experience and Academic Qualifications	Position(s) held Concurrently in the Company and/or in any other company	Being Spouse or Second Degree Relation with other Directors & Supervisors			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Juristic-person Director	R.O.C	Kaimei Electronic Corporation	-	2022.06.08	3 years	2019.06.21	8,337,414	4.67%	9,754,774	4.67%	-	-	4,419,767	2.11%	Not Applicable	Not Applicable	-	-	-	-
	R.O.C	Representative: Shu-Hwei Chen	Female 45-50 years old	2022.06.08	3 years	2019.06.21	-	-	-	-	-	-	-	-	Bachelor's Degree in Accounting, Aletheia University PricewaterhouseCoopers Audit Manager	Accounting Supervisor of Kaimei Electronic Corp. Representative of Corporate Director, Teapo Electronics (Dongguan) Corp. Representative of Corporate Director, Teapo Electronic(Hong Kong) Corp. Representative of Corporate Director, Teapo Holding (Bermuda) Ltd. Representative of Corporate Director, KAIJET TECHNOLOGY INTERNATIONAL CORPORATION Supervisor of Suzhou Kaimei Electronic Co., Ltd. Supervisor of Dongguan Jamicon Electronic Co.,Ltd. Representative of Corporate Director, Tong Hsing Electronic Industries, Ltd.	-	-	-	-
Independent Director	R.O.C	Ta-Sheng Chiu	Male 56-60 years old	2022.06.08	3 years	2022.06.08	-	-	-	-	-	-	-	-	Master of Economics, National Chengchi University B.S. in Engineering Science, National Cheng Kung University B.S. in Statistics, National Cheng Kung University Senior Vice President Vice President, Financial Markets Division, Taishin International Commercial Bank Vice President, Financial Transactions Division, Standard Chartered Bank, UK Associate, Foreign Exchange Trading Division, American Express Bank	President, Moldavit International Co., Ltd. Independent Director, Tong Hsing Electronic Ind., Ltd. Independent Director, Taiwan Chinsan Electronic Ind., Co., Ltd.	-	-	-	-

Title	Nationality/ Place of Incorporation	Name	Gender /Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Shareholding of Spouse & Children Minor Age		Shareholding held through Nominees		Principal Work Experience and Academic Qualifications	Position(s) held Concurrently in the Company and/or in any other company	Being Spouse or Second Degree Relation with other Directors & Supervisors			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Independent Director	R.O.C	Yueh-Hsiang Tsai	Male 51-55 years old	2022.06.08	3 years	2022.06.08	-	-	-	-	-	-	-	-	B.S. Rensselaer Polytechnic Institute TROY, NY Director, NEUCHIPS INC. Director, TIA CAPITAL ADVISORS INC.	Director, NEUCHIPS INC. Director, TIA CAPITAL ADVISORS INC. Independent Director, Tong Hsing Electronic Ind., Ltd.	-	-	-	-
Independent Director	R.O.C	Chin-Tsai Chen	Male 76-80 years old	2022.06.08	3 years	2007.05.15	-	-	-	-	-	-	-	-	Department of Accounting and Statistics, Tamkang University Master of Public Administration, University of San Francisco Graduate School of Accounting, Tamkang University Accountant, KPMG Taiwan Vice President and President, Namchow Chemical Industrial Co., Ltd. Adjunct Assistant Professor, Department of Accounting, Tamkang University President, Namchow Chemical Industrial Co., Ltd.	Vice Chairperson, HIWIN Technologies Corporation Chairperson, Win Semiconductors Corporation Independent Director/ Committee Member of Compensation Committee/ Committee Member of Audit Committee, Kinsus Interconnect Technology Corporation Corporate Supervisor Representative, Infotel Inc. Independent Director/ Committee Member of Compensation Committee/ Committee Member of Audit Committee, Tong Hsing Electronic Ind., Ltd. Chairperson, Win Semi USA Chairperson, Win Cayman Chairperson, ITEQ Corporation Corporate Director Representative, Mercuries Life Insurance Co., Ltd. Independent Director/ Committee Member of Compensation Committee/ Committee Member of Audit Committee, Inventec Besta Co., Ltd.	-	-	-	-

2.Major Shareholders of the Institutional Shareholders

April 1, 2024

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders	Ownership
Multifield Investment Inc.	Yin-zhong Huang	34.62%
	Yen-Hsu Lai	15.38%
	Yic-Chang Yang	15.38%
	Hsiu-Chieh Yang	15.38%
	Yi-Tzu Lai	6.15%
	Tsai-Hui Lin	4.62%
	Yin-Fang Huang	3.85%
	Hsi-Hu Lai	1.54%
	Wei-Lin Peng	1.54%
	Shao-Wei Peng	1.54%
Huan Tai Co., Ltd.	Shao-Wei Chen	0.49%
	Shao-Chiao Chen	0.49%
	Shao-Man Chen	0.49%
	Hsu Tai Investment Ltd.	98.52%
Shi Hen Enterprise Limited	Hsu Tai Investment Ltd.	100.00%
Kaimei Electronic Corporation	Yageo Corporation	5.98%
	Kao Hsing Chang Iron & Steel Corp.	1.56%
	Huan Tai Co., Ltd.	1.38%
	Kuo Shin Investment Co, Ltd.	1.36%
	Advanced Star Advanced Sum International Stock Index under the custody of the Chase Bank	1.30%
	Van Garde Emerging Market Fund account under the custody of the Chase Bank	1.21%
	Hui-Lin Lee	1.08%
	Kuo-Tai Chuang	0.87%
	Qian-Xin Zhuang	0.75%
	San Tai Investment Ltd.	0.66%

3.Major Shareholders of the Company's Major Institutional Shareholders

April 1, 2024.

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders	Ownership
Hsu Tai Investment Ltd.	Hwei-Jan Lee	26.08%
	Hsu Tai Investment Ltd.	24.63%
	Hsu Tai Investment Ltd.	24.63%
	Shi Hen Enterprise Limited	24.63%
	Shao-Wei Chen	0.01%
	Shao-Chiao Chen	0.01%
	Shao-Man Chen	0.01%
	Tie-Min Chen	0.00%
	Tsuei-Lien Hseih	0.00%
Yageo Corporation	Tie-Min Chen	6.98%
	CTBC Bank Co., Ltd. In Custody for Dominant Investment Holdings Ltd.	4.97%
	PRC Holding Limited.	4.95%
	MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD. LTD. ACTING AS CUSTODAIN FOR THE INVESTMENT ACCOUNT OF WHOLLY GROUP JAPAN III	4.81%
	Nan Shan Life Insurance Co., Ltd.	2.43%
	New Labor Pension Fund	1.33%
	Chunghwa Post Co., Ltd.	1.30%
	JPMorgan Chase Bank N.A. Taipei Branch in custody for Vanguard Total International Stock	1.24%
	Cathay Life Insurance Co., Ltd.	1.23%
	Fidelity Funds	1.19%
Kao Hsing Chang Iron & Steel Corp. (Note)	Huida Investment Co., Ltd.	20.41%
	Lu Tai-Rong	13.72%
	Hsieh Chang Hsing Trading Co., Ltd.	12.95%
	Lu Ho-Lin	8.18%
	KHC Steel International Corp.	5.29%
	Kao Hsing Chang Iron & Steel Corp.	4.98%
	Qiangyi Investment Co., Ltd.	3.76%
	Sheng Lu Rong Feng	3.13%
	Yang Yen-Ju	3.01%
	Lu Ho-Ching	2.88%
	Lu Chung-Chi	1.35%
Kuo Shin Investment Co, Ltd.	Yageo Corporation	100.00%
San Tai Investment Ltd.	Hsu Tai Investment Ltd.	100.00%

Note: As of the printing date of the annual report, the information of the top ten shareholders in 2024 has not been announced. The shareholding base date for this information is April 22, 2023.

4.Professional qualifications of Directors and the independence of independent directors:

Criteria / Names	Professional Qualifications and Experience	Independence	Number of Concurrent Independent Directors of Other Public Offering Companies
Tie-Min Chen	Chairperson Tie-Min Chen, graduated from the Department of Engineering, National Cheng Kung University, and in 2021 received an honorary PhD in management from the National Sun Yat-sen University. Chairperson Tie-Min Chen was previously the Chairperson of Chilisin Electronics Corp. and is currently serving as the Chairperson of both Yageo Corporation and Tong Hsing Electronic Ind., Ltd. He has many years of management experience. None of the Directors has been in or is under any circumstances stated in Article 30 of the Company Act.	Not Applicable	0
Multifield Investment Inc. Representative: Hsi-Hu Lai	Representative of Multifield Inc.: Hsi-Hu Lai graduated from the Department of Economics of Soochow University. Hsi-Hu Lai was previously the vice President and Chairperson of the Finance Department of Tong Hsing Electronics and the Chairperson of Kingpak Technology Corp. He currently serves as the vice Chairperson of both Tong Hsing Electronic Ind., Ltd. and has many years of management experience. None of the Directors has been in or is under any circumstances stated in Article 30 of the Company Act.		0
Huan Tai Co., Ltd. Representative: Jia-Shuai Chang	Representative of Huan Tai Co., Ltd.: Jia-Shuai Chang has a PhD from the Institute of Physics, National Tsinghua University. He served as the deputy general manager of the business department of Impac Technology Co., Ltd., manager of Optical Components Department, Optical System Group, Institute of Optoelectronics (ITRI), the COO of Tong Hsing Electronics, and the general manager of Kingpak Technology Corp. He is currently serving as the general manager of Advanced Power Electronics Co., Ltd., Xsemi Corporation and Tong Hsing Electronics and has many years of experience in business management and optoelectronic-related industries. None of the Directors has been in or is under any circumstances stated in Article 30 of the Company Act.		0

Criteria / Names	Professional Qualifications and Experience	Independence	Number of Concurrent Independent Directors of Other Public Offering Companies
Huan Tai Co., Ltd. Representative: Pen-Chi Chen	Representative of Huan Tai Co., Ltd.: Pen-Chi Chen graduated from the Accounting Department of Fu Jen Catholic University and was formerly the audit manager of PwC Taiwan and the financial director of Kaimei Electronic Corp. She is currently the vice President of Kaimei Electronic and the director and supervisor of affiliated companies. She has many years of practical experience in business management and finance. None of the Directors has been in or is under any circumstances stated in Article 30 of the Company Act.		0
Shi Hen Enterprise Limited Representative: Shu-Chen Tsai	Representative of Shi Hen Enterprise Ltd.: Shu-Chen Tsai is currently the Chairperson and general manager of Hsin Bung International Co., Ltd. and has many years of practical experience in business management and finance. None of the Directors has been in or is under any circumstances stated in Article 30 of the Company Act.		0
Kaimei Electronic Corporation Representative: Shu-Hwei Chen	Representative of Kaimei Electronic Corp.: Shu-Hui Chen graduated from the Accounting Department of Aletheia University and was previously the audit manager of PwC Taiwan. She is currently the accounting supervisor of Kaimei Electronic Corp. and director and supervisor of affiliated companies. She has many years of practical experience in business management and finance. None of the Directors has been in or is under any circumstances stated in Article 30 of the Company Act.		0

<table>
<tr><th>Criteria / Names</th><th>Professional qualifications and experience</th><th>Independence</th><th>Number of concurrent independent directors of other public offering companies</th></tr>
<tr><td>Ta-Sheng Chiu</td><td>Ta-Sheng Chiu, independent director, has a Master's Degree from the Economics Research Institute of National Chengchi University. He served as the deputy general manager of Taishin Securities, the deputy general manager of the Financial Market Department of Taishin International Commercial Bank, and vice president of the Financial Transaction Department of British Standard Chartered Bank. He is currently the general manager of Modafite International Co., Ltd. and Independent Director of TAIWAN CHINSAN ELECTRONIC INDUSTRIAL CO., LTD. He has many years of practical experience in finance and investment management.
None of the Directors has been in or is under any circumstances stated in Article 30 of the Company Act.</td><td rowspan="3">All independent directors are qualified as follows:
(1) They are not employees of the Company or its affiliates.
(2) Not a director or supervisor of the Company's affiliated companies.
(3) Not a natural person shareholder who holds more than 1% of the total issued shares or the top ten shares in the name of himself/herself, his/her spouse, minor children or other persons.
(4) A person who is not a manager listed in (1) or a spouse, a relative within the second degree of consanguinity or a relative within the third degree of consanguinity of a person listed in (2) or (3).
(5) A director, supervisor, or employee of a corporate shareholder who does not directly hold more than 5% of the total number of issued shares of the Company, hold the top five shares, or appoint a representative as a director or supervisor of the Company in accordance with Article 27(1) or (2) of the Company Act.
(6) A director, supervisor or employee of the Company who is not controlled by the same person as more than half of the Company's directors or voting shares
(7) A director (director), supervisor (supervisor), or employee of another company or organization who is not the same person or spouse of the Chairperson, president, or equivalent officer of the Company.</td><td>1</td></tr>
<tr><td>Yueh-Hsiang Tsai</td><td>Jui-Hsiang Tsai, an independent director, graduated from the Rensselaer Polytechnic Institute and is currently the director of NEUCHIPS Inc. and TIA CAPITAL ADVISORS INC. He has many years of practical experience in finance and investment management.
None of the Directors has been in or is under any circumstances stated in Article 30 of the Company Act.</td><td>0</td></tr>
<tr><td>Chin-Tsai Chen</td><td>Chin-Tsai Chen, an independent director, holds a master's degree from the Graduate School of Tamkang University and a master's degree in public administration from the University of San Francisco in the United States. He received an honorary PhD in 2021 from Tamkang University.
Chairperson Chen was previously the director and general manager of Namchow Holdings Co., Ltd., and the director and supervisor of many companies. He is currently the president of WIN Semiconductors Corp., Chairperson of ITEQ Corporation, vice Chairperson of HIWIN Technologies Corp., and a board member for many publicly listed companies. He has many years of experience in various industrial operations and management.
None of the Directors has been in or is under any circumstances stated in Article 30 of the Company Act.</td><td>2</td></tr>
</table>

Criteria / Names	Professional qualifications and experience	Independence	Number of concurrent independent directors of other public offering companies
		(8) A director (director), supervisor (supervisor), manager, or shareholder holding more than 5% of the shares of a particular company or organization with which the Company has financial or business dealings. (9) Not a professional individual or owner, partner, director (member of the governing board), supervisor (member of the supervising board), managerial officer and his/her spouse of a professional, sole proprietorship, partnership, company or institution that provides audit services to the Company or an affiliated enterprise or has received remuneration in the 2 most recent years not exceeding NT$500,000 for business, legal, financial, accounting and related services. (10) Not related to other directors as spouses or relatives within the second degree of consanguinity. (11) Not elected by or on behalf of the government or a corporation as provided in Article 27 of the Company Act.	

Note: Educational experience, gender and work experience of each director of the Company, please refer to pages 9-12.

5. Diversity and independence of the Board members

(1) Diversity of the Board of Directors:

The diversity policies of the Company's Board of Directors include two aspects: basic conditions and values, professional knowledge and skills. Detailed explanation is as follows:

Standards	Policies and Targets	Implementation
I. Basic conditions and values	(1) Gender: at least 2 seats for female directors	Achievement
II. Professional knowledge and skills	(1) Professional background: including accounting, industry, finance, marketing or technology, etc. (2) Industrial experience: including semiconductor, finance, accounting or technology industry, etc.	Achievement

Implementation of diversity policy:

Title	Name	Nationality/ Place of Incorporation	Gender	Ages	Industry experience / Professional competence											
					Operations Judgment	Management	Crisis Management	Leadership Decision-making	Industry knowledge	International Outlook	Accounting	Finance	Financial	Technology	Marketing	Employee status
Chairperson	Tie-Min Chen	R.O.C	Male	66-70 years old	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Representative of Juristic-person	Hsi-Hu Lai	R.O.C	Male	61-65 years old	✓	✓	✓	✓	✓	✓	✓	✓	✓			
Representative of Juristic-person	Jia-Shuai Chang	R.O.C	Male	51-55 years old	✓	✓	✓	✓	✓	✓				✓	✓	✓
Representative of Juristic-person	Pen-Chi Chen	R.O.C	Female	51-55 years old	✓	✓	✓	✓	✓	✓	✓	✓				
Representative of Juristic-person	Shu-Chen Tsai	R.O.C	Female	61-65 years old	✓	✓	✓	✓	✓	✓		✓			✓	
Representative of Juristic-person	Shu-Hwei Chen	R.O.C	Female	45-50 years old	✓	✓	✓	✓	✓	✓	✓	✓				
Independent Director	Ta-Sheng Chiu	R.O.C	Male	56-60 years old	✓	✓	✓	✓	✓	✓		✓	✓			
Independent Director	Yueh-Hsiang Tsai	R.O.C	Male	51-55 years old	✓	✓	✓	✓	✓	✓		✓	✓	✓		
Independent Director	Chin-Tsai Chen	R.O.C	Male	76-80 years old	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	

(2) Board independence:

The Board of Directors of the Company consists of 9 members, including 3 independent directors, accounting for 33.33% of the total. The independence of board members is disclosed on Page 15~18, "Professional qualifications of Directors and the independence of independent directors". There are neither circumstances specified in Paragraphs 3 and 4 of Section 26 (3) of the Securities and Exchange Act nor any spouse or lineal relative within the second degree of kinship of any of the directors.

(II)Information on management team

April 1, 2024.

Title	Nationality	Name	Gender	On-board Date	Shareholding		Spouse & Minor Shareholding		Specific Person Shareholding		Education and Selected Past Positions	Other Positions	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
CEO	R.O.C	Jia-Shuai Chang	Male	2022.06.08	59,224	0.03%	11,724	0.01%	-	-	Doctor degree in Physics, National Tsing Hua University. Vice President, Impac Technology Co., Ltd. Manager of R&D Department, Walsin Thz Technology Corp. Manager of Electronic and Optoelectronic System Research Laboratories, ITRI. Vice President of Marketing Department, Tong Hsing Electronic Ind., Ltd. COO, Tong Hsing Electronic Ind., Ltd. CEO, Kingpak Technology CEO, Tong Hsing Electronic Ind., Ltd.	CEO, XSemi Corporation CEO/Director, Advanced Power Electronics Co., Ltd.	-	-	-	-
Vice President & CFO	R.O.C	Jia-Li Huang	Female	2017.03.10	35	0.00%	-	-	-	-	Bachelor degree in Public Finance, National Chung Hsing University. Junior Manager, Advance Engineering (B.V.I.) Co., Ltd. Department of Finance, TUNTEX INCORPORATION. CFO, Tong Hsing Electronic Ind., Ltd. Vice President of Finance & Management, Tong Hsing Electronic Ind., Ltd. CFO, Kingpak Technology	CFO, XSemi Corporation	-	-	-	-
Vice President	R.O.C	Chien-Chen Lee	Male	2022.07.01	-	-	-	-	-	-	Ph. D., Power Mechanical Engineering, National Tsing Hua University VP & BU Head, Tong Hsing Electronic Industries CTO & BU Head, Kingpak Technology Director, Packaging and Assembly Engineering, mCube Director, R&D Center, StatsChipPAC	None	-	-	-	-
Vice President	R.O.C	Chin-Lung Fang (Note 1)	Male	2023.12.11	-	-	-	-	-	-	Master of Electrical Engineering, Sun Yat-sen University Director of Tonghsing Business Unit	None	-	-	-	-
Senior Manager	R.O.C	Zzu-Chi Chiu	Male	2022.07.04	-	-	-	-	-	-	Graduate Degree, Power mechanical engineering, NTHU. Director of TongHsing Business Unit	None	-	-	-	-
Senior Manager	R.O.C	Ming-Yen Pan	Male	2022.10.01	-	-	-	-	-	-	National Taiwan University, Business Administration Director of TongHsing Business Unit	None	-	-	-	-
Senior Manager	R.O.C	Po-Hsiu Cheng	Male	2022.10.01	-	-	-	-	-	-	National Chiao Tung University, Ph. D Director of TongHsing Business Unit	None	-	-	-	-

Note 1: Chin-Lung Fang had resigned on March 1,2024.

III. Remunerations Paid to Directors, General Manager and Vice General Managers in Recent Years

(I) Remunerations paid to directors

December 31, 2023; Unit: NT$ thousands

<table>
<tr><th rowspan="4">Title</th><th rowspan="4">Name</th><th colspan="8">Remuneration Paid to Directors</th><th colspan="2" rowspan="2">Total amount (A+B+C+D) and ratio of total amount to net income</th><th colspan="8">Employment-related Remuneration</th><th colspan="2" rowspan="2">Total amount (A+B+C+D+E+F+G) and ratio of total amount to net income</th><th rowspan="4">Remuneration from Invested Companies Other than Subsidiaries or the Parent Company</th></tr>
<tr><th colspan="2">Base Compensation (A) (Note 1)</th><th colspan="2">Retirement pension (B)</th><th colspan="2">Directors (C) (Note 2)</th><th colspan="2">Business implementation expenses (D) (Note 3)</th><th colspan="2">Salary, bonuses and special expenses (E) (Note 4)</th><th colspan="2">Retirement pension (F)</th><th colspan="4">Employee compensation (G) (Note 5)</th></tr>
<tr><th rowspan="2">From TH</th><th rowspan="2">From All Consolidated Entities</th><th rowspan="2">From TH</th><th rowspan="2">From All Consolidated Entities</th><th rowspan="2">From TH</th><th rowspan="2">From All Consolidated Entities</th><th rowspan="2">From TH</th><th rowspan="2">From All Consolidated Entities</th><th rowspan="2">From TH</th><th rowspan="2">From All Consolidated Entities</th><th rowspan="2">From TH</th><th rowspan="2">From All Consolidated Entities</th><th rowspan="2">From TH</th><th rowspan="2">From All Consolidated Entities</th><th colspan="2">From TH</th><th colspan="2">From All Consolidated Entities</th><th rowspan="2">From TH</th><th rowspan="2">From All Consolidated Entities</th></tr>
<tr><th>Cash</th><th>Stock</th><th>Cash</th><th>Stock</th></tr>
<tr><td>Directors</td><td>Tie-Min Chen
Multifield Investment Inc. Representative: Hsi-Hu Lai
Huan Tai Co., Ltd. Representative: Jia-Shuai Chang
Huan Tai Co., Ltd. Representative: Pen-Chi Chen
Shi Hen Enterprise Limited Representative: Shu-Chen Tsai
Kaimei Electronic Corporation Representative: Shu-Hwei Chen</td><td rowspan="2">34,772</td><td rowspan="2">34,772</td><td rowspan="2">108</td><td rowspan="2">108</td><td rowspan="2">45,300</td><td rowspan="2">45,300</td><td rowspan="2">2,101</td><td rowspan="2">2,101</td><td rowspan="2">82,281 /7.15%</td><td rowspan="2">82,281 /7.15%</td><td rowspan="2">15,294</td><td rowspan="2">15,294</td><td rowspan="2">108</td><td rowspan="2">108</td><td rowspan="2">2,211</td><td rowspan="2">-</td><td rowspan="2">2,211</td><td rowspan="2">-</td><td rowspan="2">99,894 /8.68%</td><td rowspan="2">99,894 /8.68%</td><td rowspan="2">None</td></tr>
<tr><td>Independent Director</td><td>Ta-Sheng Chiu
Yueh-Hsiang Tsai
Chin-Tsai Chen</td></tr>
</table>

1. Independent Directors' remuneration policies, procedures, standards and structure, as well as the linkage to responsibilities, risks and time spent:
   The remuneration of the directors (including independent directors) of the Company is primarily determined by Article 19 of the Company's Articles of Association. If the Company is profitable in a fiscal year, no more than 3% should be allocated for director's remuneration. Additionally, Article 13-1 states that the remuneration of the directors (including independent directors) is assessed by the Remuneration Committee based on their level of participation and contribution to the Company's operations. The Board of Directors is authorized to deliberate on and approve the remuneration based on the assessment of the Remuneration Committee and industry standards. Therefore, the remuneration of the directors should be appropriately linked to the Company's business risks and performance, considering industry standards, as well as the individual performance, time commitment, and responsibilities of the directors (including independent directors). Furthermore, a separate remuneration policy may be established for independent directors; therefore, the overall consideration of remuneration for independent directors should be reasonable.
2. In addition to the above disclosed, Director Remuneration received for the services of all companies in the financial report (such as providing consulting services as a non-employee of parent company/all consolidated entities/non-consolidated affiliates) amount : None.

Table of Remuneration Range

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	From TH	From All Consolidated Entities	From TH	From All Consolidated Entities
Under NT$ 1,000,000	Jia-Shuai Chang; Pen-Chi Chen; Shu-Chen Tsai; Shu-Hwei Chen	Jia-Shuai Chang; Pen-Chi Chen; Shu-Chen Tsai; Shu-Hwei Chen	Pen-Chi Chen; Shu-Chen Tsai; Shu-Hwei Chen	Pen-Chi Chen; Shu-Chen Tsai; Shu-Hwei Chen
NT$1,000,000 (inclusive) ~NT$2,000,000(exclusive)	Ta-Sheng Chiu; Yueh-Hsiang Tsai; Chin-Tsai Chen	Ta-Sheng Chiu; Yueh-Hsiang Tsai; Chin-Tsai Chen	Ta-Sheng Chiu; Yueh-Hsiang Tsai; Chin-Tsai Chen	Ta-Sheng Chiu; Yueh-Hsiang Tsai; Chin-Tsai Chen
NT$2,000,000 (inclusive)~NT$3,500,000 (exclusive)	-	-	-	-
NT$3,500,000 (inclusive)~NT$5,000,000 (exclusive)	-	-	-	-
NT$5,000,000 (inclusive)~NT$10,000,000 (exclusive)	Kaimei Electronic Corporation; Shi Hen Enterprise Limited; Multifield Investment Inc.	Kaimei Electronic Corporation; Shi Hen Enterprise Limited; Multifield Investment Inc.	Kaimei Electronic Corporation; Shi Hen Enterprise Limited; Multifield Investment Inc.	Kaimei Electronic Corporation; Shi Hen Enterprise Limited; Multifield Investment Inc.
NT$10,000,000 (inclusive)~NT$15,000,000 (exclusive)	Huan Tai Co., Ltd.	Huan Tai Co., Ltd.	Huan Tai Co., Ltd.	Huan Tai Co., Ltd.
NT$15,000,000 (inclusive)~NT$30,000,000 (exclusive)	His-Hu Lai	His-Hu Lai	His-Hu Lai; Jia-Shuai Chang	His-Hu Lai; Jia-Shuai Chang
NT$30,000,000 (inclusive)~NT$50,000,000 (exclusive)	Tai-Ming, Chen	Tai-Ming, Chen	Tai-Ming, Chen	Tai-Ming, Chen
NT$50,000,000 (inclusive)~NT$100,000,000 (exclusive)	-	-	-	-
Over 100,000,000	-	-	-	-
Total	13	13	13	13

Note 1: Remunerations to the directors in 2023 include director's salary, directors' allowances, severance pay, various bonuses, incentive payments, etc.

Note 2: These are 2023 director remunerations proportionally divided among the directors. The compensation of NT$45,300 thousand has been resolved by the Board Meeting.

Note 3: Professional service fees paid to the director (including traveling expense, special allowances, subsidies, dormitory, company cars, in kind payments, etc.).

Note 4: Refers to compensation paid to directors who also served as president, vice president, other managers or employees in 2023 including base compensation, job allowance, severance pay, bonuses, incentives, travel fees, special allowances, various allowances, accommodation, company cars and other physical items, etc. Any salary expenses recognized under IFRS 2 Share-Based Payment, including employee stock option plan, employee restricted stock and cash capital increase by stock subscription shall also be included in compensation.

Note 5: This is the total 2023 employee compensation paid to the directors who are also the Company's employees (including the president, vice presidents, other managers and employees). The compensation of NT$84,000 thousand has been resolved by the Board Meeting. The figures shown here are calculated based on the actual distribution percentage from last year. An appendix table "Manager Compensation by Name and Distribution" is attached here for the details.

* The remuneration contents disclosed in this table are different from the concept of income specified in the Income Tax Act, thus the purpose of this table is for information disclosure only, rather than taxation purpose.

(II) Remunerations paid to main managers

December 31, 2023; Unit: NT$ thousand dollars

Title	Name	Salary (A) (Note 1)		Retirement pension (B)		Bonus and special expenses (C) (Note 2)		Employee compensation (D) (Note 3)				Total amount (A+B+C+D) and ratio of total amount to net income (%)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company
		From TH	From All Consolidated Entities	From TH	From All Consolidated Entities	From TH	From All Consolidated Entities	From TH		From All Consolidated Entities		From TH	From All Consolidated Entities	
								Cash	Stock	Cash	Stock			
CEO	Jia-Shuai Chang	39,050	39,050	654	654	8,789	8,789	7,865	-	7,865	-	56,358 /4.90%	56,358 /4.90%	None
Vice President & CFO	Jia-Li Huang													
Vice President	Chien-Chen Lee													
Vice President(Note 4)	Chin-Lung Fang													
Senior Manager	Ming-Yen Pan													
Senior Manager	Zzu-Chi Chiu													
Senior Manager	Po-Hsiu Cheng													

Table of Remuneration Range

Range of Remuneration	Total Remuneration (A+B+C)	
	From TH	From All Consolidated Entities
Under NT$ 1,000,000	Chin-Lung Fang(Note 4)	Chin-Lung Fang(Note 4)
NT$1,000,000(inclusive)~NT$2,000,000	-	-
NT$2,000,000 (inclusive)~NT$3,500,000 (exclusive)	-	-
NT$3,500,000 (inclusive)~NT$5,000,000 (exclusive)	-	-
NT$5,000,000 (inclusive)~NT$10,000,000 (exclusive)	Zzu-Chi Chiu; Ming-Yen Pan; Po-Hsiu Cheng; Chien-Chen Lee	Zzu-Chi Chiu; Ming-Yen Pan; Po-Hsiu Cheng; Chien-Chen Lee
NT$10,000,000 (inclusive)~NT$15,000,000 (exclusive)	Jia-Li Huang	Jia-Li Huang
NT$15,000,000 (inclusive)~NT$30,000,000 (exclusive)	Jia-Shuai Chang	Jia-Shuai Chang
NT$30,000,000 (inclusive)~NT$50,000,000 (exclusive)	-	-
NT$50,000,000 (inclusive)~NT$100,000,000 (exclusive)	-	-
Over 100,000,000	-	-
Total	7	7

Note 1: Remunerations to the managers in 2023 include manager's salary, managers' allowances, and severance pay.

Note 2: Refer to the managers ' allowances in 2023 (including provisions of base compensation, travel fees, special allowances, various allowances, accommodations, or company cars and other physical items for serving as representatives of institutional directors or supervisors designated by the Company on behalf of its subsidiaries).

Note 3: The employee compensation of NT$84,000 thousand has been resolved by the Board Meeting. The figures shown here are calculated based on the actual distribution percentage from last year. An appendix table "Manager Compensation by Name and Distribution" is attached here for the details.

Note 4: Chin-Lung Fang was appointed as Vice President on December 11, 2023, and his remuneration was calculated from December 11, 2023 to December 31, 2023.

* The remuneration contents disclosed in this table are different from the concept of income specified in the Income Tax Act, thus the purpose of this table is for information disclosure only, rather than taxation purpose.

(III)Employees compensation paid to main managers

December 31, 2023；Unit: NT$ thousand dollars

	Title	Name	Stock	Cash(Note 1)	Total	Ratio of Total Amount to Net Income (%)
Main managers	CEO	Jia-Shuai Chang	-	7,865	7,865	0.68
	Vice president & CFO	Jia-Li Huang				
	Vice president	Chien-Chen Lee				
	Vice president(Note 2)	Chin-Lung Fang				
	Senior manager	Ming-Yen Pan				
	Senior manager	Zzu-Chi Chiu				
	Senior manager	Po-Hsiu Cheng				

Note 1: The proposed allocation of employee remuneration, approved by the board of directors for the fiscal year 2023, is NT$84,000 thousand. The proposed allocation amount is calculated based on the actual distribution ratio from the previous year.

Note 2: Chin-Lung Fang was appointed as Vice President on December 11, 2023, and his remuneration was calculated from December 11, 2023 to December 31, 2023.

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

1. The analysis of total remuneration, as a percentage of net income stated in the parent company only financial statements, paid to the directors and main managers during the past 2 fiscal years:

Title	2022		2023 (Note 1)	
	From TH	From All Consolidated Entities	From TH	From All Consolidated Entities
Directors	7.62%	7.62%	12.05%	12.05%
Main Managers				

Note 1: The remuneration of general manager and vice general manager in 2023 is an estimate.

2. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance.

(1)The remuneration of directors of the Company shall be determined in accordance with the Company's Articles of Incorporation. Director's compensation shall fully reflect individual performance and the Company's long-term operating performance. The Board of Directors is authorized to determine the remuneration of individual directors based on their respective duties, responsibilities, and performance evaluations. When the Company generates profits, no more than 3% shall be allocated as director's remuneration.

(2)Remunerations to the managers including salary, bonus and employee compensation:

Salary: Based on factors such as individual job responsibilities, professional capabilities, and job contributions, taking into account the industry standards.

Bonus and Employee Compensation:
Linked to performance goals for various business units, departments and individuals, and determined based on the importance of the managerial position, job responsibilities and future risks.

(3)The Company's directors and main managers are evaluated based on the "Board Performance Evaluation Procedure" and "Employee Performance Evaluation Method" respectively, which are used as the basis for performance evaluation. The Company conducts annual board performance evaluations and quarterly employee performance evaluations.

IV. Implementation of Corporate Governance

(I)Board of directors

1. A total of 4 meetings of the Board of Directors were held in 2023 (A). The attendance status of Directors was as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B)/(A)	Remark
Chairperson	Tie-Min Chen	2	2	50	
Vice Chairperson	Multifield Investment Inc. (Representative: Hsi-Hu Lai)	4	0	100	
Directors	Huan Tai Co., Ltd. (Representative: Jia-Shuai Chang)	4	0	100	
Directors	Huan Tai Co., Ltd. (Representative: Pen-Chi Chen)	4	0	100	
Directors	Shi Hen Enterprise Limited (Representative: Shu-Chen Tsai)	4	0	100	
Directors	Kaimei Electronic Corporation (Representative: Shu-Hui Chen)	4	0	100	
Independent Director	Ta-Sheng Chiu	4	0	100	
Independent Director	Yueh-Hsiang Tsai	4	0	100	
Independent Director	Chin-Tsai Chen	3	1	75	

2.Other matters:

(1) Should any of the following take place in a board meeting, the date and number of the meeting, the content of proposal, Independent Director's opinions and the Company's response to such opinions should be recorded:

A. For matters listed in Article 14-3 of the Securities and Exchange Act.

Date/Term	Major Resolutions	Independent Directors' Opinions	The Company's Response	Independent Directors' Objection or Reserved Opinions on Record or Stated in Writing
March 14, 2023 4th meeting of the 18th Term	1. To submit of the Company's 2022 "Statement of Internal Control System". 2. To revise the Company's "Internal Control System". 3. The proposal for the Company's year-end bonus distribution and remuneration distribution plan for employees and Directors for 2022. 4. Evaluation of the independence and competency of the Company's CPA. 5. The proposal for the Company's 2022 Business Report and Financial Statements. 6. The proposal for distribution of 2022 earnings. 7. The proposal for the Company's 2022 surplus transfer and capital increase to issue new shares. 8. To amend the Company's "Articles of Incorporation". 9. The proposal for the 2023 business plan. 10. The proposal for the date, location, and reasons for convening the Company's 2023 annual shareholders' meeting. 11. The proposal for the period and venue for the acceptance of shareholders' proposals and nomination of candidates for Directors for the Company's 2023 annual shareholders' meeting.	None	None	None
April 20,2023 5th meeting of the 18th Term	1. To revise the amendment of the Company's "Internal Control System". 2. The proposal for the Company's 2023 Q1 consolidated financial statements. 3. The proposal for the Company's donation to the " YAGEO Foundation". 4. To revise the reasons for convening the Company's 2023 annual shareholders' meeting.	None	None	None
July 25, 2023 6th meeting of the 18th Term	1. The proposal for the Company's 2023 Q2 consolidated financial statements. 2. The proposal for the record date and ex-rights date for the issuance of new shares through the capitalization of earnings for the Company's fiscal year of 2022.	None	None	None

Date/Term	Major Resolutions	Independent Directors' Opinions	The Company's Response	Independent Directors' Objection or Reserved Opinions on Record or Stated in Writing
October 26,2023 7th meeting of the 18th Term	1. The proposal for 2024 Annual Audit Plan. 2. The proposal for the 2022 distribution of employee compensation for the Company's main managers be paid in 2023 3. The proposal for the Company's 2023 Q3 consolidated financial statements. 4. The proposal for the earnings distribution for the first half of the Company's fiscal year of 2023. 5. For the needs of working capital turnover and management of interest and exchange rate risks, it is proposed to apply to financial institutions for relevant credit line. 6. The proposal for the Company's donation to the " YAGEO Foundation". 7. The proposal for the Company to donate to "Yageo Sports Competition Development Association". 8. To seek approval for the manager competing with the Company and concurrent managerial positions.	None	None	None

B. Other resolutions of the Board, which the Independent Director(s) voiced objection or reservation that are documented or issued through a written statement in addition to the above: None.

(2) Directors abstaining in certain proposals for being a stakeholder, (the name of the Director(s), the content of the proposal, reasons for abstentions and the results of voting counts should be stated): None.

(3) Board of directors evaluation status:

Frequency	Period	Scope	Method	Content
Annually	January 1, 2023- December 31, 2023	Including Board of Directors, board members and functional committees.	Internal evaluation	As below

In accordance with the Company's “Regulations for Evaluating the Performance of the Board of Directors”, the Board of directors shall perform internal board performance evaluations in accordance with evaluation indicators and evaluation procedures every year. The performance evaluation of the Board of directors shall be conducted by an external professional institution or a team of external experts and scholars at least once every three years.

Performance evaluation execution status:

A. Internal evaluation:

The results of the 2023 performance evaluation of the Company's Board of Directors are as follows:

The overall average score of the self-evaluation of the Board of Directors' performance was 4.88 points (out of 5 points).

The overall average score of the self-evaluation of individual Directors' performance was 4.98 points (out of 5 points).

The overall average score of the self-evaluation of the Audit Committee performance was 4.95 points (out of 5 points).

The overall average score of the self-evaluation of the Remuneration Committee performance was 5.0 points (out of 5 points).

The overall average score of the self-evaluation of the Nomination Committee performance was 4.95 points (out of 5 points).

B. External evaluation:

The company adopted the Board Performance Evaluation Method by resolution of the Board of Directors on August 11, 2020. The Company engaged Taiwan Corporate Governance Association to do external evaluation on 2022 Board of Directors performance. The Association and execution experts are independent from the Company and have no business relationship with the Company.

The results of the performance evaluation of the Board of Directors were reported to the Nomination Committee on March 14, 2023 and to the Board of Directors on March 14, 2023, and then disclosed on the Company's website.

(4) Measures taken to strengthen the functionality of the Board in the current and the latest year (e.g., establishing the Audit Committee, enhancing information transparency), and implementation status:

Implementation of Strengthening the Functional Objectives of the Board	Implementation Situation
A. All members of the Audit Committee attended and implemented risk control.	In 2023, the attendance rate of all members was 92%. The Company's financial statements, the selection (or dismission) of certified accountants and their independence and performance, the effective implementation of the Company's internal control, and confirmation of the compliance to relevant laws and regulations were reviewed.
B. The Remuneration Committee regularly evaluates and reviews the policies, systems, standards and structures of performance appraisal and remuneration of directors and managers.	In 2023, the attendance rate of all members was 100%. The remuneration of directors and managers was evaluated.
C. Improving information transparency	In 2023, the Company will complete the update of the official website, and the bilingual (Chinese and English) disclosure of

Implementation of Strengthening the Functional Objectives of the Board	Implementation Situation
	information in corporate business, finance, investor relations and ESG.
D. Periodically reports to the Board of Directors regarding corporate governance	The corporate governance implementation status has been reported to the Board of Directors on October 26, 2023.
E. Efforts were made to continue promoting corporate governance and improving the ranking of corporate governance assessment.	The Company attaches great importance to corporate governance and continues to strengthen it with remarkable results. In 2023, the Company has completed the Annual Report and disclosure items at the Company's website in accordance with corporate governance evaluation indicators.

(II) Audit Committee

1. A total of 4 meetings of Audit Committee were held in 2023 (A). The attendance status of independent directors was as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B)/(A)	Remark
Independent Director	Ta-Sheng Chiu	4	0	100	
Independent Director	Yueh-Hsiang Tsai	4	0	100	
Independent Director	Chin-Tsai Chen	3	1	75	

2. Other matters:

(1) The date of the Board meeting, the term, contents of the proposals, resolutions of the Audit Committee, and the Company's handling of the resolutions of the Audit Committee shall be recorded under the following circumstances in the operations of the Audit Committee meeting:

A. Items listed in Article 14-5 of the Securities and Exchange Act:

Date/Term	Resolution and Follow-up Actions	Matters listed in Article 14-5 of the Securities and Exchange Act	Other resolutions passed by two thirds of all Directors but yet to be approved by the Audit Committee
March 14, 2023 3rd meeting of 2nd Term	1. Implementation of the 2022Q4 audit plan. 2. To submit the "Statement of Internal Control System" of 2022. 3. To revise the Company's "Internal Control System". 4. Evaluation of the independence and competency of the Company's CPA. 5. The proposal for the Company's Business Report and Financial Statement in 2022. 6. The proposal for distribution of 2022 earnings.	✓	No such circumstances

Date/Term	Resolution and Follow-up Actions	Matters listed in Article 14-5 of the Securities and Exchange Act	Other resolutions passed by two thirds of all Directors but yet to be approved by the Audit Committee
	7. The proposal for the Company's 2022 surplus transfer and capital increase to issue new shares. 8. To amend the Company's "Articles of Incorporation".		
	Audit Committee resolution: The chair consulted all Committee Members in attendance and the proposals were passed unanimously by the Committee Members.		
	The Company's actions in response to the opinions of the Audit Committee: The chair consulted all Committee Members in attendance and the proposals were passed unanimously by the Committee Members. All attending directors unanimously agreed, no other special proposals were proposed. All items were executed.		
April 20, 2023 4th meeting of 2nd Term	1. Implementation of the 2023Q1 audit plan. 2. To revise the Company's "Internal Control System". 3. The proposal for the Company's 2023 Q1 consolidated financial statements.	✓	No such circumstances
	Audit Committee resolution: The chair consulted all Committee Members in attendance and the proposals were passed unanimously by the Committee Members.		
	The Company's actions in response to the opinions of the Audit Committee: The chair consulted all Committee Members in attendance and the proposals were passed unanimously by the Committee Members. All attending directors unanimously agreed, no other special proposals were proposed. All items were executed.		
July 25, 2023 5th meeting of 2nd Term	1. Implementation of the 2023Q2 audit plan. 2. The proposal for the Company's 2023 Q2 consolidated financial statements.	✓	No such circumstances
	Audit Committee resolution: The chair consulted all Committee Members in attendance and the proposals were passed unanimously by the Committee Members.		
	The Company's actions in response to the opinions of the Audit Committee: The chair consulted all Committee Members in attendance and the proposals were passed unanimously by the Committee Members. All attending directors unanimously agreed, no other special proposals were proposed. All items were executed.		
October 26, 2023 6th meeting of 2nd Term	1. Implementation of the 2023Q3 audit plan. 2. The proposal for 2024 Annual Audit Plan. 3. The proposal for the Company's 2023 Q3 consolidated financial statements. 4. The proposal for the earnings distribution for the first half of the Company's fiscal year of 2023.	✓	No such circumstances
	Audit Committee resolution: The chair consulted all Committee Members in attendance and the proposals were passed unanimously by the Committee Members.		
	The Company's actions in response to the opinions of the Audit Committee: The chair consulted all Committee Members in attendance and the proposals were passed unanimously by the Committee Members. All attending directors unanimously agreed, no other special proposals were proposed. All items were executed.		

B. In addition to the items in the preceding items, other resolutions passed by two-thirds of all the Directors but yet to be approved by the Audit Committee: None.

(2) Independent Directors abstaining in certain proposals for being a stakeholder, (the name of the Independent Director(s), the content of the proposal, reasons for abstentions and the results of voting counts should be stated): None.

(3) Independent Directors' communication with internal auditors and CPAs (including communication over the Company's financial and business status and the methods and results, etc.):

A. Frequency and method of communication:

(A) The Company quarterly convenes the meetings of the Audit Committee and the Board of Directors. The auditor supervisor will attend every meeting of the Audit Committee and the Board of Directors and report the quarterly internal audit business as appropriate.

(B) When the Company convenes an Audit Committee meeting and the Board meeting quarterly for approving the financial statements, the CPAs, in addition to attending the meetings, communicate audit findings, audit quality indicators (AQI) and major regulatory updates with the independent directors on a quarterly basis.

(C) The audit head issues monthly audit reports and submits them to the Audit Committee for review. Apart from communicating the audit findings with the independent directors on a monthly basis, the audit head irregularly catches up with the financial and business conditions of the Company.

(D) Independent directors hold communication meetings with CPAs whenever necessary.

B. Contents and conclusions of communication:

(A) The independent directors of the Company engaged in smooth communication on the execution and effectiveness of the audit business.

Date	Key Points in Discussion	Suggestions	Implementation Status
Audit Committee (March 14, 2023)	1. Implementation of the audit plan 2. To submit the Company’s 2022 “Statement of Internal Control System”. 3. To revise the Company's "Internal Control System".	None	Approved by Committee and submit to BOD meeting
Audit Committee (April 20, 2023)	1. Implementation of the audit plan. 2. To revise the Company's "Internal Control System".	None	Approved by Committee and submit to BOD meeting
Audit Committee (July 25, 2023)	1. Implementation of the audit plan.	None	Approved by Committee and submit to BOD meeting

Date	Key Points in Discussion	Suggestions	Implementation Status
Audit Committee (October 26, 2023)	1. Implementation of the audit plan. 2. The proposal for 2024 Annual Audit Plan.	None	Approved by Committee and submit to BOD meeting

(B) The independent directors of the Company engaged in smooth communication with CPAs.

Date	Key Points in Discussion	Suggestions	Implementation Status
Audit Committee (March 14, 2023)	1. CPA conducted a presentation and communication for the 2022 parent-company-only and consolidated financial reports. 2. Important Statute Update.	None	Approved by Committee and submit to BOD meeting
Audit Committee (April 20, 2023)	1. CPA conducted a presentation and communication for the 2023 Q1 consolidated financial reports. 2. Important Statute Update.	None	Approved by Committee and submit to BOD meeting
Audit Committee (July 25, 2023)	1. CPA conducted a presentation and communication for the 2023 Q2 consolidated financial reports. 2. Important Statute Update.	None	Approved by Committee and submit to BOD meeting
Audit Committee (October 26, 2023)	1. CPA conducted a presentation and communication for the 2023 Q3 consolidated financial reports. 2. Important Statute Update.	None	Approved by Committee and submit to BOD meeting

(4) The main annual tasks and key points of the audit committee of the company are summarized:

Reviewing annual and quarterly financial reports, reviewing additions and revisions to the internal control system, and evaluating the effectiveness of the internal control system, etc.

(III)Implementation of corporate governance and the deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", and the reasons thereof:

Evaluation item	Implementation status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons" thereof
	Yes	No	Description	
I. Does the Company establish and disclose its "Corporate Governance Best Practice Principles" based on the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"?	✓		The Company has established and published at its website the "Corporate Governance Best Practice Principles" for the purpose of implementing corporate governance and protecting shareholders' interests.	None
II. Shareholding Structure & Shareholders' Rights				
(I) Does the Company establish internal operating procedures or policies to handle shareholder suggestions, doubts disputes and lawsuits and implemented such procedures or policies?	✓		(I) The Company has appointed a spokesperson and acts as a spokesperson in accordance with the "Corporate Governance Best Practice Principles" to effectively handle shareholders' suggestions, questions, disputes and litigations. In addition, the Company has appointed KGI Securities to process related stock affairs.	None
(II) Does the Company possess a list of major shareholders and list of ultimate owners of these major shareholders?	✓		(II) The Company obtains the list of shareholders and possesses the top ten of shareholders on its website.	None
(III) Has the Company established and enforced risk control and firewall systems with its affiliate companies?	✓		(III)Business and financial dealings between the Company and an affiliate are treated as dealings with an independent third party, which are handled by the principles of fairness and reasonableness with documented rules established, and pricing and payment terms are clearly defined to prevent non-arm's-length transactions.	None

Evaluation item	Implementation status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons" thereof
	Yes	No	Description	
(IV) Has the Company adopted internal rules prohibiting company insiders from trading securities using information not disclosed to the market?	✓		(IV) The Company has adopted the "Material Information and Measures for Preventing Insider Trading", which also includes prohibiting directors from trading in their shares 30 days prior to the announcement of the annual financial report and 15 days prior to the announcement of the quarterly financial report, in addition to expressly prohibiting company insiders from trading in securities by using unpublished information in the market. Additionally, in 2023, the Company carried out training for all employees to prevent insider trading and disclosed on the Company's official website that the directors, managers, employees and substantial controllers of the company are prohibited from obtaining improper benefits for themselves or any other person by virtue of their positions or influence in the Company. Education and training situation description (Please refer to Page 68 of this annual report).	None
III. Composition and Responsibilities of the Board of Directors (I) Is the composition of the Board of Directors determined by taking appropriate policy based on diversity and ensure the actual implementation?	✓		(I) The diversity policies of the Company's Board of Directors include two aspects: basic conditions and values, professional knowledge and skills. The detailed content is: (1) at lease 2 female members in the Board of Directors and (2) at least having professional background in accounting, industry, finance, marketing or technology and industrial experience in semiconductor, finance, accounting or technology. The implementation of diversity of the board (Please refer to Page19 of this annual report).	None

Evaluation item	Implementation status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons" thereof
	Yes	No	Description	
(II) In addition to the Remuneration Committee and Audit Committee, has the Company voluntarily established other functional committees?	✓		(II) Aside from committees that have been set up according to law, the Company has established nomination committee and corporate sustainable development committee in order to implement the spirit of corporate governance.	None
(III) Does the Company formulate rules and procedures for the Board of Directors' performance evaluation, conduct performance evaluation on the Board of Directors on a regular basis every year, report the results of performance evaluation to the Board of Directors, and apply the results to the individual Directors' remuneration and nomination for reappointment?	✓		(III) The Performance Evaluation Methods of the Board of Directors (Methods) of the Company were approved by the Board of Directors. According to the Methods, external evaluation should be appointed to implement the evaluation in three years after the approval. In 2023, the performance evaluation results of the Board of Directors were all excellent, and the evaluation results were submitted to the Board of Directors on February 29, 2024. For detailed information of the performance evaluation of the Board of Directors, please refer to Pages 27~28 of this annual report.	None
(IV) Does the Company regularly assess on the independence of CPAs?	✓		(IV) The Company obtains a form on assessment for independence and competency of the CPA each year, and the results of the form on assessment for independence and competency of the CPA in 2023 are consistent. The results have been passed by resolution of the Board of Directors on February 29, 2024. The independence assessment items for CPAs are as in Note 1 (please refer to Page 41 of this annual report).	None

Evaluation item	Implementation status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons" thereof
	Yes	No	Description	
IV. Has the Company set up a full-time (part-time) unit or appointed designated personnel to handle governance related affairs (including but not limited to supplying information requested by the directors and supervisors, processing company registration and change of registration and preparing minutes of the board meetings and shareholders' meetings)?	✓		(I) The Company has designated a Corporate Governance Office by the resolution of the Board of Directors on August 11, 2020.Vice President & CFO Chai Li Huang has been appointed as the Company's Corporate Governance Officer to take charge of the corporate governance matters so as to protect the interests of the shareholders and process matters related to the Board and shareholders' meetings. (II) The corporate governance unit reported the business performance to the Board of Directors on October 26, 2023；The business execution status and training hours of the corporate governance unit are as in Note 2 (Please refer to Page 42 of this annual report).	None
V. Has the Company established channels of communication with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), dedicated a section of the Company's website for stakeholder affairs and adequately responded to stakeholders' inquiries on significant corporate social responsibility issues?	✓		(I) The Company has set up a stakeholders' section on the Company's website and specified the contact methods of the spokesperson and businesses on the Company's website. (II) The Company has also disclosed the stakeholder, concerns, communication methods and channels, frequency and response methods, in order to adequately respond to the relevant issues raised by the stakeholders. (III) The Company reported the communication of interested parties to the Board of Directors on October 26, 2023.	None
VI. Has the Company appointed a professional shareholder service agency to deal with shareholder affairs?	✓		The Company has appointed KGI Securities to process affairs related to shareholders meetings.	None

Evaluation item	Implementation status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons" thereof
	Yes	No	Description	
VII.Information Disclosure (I) Has the Company established a corporate website to disclose information regarding the company's financial, business, and corporate governance status? (II) Has the Company established any other information disclosure channels (e.g. maintaining a website in English, designating people to handle information collection and disclosure, appointing spokespersons, webcasting investors' conference, etc.)? (III) Has the Company announced and reported the annual financial report within two months after the end of the fiscal year, and announced and declared the financial reports of the first, second and third quarter and the operating conditions of each month before the prescribed period?	✓ ✓ ✓		(I) Information on the Company's financial operations and corporate governance has been disclosed on the Company's website. The Company's website is www.theil.com. (II) The Company has set up an investor section on its website to disclose financial information and related information on investor conferences and corporate governance. A stakeholders' section has been set up to adequately respond to relevant questions. (III) Except for the declaration application of the company's 2023 annual financial report on February 29, 2024, the quarterly financial reports and the operation reports in 2023 were announced before the 10th of every month. The reporting situation of the financial report for each quarter of 2023 is as follows: 2023Q1(April 25), 2023Q2(July 26) and 2023Q3 (October 26). All information has been announced and declared before the deadline.	None None None
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, Directors' and Supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by Directors and Supervisors)?				

Evaluation item	Implementation status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons" thereof
	Yes	No	Description	
(I) Employee rights and benefits	✓		(I) The Company focuses on employee rights, shows loving care for the employees, and provides the employees with a good environment that prioritize work-life balance, and reasonable benefits, including: 1. Welfare systems: distribution/allotment, bonus/gifts for festivals and holidays, various insurances and subsidies, and leave system according to the labor laws. 2. Leisure activities: domestic tours, department banquets , club activities and contracted stores, etc. 3. Working environment: all-round education and training sessions, smooth promotion channels, staff canteen, and nursing rooms, etc. 4. Job safety: motor vehicles parking spaces, dormitory, shuttle bus (Longtan Plant), health examination, and business phone.	None
(II) Staff Care	✓		(II) Canteens and a good working environment is provided~~,~~ to guarantee the employee’s welfare benefits. Furthermore, the Company also offers dinner banquets, education and training programs, and club activities to help employees to achieve a balance between work and life.	None
(III) Investor Relationship	✓		(III) In addition to the spokesperson system, the Company also allows the investors to access to the website of MOPS and the Company for relevant information; moreover, the Company also invites the investors to attend the Company’s investor conferences every year, and learn about the quarterly operation status~~,~~ and future directions.	None

Evaluation item	Implementation status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons" thereof
	Yes	No	Description	
(IV) Supplier Relationship	✓		(IV) The Company and suppliers are long-term partners. With focus on the requirements of competitive quality, delivery time and cost, the company will pay more attention to supply chain management, environmental and social aspects in the future, so as to jointly promote sustainable development.	None
(V) Stakeholders	✓		(V) The Company maintains smooth communication channels and good relationship with the stakeholders. Concerns, communication channels and response methods of the stakeholders are as in Note 3 (Please refer to Page 43 of this annual report).	None
(VI) Director’s continuing education	✓		(VI) All 18th term Board members have completed 6 hours training in 2023. The disclosure of training hours on MOPS and the Company website has been completed. Refer to Note 4, Page 44~45 for details of directors’ continuing education hours.	None
(VII) Risk management policy and execution	✓		(VII) The company manages the risks related to the operation of related companies through monthly production and sales meetings and reports the business plan to the Board of Directors once a year to ensure the normal operation of the risk control function. In addition, in 2023, it has carried out risk identification, Measurement, communication channels and response methods; the latest date of reporting to the Board of Directors is October 26, 2023. For the Company's risk policy and assessment, please refer to page 56~57 of this annual report.	None
(VIII) Execution of the customer service policy	✓		(VIII) The Company has appointed professional customer service personnel to provide channels for services and solutions for customers' questions, and to maintain smooth communication channels with the customers.	None

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons" thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>(IX) The Company’s purpose of liability insurances for the directors</td><td>✓</td><td></td><td>(IX) The liability insurances purchased by the Company for all directors and important employees as below.
<table><tr><th>The Insured</th><th>Insurance Company</th><th>Insurance Amount (Unit: USD$)</th><th>Period of Insurance (commencement and termination)</th></tr><tr><td>All directors</td><td>Chubb</td><td>10,000,000</td><td>From February 1, 2024, to February 1, 2025</td></tr></table></td><td>None</td></tr>
<tr><td colspan="5">IX. Improvements made in the most recent fiscal year in response to the results of corporate governance evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, improvement measures and plans for items yet to be improved.
(I) Improved aspects:
The Company's website and annual report have strengthened the disclosure of corporate governance information to protect shareholders' rights and enhance information transparency, and have disclosed the effectiveness of corporate social responsibility implementation, risk management-related matters, information and communications security policies and measures, intellectual property rights plans and stakeholder communication status, etc. These disclosures were reported to the Board of Directors on October 26, 2023.
(II) Formulating risk management policies and assessing and report risk status to the Board of Directors annually on financial risks, environmental and climate change risks, supply chain and raw material risks, legal risks and stakeholder communication and so on, so as to ensure the normal operation of the management structure and risk control function.
(III) The Company has been preparing Chinese and English ESG Reports in compliance with GRI Universal Standards since 2022, and obtained the Independent Assurance Opinion Statement verified by a third party in 2023.</td></tr>
</table>

Note 1: CPAs' independence evaluation items.

(1) Information of CPA in 2023

Name of CPA Firm	Name of CPA	Education and Positions
KPMG	Szu-Chuan Chien	1.Department of Accounting, National Taiwan University 2.CPA of R.O.C
	I-Wen Wang	1.Department of Accounting, Soochow University 2.CPA of R.O.C

(2) The evaluation of the independence and competence of the CPAs

Item	Evaluation Results	Independence of the CPAs
(1) As of the most recent audit performed, no CPA has been changed for seven (7) consecutive years.	Yes	Yes
(2) The CPA is not involved in any significant financial interests with the Company.	Yes	Yes
(3) The CPA avoids any improper relationships with the Company.	Yes	Yes
(4) The CPA should ensure ethical conduct and independence of his/her assistants.	Yes	Yes
(5) The CPA may not perform audit and assurance services on the financial statements of companies he/she has served within two (2) years before CPA practice.	Yes	Yes
(6) The CPA may not permit others to practice under his/her name.	Yes	Yes
(7) The CPA does not own any shares of the Company or its affiliated companies.	Yes	Yes
(8) The CPA does not engage in lending or borrowing of money with the Company and its affiliated companies.	Yes	Yes
(9) The CPA and the Company or its affiliated companies are not engaged in any joint investments or profit sharing.	Yes	Yes
(10) The CPA does not engage in regular work for the Company or its affiliated companies concurrently and does not receive a fixed salary from them.	Yes	Yes
(11) The CPA is not involved in the strategy-making and management of the Company and its affiliated companies.	Yes	Yes
(12) The CPA does not concurrently engage in other businesses that may lead to the loss of his/her independence.	Yes	Yes
(13) The CPA does not have spouse, lineal relatives by blood or by marriage, or collateral relatives by blood within the second degree of kinship with the management level of the Company.	Yes	Yes
(14) The CPA does not receive any commission related to his/her service.	Yes	Yes
(15) As of now, the CPA has not engaged in any matters that may result in disciplinary actions taken against him/her or may compromise his/her independence.	Yes	Yes

The results of the evaluation of the independence and competence of the CPAs (as shown in the table above) and the detached independence statement were obtained: all meet the Company's independence and competence assessment standards. The Company also refers to the audit quality index (AQI) and prepares the accountant evaluation and performance evaluation form. The evaluation results meet the independence and suitability evaluation.

Note 2: Business execution status and continuing education hours of corporate governance units.

1.The corporate governance responsibilities include:

(1) Handling matters related to the Board and the shareholders' meeting.

(2) Preparing meeting minutes of Board and shareholders' meetings.

(3) Assisting the directors to take office and continuing education.

(4) Providing materials and information necessary for the directors to perform the duties.

(5) Assisting the directors to comply with the laws and regulations.

(6) Other matters stipulated in the Article of Incorporation or contracts.

2.Key business points in 2023 include:

(1) Sending the data of the meetings of the Board of Directors and the Audit Committee to the directors.

(2) Publishing major information and announcements regarding major resolutions on the date of closure of the Board and shareholders' meetings.

(3) Conducting the relevant affairs of the shareholders' meeting according to laws.

(4) Providing the directors with the relevant information of continuing education and completing the relevant declarations.

3.Continuing education hours of Corporate Governance Officer in 2023:

Title	Name	Continuing education date	Organizer	Class	Training Hours
Vice President & CFO	Jia-Li Huang	May 26, 2023	Environment Protection Administration	Green Chemistry Joint	3.0 hours
		October 26, 2023	Accounting Research and Development Foundation of the Republic of China	ESG megatrends-corporate business challenges, responses and layout	3.0 hours
		October 26, 2023	Accounting Research and Development Foundation of the Republic of China	Sustainability and digital dual-axis transformation	3.0 hours
		November 23, 2023	Accounting Research and Development Foundation of the Republic of China	Continuing training courses for accounting supervisors of issuers, securities companies and stock exchanges	3.0 hours
		November 29, 2023	Securities and Futures Institute	2023 Insider Equity Transaction Legal Compliance Publicity Explanation Session	3.0 hours

Note3: Stakeholder operations

Stakeholder	Meaning for CSC	Communication Channels or Methods	Response Methods
loyee	*Labor Relationship *Salary and Welfare Benefits *Training and Development *Occupational Safety and Health *Company Policy and Strategies *Relationship with Employees	*Labor management meeting *Employee Welfare Committee *Intranets and training courses *Non-scheduled communication meetings/ advocating meetings *Employee suggestion box/ monthly meetings *Health center/ staff canteens / lounges	*Quarterly labor management meetings *Gifts for holidays and festivals, staff travel, employee's internal and external training courses, and employee's physical examination *On-site medical care services *On-site bank services
Shareholders Investors	* Company Policy and Strategies *Corporate governance *Risk Management *Corporate Economic/Financial Performance *Dividend policy	*Annual shareholders' meeting *Website/ important information * Inquiries by phone, and collection of feedback *Road shows/ Investors visit *Company's website/ annual report	*Convention of annual shareholders' meeting *Non-scheduled updates of the Company's website *Road conference *Inquiries from investors by phone
Customers	*Process Technology *Product Quality and Reliability *Customer Service *Product Delivery and Capacity *Non-conflict Mineral Reporting survey *Protection of Confidential Information	*Visiting of customers/ communication seminars *Customer audits *Questionnaires/ statements	*Customer's annual audits *Regular visits to customers
Supplier	*Supply Chain Management *Delivery of Raw Materials and ts Availability *Environmental Protection, Safety and Health Management *Compliance with Laws and Regulations	*Annual visiting to or from suppliers *On-site audit to outsourcing manufacturers *On-site audit to manufacturers	*Regular visitsof suppliers *On-site audits to outsourcing manufacturers. *Evaluation of waste disposal service provider
Government	*Compliance with Laws and Regulations *Policy Advocacy and Risk Management	*Reduction of greenhouse gas emission *Water resource management *Office documents in relation to conservation of water and electricity *Factory on-site audit *Publicity of labor relationship *Publicity of fire protection *Publicity of dormitory fire safety *Publicity of safety and health management	*Regular reporting according to laws *Participation in-public meetings held by the government agencies *Publicity of domestic laws and regulations from time to time
Media	*Economic/Financial Performance/ Future Prospects	*Questioning by phone or letter, collection of feedback~~s~~ on a regular basis *Interview	*Clarification of important information on media *Media inquiry by phone or letters
Society/Public	*Compliance with Environmental Laws and Regulations *Environmental Safety *Public Benefit Activities	*Regular audits *Suggestion box/complaint channels *Public service advertising/blood donation	*Participation in public benefit activities and put in public service advertising *Blood donation-blood donation car~~.~~

Note 4: Director's continuing education hours in 2023

Title	Name	Continuing Education Date	Organizer	Class	Training Hours
Director	Tie-Min Chen	October 26, 2023	Accounting Research and Development Foundation of the Republic of China	ESG megatrends-corporate business challenges, responses and layout	3.0 hours
		October 26, 2023	Accounting Research and Development Foundation of the Republic of China	Sustainability and digital dual-axis transformation	3.0 hours
Representative of Juristic- person Director	Hsi-Hu Lai	October 26, 2023	Accounting Research and Development Foundation of the Republic of China	ESG megatrends-corporate business challenges, responses and layout	3.0 hours
		October 26, 2023	Accounting Research and Development Foundation of the Republic of China	Sustainability and digital dual-axis transformation	3.0 hours
Representative of Juristic- person Director	Jia-Shuai Chang	October 26, 2023	Accounting Research and Development Foundation of the Republic of China	ESG megatrends-corporate business challenges, responses and layout	3.0 hours
		October 26, 2023	Accounting Research and Development Foundation of the Republic of China	Sustainability and digital dual-axis transformation	3.0 hours
Representative of Juristic- person Director	Pen-Chi Chen	July 4, 2023	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	6.0 hours
		October 26, 2023	Accounting Research and Development Foundation of the Republic of China	ESG megatrends-corporate business challenges, responses and layout	3.0 hours
		October 26, 2023	Accounting Research and Development Foundation of the Republic of China	Sustainability and digital dual-axis transformation	3.0 hours
Representative of Juristic- person Director	Shu-Chen Tsai	October 26, 2023	Accounting Research and Development Foundation of the Republic of China	ESG megatrends-corporate business challenges, responses and layout	3.0 hours
		October 26, 2023	Accounting Research and Development Foundation of the Republic of China	Sustainability and digital dual-axis transformation	3.0 hours
Representative of Juristic- person Director	Shu-Hwei Chen	October 26, 2023	Accounting Research and Development Foundation of the Republic of China	ESG megatrends-corporate business challenges, responses and layout	3.0 hours
		October 26, 2023	Accounting Research and Development Foundation of the Republic of China	Sustainability and digital dual-axis transformation	3.0 hours
		December 7-8, 2023	Accounting Research and Development Foundation of the Republic of China	Continuing training courses for accounting supervisors of issuers, securities companies and stock exchanges	12.0 hours

Title	Name	Continuing Education Date	Organizer	Class	Training Hours
Independent Director	Ta-Sheng Chiu	June 2, 2023	Chinese National Association of Industry and Commerce	2023 Taishin Net Zero Power Summit Forum	3.0 hours
		October 26, 2023	Accounting Research and Development Foundation of the Republic of China	ESG megatrends-corporate business challenges, responses and layout	3.0 hours
		October 26, 2023	Accounting Research and Development Foundation of the Republic of China	Sustainability and digital dual-axis transformation	3.0 hours
Independent Director	Yueh-Hsiang Tsai	October 26, 2023	Accounting Research and Development Foundation of the Republic of China	ESG megatrends-corporate business challenges, responses and layout	3.0 hours
		October 26, 2023	Accounting Research and Development Foundation of the Republic of China	Sustainability and digital dual-axis transformation	3.0 hours
Independent Director	Chin-Tsai Chen	March 13, 2023	Taiwan Corporate Governance Association	Investment Trends in Digital Biomedicine	1.5 hours
		March 27, 2023	Chinese National Association of Industry and Commerce	Company Directors and Supervisors Study-Corporate Resilience Taiwan Competitiveness	3.0 hours
		April 27, 2023	Securities and Futures Institute	International Anti-Corruption and Whistleblower Protection Practices and Discussion on Money Laundering Prevention	3.0 hours
		April 28, 2023	Taiwan Corporate Governance Association	Moving forward to ASEAN-investment-related issues in Thailand, Malaysia, India and Vietnam	3.0 hours

(IV) Composition and operations of the Remuneration Committee or Nomination Committee

1. Remuneration Committee

(1) Information of Remuneration Committee member:

There are three members in the Remuneration Committee of the Company. The Remuneration Committee of the Company consists of 3 independent directors. Please refer to Page 15-18 of the annual report for the professional qualifications, experience and independence of each member.

(2) Operations of Remuneration Committee:

The tenure of 5^{th} Term Remuneration Committee is from June 8, 2022, to June 7, 2025.

A total of 2 meetings of Remuneration Committee were held in 2023 (A). The attendance status of independent directors was as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B)/(A)	Remarks
Convener	Chin-Tsai Chen	2	0	100	
Committee Member	Ta-Sheng Chiu	2	0	100	
Committee Member	Yueh-Hsiang Tsai	2	0	100	

(3) Other matters:

A. If the Board of Directors chooses not to adopt or revise recommendations proposed by the Nominating Committee, the date of the Board Meeting, sessions, the contents discussed, results of meeting resolutions, and the Company's disposition of opinions provided by the Nominating Committee shall be described in detail: None.

B. For resolution(s) made by the Remuneration Committee with the Committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, term, contents of proposal, and opinions of all members and the Company's handling of said opinions:

Date/Term	Resolution	Resolution of the Meeting of the Remuneration Committee	The Company's Response to the Remuneration Committee's Opinions
March 14, 2023 1^{st} meeting of 5^{th} Term	1.The proposal for the Company's year-end bonus distribution and remuneration distribution plan for employees and Directors for 2022.	Proposal passed without objections from all present committee members.	Approved by all directors present unanimously.
October 26, 2023 2^{nd} meeting of 5^{th} Term	1.The proposal for the 2022 distribution of employee compensation for the Company's main managers be paid in 2023	Proposal passed without objections from all present committee members.	Approved by all directors present unanimously.

2. Nominating Committee：

(1) Information of Nominating Committee member:

There are three members in the Nominating Committee of the Company. The Nominating Committee of the Company consists of 3 independent directors. Please refer to Page 15-18 of the annual report for the professional qualifications, experience and independence of each member.

(2) Operations of Nominating Committee:

The tenure of 2nd Nomination Committee is from June 8, 2022, to June 7, 2025. A total of 1 meetings of the Remuneration Committee were held in the 2023 (A). The attendance status of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B)/(A)	Remarks
Convener	Chin-Tsai Chen	1	0	100	
Committee Member	Ta-Sheng Chiu	1	0	100	
Committee Member	Yueh-Hsiang Tsai	1	0	100	

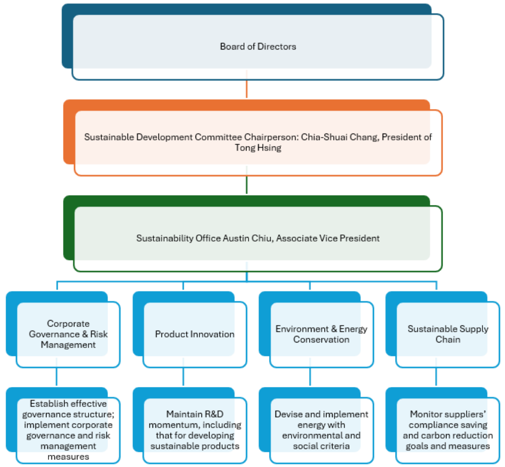
(3) Other matters:

A. If the Board of Directors chooses not to adopt or revise recommendations proposed by the Nominating Committee, the date of the Board Meeting, sessions, the contents discussed, results of meeting resolutions, and the Company's disposition of opinions provided by the Nominating Committee shall be described in detail: None.

B. For resolution(s) made by the Nominating Committee with the Committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, term, contents of proposal, and opinions of all members and the Company's handling of said opinions:

Date/Term	Resolution	Resolution of the Meeting of the Nominating Committee	The Company's Response to the Nominating Committee 's Opinions
March 14, 2023 1st meeting of 2nd Term	1. The results of the board performance evaluation in 2022.	Proposal passed without objections from all present committee members.	Approved by all directors present unanimously.

(V) Performance of sustainable sevelopment responsibility and differences between the performance and " Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies " and reasons thereof.

Assessment Item	Implementation Status			Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
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 related matters under the supervision of the board?	✓		(I) The Sustainability Office was established in August 2022. The Board of Directors authorized the President to serve as the Chairperson of the Sustainable Development Committee, and the Chairperson of the Committee promotes and supervises the operation of the Office. The structure of the Sustainable Development Committee is as follows:  (II) The composition, operation and implementation of the Sustainability Office members in the current year: 1. The Sustainability Office is a full-time unit with one senior manager and one manager who coordinates and promotes sustainable development operation. 2. Sustainability Report: The Sustainability	None

Assessment Item	Implementation Status			Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
			Office convenes the Corporate Governance and Risk Group (Finance/Accounting/Audit/Legal Affairs/Information Security/Human Resources), Product Innovation Group (R&D/Engineering), Environmental Energy Saving Group (Plant Affairs/ General Affairs/Occupational Safety and Health), and Sustainable Supply Chain Team (Procurement/Quality Control/Logistics Customs Affairs/Sales) to investigate issues of concern to stakeholders, communicate with stakeholders, formulate risk management policies, and publicly disclose implementation performance to comply with international standards such as GRI and SASB so as to prepare sustainability reports. In addition, after obtaining third-party certification and independent assurance statements, the Office regularly issue Chinese and English versions of the sustainability reports every year. 3. Greenhouse Gas Inventory: The Sustainability Office coordinates each plant to investigate water consumption, electricity consumption and the total weight of waste produced every quarter, sets water saving, energy saving and pollution prevention improvement targets and reduction targets, and reviews the implementation status at the end of the year. Then, targets for the next year are set, and ISO14064-1:2018	

Assessment Item	Implementation Status			Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
			organization greenhouse gas inventory in Q1 of each year is launched to calculate the Scopes 1, 2, and 3 carbon emissions of each plant. In the middle of each year, after the third-party certification body has certified the accuracy of the data, the certification obtained is publicly disclosed in the sustainability report and the Company’s website. (III) Supervision of sustainable development by the Board of Directors: The most recent report date is October 26, 2023. The Board of Directors puts forward suggestions and policies on the implementation of promoting sustainable development, and the Sustainable Development Committee develops follow-up implementation plans based on the Board of Directors' suggestions.	
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?	✓		An annual risk assessment is conducted to identify strategies for mitigating risks that may affect the Company's operations based on the materiality and probability of the risks. Units responsible are in charge of evaluating, reporting, and implementing response plans within their respective areas of responsibility to minimize potential risks and continue the improvement. The Sustainable Office identifies the environmental, social, and corporate governance risks and develops effective strategies and practices for managing and controlling them (please refer to Note 1 on pages 56~57 of this annual report). Please refer to "Business Overview and Environmental Protection Expenditures" on pages 97~99 of this annual report.	None

Assessment Item	Implementation Status			Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
III. Environmental issues (I) Has the Company set an environmental management system designed to industry characteristics?	✓		(I) The Company has established the Environmental Safety and Health Management Regulations which are in compliance with relevant regulations and has also obtained ISO-14001 Environmental Management System certification (Taipei factory certificate is valid until April 1, 2026; Longtan factory certificate is valid until December 12, 2025; Zhubei factory certificate is valid until December 21, 2024).	None
(II) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	✓		(II) The primary source of energy for the Company is purchased electricity from Taiwan Power Company. In terms of energy management, we have dedicated units responsible for reducing energy consumption. We use the electricity intensity (kWh/million NTD revenue) of each plant as a management metric and review it quarterly to establish new targets. In 2023, we initiated solar roof power generation projects at Longtan Plant and Bade Plant, with the aim of improving the efficiency of renewable energy utilization. Please refer to "Business Overview and Environmental Protection Expenditures" on pages 97~99 of this annual report.	None
(III) 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?	✓		(III) The Company has conducted a risk assessment of the impact of climate change on the Company and formulate measures to mitigate the impact. Please refer to "Business Overview and Environmental Expenditure" on Page 97~99 of this annual report	None

Assessment Item	Implementation Status			Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
(IV) Did the Company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	✓		(IV) Yes, in the past two years, the Company compiles monthly statistics on water consumption, electricity consumption, and total weight of waste, and sets improvement goals and schedules to achieve energy conservation, carbon emissions reduction, and cost reduction. The Company reviews the execution effect at the end of every year, and sets the goals of the next year. Please refer to "Business Overview and Environmental Protection Expenditures" of Page 97~99 this annual report.	None
IV. Social issues (I) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	✓		(I) The Company supports and follows the United Nations "Universal Declaration of Human Rights", the United Nations "World Covenant", the "ILO Conventions of the International Labor Organization" and other human right conventions recognized by the international community, the "Responsible Business Alliance (RBA) Code of Conduct" and related rules. It establishes working rules and the related management measures to implement the laws and regulations, safeguard the rights and interests of employees, ensure humanitarian treatment and anti-discrimination protection. For detailed management procedures, please refer to "Business Overview and Labor-Capital Relationship" on Page 99~104 of this annual report.	None

Assessment Item	Implementation Status			Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
(II) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	✓		(II) The Company adjusts the "Measures on Salary Standards for New Employees" with reference to the industry level. The "Measures for Payment of Performance Bonus" will be applied to the adjustment according to the correlation between the Company's business performance and employees' salary every year. For details of employee welfare measures, please refer to "Business Overview and Labor-Capital Relationship" on Page 99~104 of this annual report.	None
(III) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	✓		(III) The Company establishes an environmentally friendly, safe and healthy workplace, and obtains ISO-45001 Occupational Safety and Health Management System Certification (Taipei factory certificate is valid until March 19, 2026; Longtan factory certificate is valid until November 15, 2025)in accordance with the requirements of the environmental protection, occupational safety, fire protection and other related laws and regulations, and the safety risk evaluation results. In addition, the Company organizes regular health examination for employees and fire drills from time to time to familiarize employees with emergency response plans and procedures and minimize the impact of such emergencies on them. For the protection of the work environment and personal safety of employees, please refer to “V. Labor Relations”. Please refer to "Business Overview and Labor-Capital Relationship" on Page 99~104 of this annual report.	None

Assessment Item	Implementation Status			Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
(IV) Has the Company established effective career development training programs for employees?	✓		(IV) The Company formulates the annual education and training programs and professional training courses in accordance with the annual business strategies, new policies, laws and regulations, and job function requirements, such as external training courses for professional skills, online education training, presentation skills and English language continuing education, so as our employee cultivate their future development in their job with sound education and training system. For details of employee education and training measures, please refer to "Business Overview and Labor-Capital Relationship" on Page 99~104 of this annual report.	None
(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) The Company provides process and services by following the customer requirements, relevant laws and regulations, and international standards, and has passed verification of the following standards to protect the right and interest of the consumers and customers; 1. ISO14064-1：2018 Organizational GHG Inventory Certification 2. ISO27001：2022 Information Security Management System Certification 3. ISO 9001 Quality Management System Certification 4. ISO/TS 16949 Automobile Quality Management System Certification 5. ISO 14001 EMS Certification 6. OHSAS18001 Safety and Health Management System Certification	None

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>(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?</td><td>✓</td><td></td><td>(VI)The Company has implemented the "Supplier Management Procedure", which mandates both existing and new suppliers to complete the "Letter of Commitment of Tong Hsing Electronics Supplier for the Code of Ethics". Additionally, new suppliers are obligated to sign the "Notice of Social Responsibility Policy Advocacy" to demonstrate their compliance with and endorsement of this policy. As of 2023, the signing rate has reached 100%.
In the future, the Company will pay more attention to supply chain management, environment and society and other aspects in order to cultivate partners with sustainable development.</td><td>None</td></tr>
<tr><td>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?</td><td>✓</td><td></td><td>Since 2022, the Company has been preparing sustainable reports in compliance with international standards. The reports adheres to SASB, GRI 2021, and the Accountability Principles AA1000 Type 1 Moderate Level of Assurance, in alignment with the United Nations Sustainable Development Goals as well as the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies".
In 2023, the Company obtained an independent opinion assurance letter from TUV NORD, a third-party certification body based in Taiwan and Germany.</td><td>None</td></tr>
<tr><td colspan="5">VI. If the Company has established the "Corporate Social Responsibility Best Practice Principles" based on the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the Principles and the implementation:
The Company passed the "Code of Practice for Sustainable Development" on August 11, 2022, in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies".</td></tr>
<tr><td colspan="5">VII、Other important information to facilitate better understanding of the Company’s CSR practices:
Please refer to "Business Overview and Environmental Expenditure" on Page 97~99 and "Business Overview and Labor-Capital Relationship" on Page 99~104 of this annual report.</td></tr>
</table>

Note 1: Risk assessment policies of the Company

<table>
<tr><th>Material Topic</th><th>Evaluation Item</th><th>Risk Management Strategy</th></tr>
<tr><td>Environment</td><td>Climate Change</td><td>In accordance with the guidelines of the Task Force on Climate-Related Financial Disclosures (TCFD) of the Financial Stability Board (FSB), we have utilized appropriate models to estimate the effects of climate change. The volatile fluctuations in rainfall patterns and climate models have the potential to cause operational disruptions, such as flooding, in our plant facilities. To assess the risks in our different plant facilities, we have performed a financial impact evaluation using scenario simulations based on the 1.5°C and 2°C scenarios.
<table>
<tr><th>Physical Risk</th><th>SSP1-2.6 Scenario</th><th>SSP3-7.0 Scenario</th></tr>
<tr><td>Rising Temperature Scenario</td><td>1.5°C</td><td>2°C</td></tr>
<tr><td>Data on sea level rising around Taiwan</td><td>30 cm</td><td>50 cm</td></tr>
<tr><td>Annual total rainfall in Taiwan</td><td>12%</td><td>14%</td></tr>
<tr><td>Average annual increase in maximum 1-day rainfall intensity</td><td>15.7%</td><td>18%</td></tr>
<tr><td>Rainfall scenario assumption</td><td>Assuming there are no operational incidents that will affect the operation of plant facilities before 2030
Assuming there is one operational incident that will affect the operation of plant facilities before 2050</td><td>Assuming there are no operational incidents that will affect the operation of plant facilities before 2030
Assuming there is one to two operational incidents that will affect the operation of plant facilities before 2050</td></tr>
<tr><td>Potential financial impacts for each plant area</td><td>Taipei/Longtan/Zhubei
Bade/The Philippines
The terrain is elevated and has no impact in all plants</td><td>Taipei/Longtan/Zhubei
Bade/The Philippines
The terrain is elevated and has no impact in all plants</td></tr>
</table>
<table>
<tr><th>Plant</th><th>Taipei Plant</th><th>Longtan Plant</th><th>Bade Plant</th><th>Zhubei Plant</th><th>Philippine Plant</th></tr>
<tr><td>The elevation above sea level of the lowest point of the plant buildings</td><td>10,600cm</td><td>24,100cm</td><td>12,000cm</td><td>2,250cm</td><td>13,100 cm</td></tr>
<tr><td>Height of plant buildings</td><td>36m above ground level
6.6m beneath ground level</td><td>38.5m</td><td>49.98m</td><td>26.55m</td><td>15.30 m</td></tr>
<tr><td>Names of the sea area closest to the plants</td><td>Zhuwei Fishing Harbor</td><td>Yong'an Fishing Harbor</td><td>Zhuwei Fishing Harbor</td><td>Hsinchu Nanliao Fishing Harbor</td><td>Port of Manila</td></tr>
</table>
</td></tr>
<tr><td>Environment</td><td>Energy Resources</td><td>Each factory has implemented the ISO14001 management system, which includes a recycling water system and proper disposal of process waste in accordance with legal procedures. The materials used meet the requirements of the RoHS and REACH regulations of the European Union. We prioritize local procurement as much as possible and are gradually replacing outdated equipment with new, high-performance models, as part of our commitment to establishing a circular economy. In 2023, we launched a solar roof power generation project at our Longtan and Bade Plants, with the goal of increasing the use</td></tr>
</table>

Material Topic	Evaluation Item	Risk Management Strategy
		of renewable energy. We are dedicated to creating a regenerative process in our operations, minimizing negative impacts on the community, environment, and natural resources while ensuring public health and safety.
Society	Occupational Health and Safety	Each factory has implemented ISO 45001:2018 and complied with the requirements of the occupational health and safety management system in order to prevent work-related injuries and illnesses. By providing proactive training and enhancing occupational health and safety performance, our goal is to prevent operational disruptions and casualties resulting from industrial accidents. There were no industrial accidents reported in 2023.
	Human Rights	In accordance with the United Nations Universal Declaration of Human Rights, we adhere to RBA commitments regarding labor, health and safety, the environment, and ethics. We have established management responsibilities and conduct regular inspections to monitor compliance with applicable laws and customer demands. We also conduct risk assessments and implement risk management measures. Performance objectives are established and regularly evaluated. Additionally, we have developed training programs and communication procedures with the employees. There have been no incidents of human rights violations or discrimination in 2023.
	Labor Relations	Employee hiring complies with the Labor Standards Act: 1.Hold labor-management meetings quarterly. 2.There were no incidents of forced labor or confiscation of identifications in 2023. 3.In 2023, there were no significant labor disputes, therefore, no losses arising from labor relations.
Corporate Governance	Ethical Corporate Management and Business Ethics	As the dedicated unit responsible for promoting ethical corporate management, the Company's corporate governance unit regularly reports to the Board of Directors on the achievements of ethical corporate management and the prevention of unethical practices. The unit also provides updates on the implementation of these measures, which are as follows: 1.The Code of Business Conduct provides employees with specific guidelines to follow when carrying out their duties, including measures to prevent conflicts of interest. 2."Procedures for Handling Material Inside Information and Preventing Insider Trading" has been formulated. 3.In 2023, the Company had no incidents of corruption, anti-competitive behaviors, anti-trust and monopoly practices. 4.According to the "Regulations for Whistle-blowing System", there is an independent channel for reporting complaints/grievances, which is published on the Company's website. There were no reported complaints/grievances in 2023.
	Finance	The Climate Change Response Act, which has been passed, will start implementing a carbon tax in 2025. Based on the Company's carbon emissions in 2022, which totaled 80,839.23 metric tons of CO_2e, and that the carbon price is expected to be set at NT$100-300 per metric ton, the Act may lead to the generation of NT$8-24 million of carbon tax. The Company has already developed carbon reduction goals and strategies in phases for reducing emissions.
	Information Security	In the fourth quarter of 2021, the Information Security Office was established, and an information security management representative and dedicated information security personnel were appointed. The office complies with ISO27001 standards and implements effective measures in the classification of confidential information in order to protect the information assets of the Company. A total of 335 hours was dedicated to information security education and training courses in 2023.

(VI) Climate-related information for TWSE/TPEx listed companies

1. Climate-related Information of the Company and Its Implementation Status

Item	Implementation Status
(1) Describe the supervision and governance of climate-related risks and opportunities implemented by the Board of Directors and the management.	The highest decision-making body for risk management is the Company's Board of Directors. Climate change risks have been integrated into the Company's overall risk management process since 2022. The Board of Directors actively participates in formulating climate-related policies and overseeing their implementation. This includes identifying and formulating risk strategies in various aspects of the Company. These measures ensure that Tong Hsing can effectively respond to and adapt to climate-related risks and opportunities. Climate risk identification follows the TCFD framework, and based on the results, each units develops, integrates, and manages response strategies.
(2) Describe how the identified climate risks and opportunities will affect the Company's business, strategies, and finances (in the short term, medium term, and long term).	In relation to the development of the business landscape, the management has identified the following climate risks that are deemed to have a significant impact on the Company: Rising raw material costs, changes in rainfall patterns, extreme changes in climate patterns, and the carbon tax. Risks that are likely to occur in the short term (within 3 years) are the following physical risks: Changes in rainfall patterns and extreme changes in climate patterns, reinforced reporting obligations of greenhouse gas emissions, and rising raw material costs. Potential risks that may occur in the medium to long term (in 3-10 years or later): In response to climate-related laws and regulations, the government may actively promote low-carbon manufacturing processes. Investors and regulatory agencies are increasingly focusing on the transparency of climate-related information disclosed in financial statements, which further intensifies the pressure for transformation. In terms of market opportunities, the primary potential opportunities include the utilization of low-carbon energy, the reduction of water and electricity consumption, changes in consumer preferences, and the growth of low-carbon products and services. These opportunities are anticipated to emerge in the medium to long term.
(3) Describe the financial implications of extreme weather events and transformation actions.	Extreme weather conditions have the potential to cause operational disruptions, prevent employees from coming to work, or result in flooding and property damage in the plants. Prolonged high temperatures will lead to increased electricity costs. The transformation actions taken in response to climate change, such as replacing equipment to reduce carbon emissions or choosing more expensive waste disposal methods, may result in the loss of customers due to the future tax burden imposed by the EU's arbon Border Adjustment Mechamism (CBAM), which will internalize external costs. In addition, financial institutions assess climate finance performance when deciding to invest and giving out loans, and failure to meet their requirements may have a negative impact on the Company.

<table>
<tr><th>Item</th><th>Implementation Status</th></tr>
<tr><td>(4) Describe how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.</td><td>By implementing risk identification, assessment, monitoring, reporting, and disclosure procedures, we aim to control the extent of operational risks and take necessary measures to manage them. Moving forward, we will further improve the documentation of risk management procedures and their execution outcomes. We will also provide annual reports on the risk status to the Board of Directors to ensure the smooth functioning of the management framework and risk control functions.</td></tr>
<tr><td>(5) If scenario analysis is employed to assess resilience to climate change risks, it is imperative to provide an explanation of the context, parameters, assumptions, analysis factors, and significant financial impacts.</td><td>According to the final draft of the IPCC Climate Change Sixth Assessment Report (AR6) Working Group I, the information on climate change estimation in Taiwan is summarized in the scientific highlights excerpt of the IPCC AR6 report and the updated analysis report on climate change in Taiwan. For details on scenarios, parameters, assumptions, analysis factors, and significant financial impacts, please refer to pages 55-56 of the 2022 Sustainability Report.</td></tr>
<tr><td>(6) If there is a transformation plan to manage climate-related risks, describe the content of the plan, and the metrics and targets used to identify and manage physical and transition risks.</td><td>Management of Metrics and Targets of Physical and Transition Risks
<table>
<tr><th>Issue</th><th>Description of the Current Situation</th></tr>
<tr><td>(1) Disclosure of the metrics used by the organization to assess climate-related risks and opportunities as part of its strategy and risk management processes</td><td>Based on the strategies and risk management process outlined above, Tong Hsing has identified the necessary immediate measures and future tracking metrics. Metrics have been established for each risk and opportunity to enable the mechanisms of quantitative tracking and management.</td></tr>
<tr><td>(2) Disclosure of greenhouse gas emissions and associated risks in Scopes 1, 2, and 3</td><td>The Company has completed the third-party certification of greenhouse gas emissions for each plant in 2023, in accordance with ISO14064-1. Then, we will continue to collect data related to carbon emissions using the established method and establish reduction targets for greenhouse gas emissions.</td></tr>
<tr><td>(3) Describe the targets that the organization employs to manage climate-related risks and opportunities, as well as the performance in implementing these targets.</td><td>In light of the global net zero emissions initiative and the forthcoming carbon border tax mechanism in Western countries, Tong Hsing is prioritizing digital transformation and offering products and solutions in the areas of energy storage, energy conservation, and renewable energy. Following this year's initial climate-related financial assessment, the Company will progressively establish management metrics and targets to formulate corresponding action plans.</td></tr>
</table></td></tr>
<tr><td>(7) If internal carbon pricing is used as a planning tool, it is imperative that the method for determining the price be described.</td><td>Currently unavailable, as internal carbon pricing is currently under development.</td></tr>
<tr><td>(8) If climate-related targets are set, it is imperative to provide clear description of the activities that will be covered, the scope of greenhouse gas</td><td>The Company is not a significant carbon emitter and is currently unaffected by climate warming or rising sea levels due to its high elevation. As a result, there are currently no climate-related targets, and no carbon offset or renewable energy certificates have been utilized in the past two years.</td></tr>
</table>

Item	Implementation Status
emissions, the planning schedule, and the annual progress information. If carbon offsetting or renewable energy certificates (RECs) are utilized to meet these targets, it is imperative to specify the source and quantity of carbon offset or the quantity of RECs.	
(9) Inventory of greenhouse gases, assurance status, reduction targets, strategies, and specific action plans.	The organizational greenhouse gas inventory for the year of 2023, in accordance with ISO14064-1:2018, has been verified by the third-party TUV NORD, and the Company has obtained a statement of assurance.

1-1 Greenhouse gas inventory and assurance status for the past two years

1-1-1 Greenhouse gas inventory information

In 2023, the Company conducted an inventory of categories 1 to 6, following the ISO 14064-1:2018 standard. The inventory was verified by a third-party organization. The organizational boundary was set with 100% control, and the data scope was from January 1, 2022 to December 31, 2022. The boundaries are Taipei Plant, Longtan Plant, Zhubei Plant, and Philippine Plant. The total greenhouse gas emissions amounted to 80,839.2291 tons of CO2 equivalent. The comparison for the past two years is as follows:

Year	2021 (Taipei Plant)	2022 (Taipei Plant, Longtan Plant, Zhubei Plant)	2022 (Philippine Plant)
Amount of Greenhouse Gas Emissions (CO2e)	21,826.955	58,914.4042	21,924.8258
Intensity of Greenhouse Gas Emissions (CO2e per million New Taiwan dollars)	4.87	5.07	10.47

Scope	Classification	Amount of Greenhouse Gas Emissions	Amount of Emissions as a Proportion of Total Emissions	Description
1	Category 1	803.5024 metric tons of CO2 equivalent	0.96%	Power generation engines, natural gas for dormitories, plant vehicles, and liquefied petroleum gas for the kitchens
2	Category 2	60,286.0690 metric tons of CO2 equivalent	74.60%	Primarily the purchase of electricity from external sources
3	Category 3	9,179.8421 metric tons of CO2 equivalent	11.36%	Transportation and distribution of raw materials for both upstream and downstream suppliers and vendors, employee commuting, and visitor transportation
	Category 4	10,569.8156 metric tons of CO2 equivalent	13.08%	Emissions from the purchase of goods or services, business waste disposal, carbon footprint, and emissions from fuel and energy-related activities
	Category 5	0	0	Disposal of sold products, investments, chain/franchise operations, and emissions from downstream leased assets, as well as emissions from the processing of sold products
	Category 6	0	0	Other

1-1-2 Greenhouse gas assurance information

In 2022, no assurance was conducted, as only inventory was implemented thanks to the consultation provided by the Industrial Technology Research Institute (ITRI). In 2023, the status of assurance is as follows after cerification being completed by a third-party certification body:

<table>
<tr><td>Company Type</td><td colspan="4">Non-EPA major electricity consumers; subject to voluntary inventory</td></tr>
<tr><td colspan="2">Scope of Assurance</td><td>Institution Providing Assurance</td><td>Standards of Assurance</td><td>Assurance Opinions</td></tr>
<tr><td>Scope 1</td><td>803.5024</td><td rowspan="4">TUV NORD
TUV NORD Taiwan Co., Ltd.</td><td rowspan="4">ISO 14064-1:2018
ISO 14064-3:2019
Reasonable Assurance Level
Materiality: 5%</td><td rowspan="4">
For more details, please refer to page 97 of the 2022 Sustainability Report for the Certification Opinion Letter 14064-1:2018</td></tr>
<tr><td>Scope 2</td><td>60,286.0690</td></tr>
<tr><td>Scope 3</td><td>19,749.6577</td></tr>
<tr><td>Total amount of emissions (CO2e)</td><td>80,839.2291</td></tr>
</table>

1-2 Reduction targets for greenhouse gases, strategies, and specific action plans

Base Year	2022

Data for 2022 (Verified in 2023)

GHG Emissions (CO2e)	CO2	CH4	N2O	HFCs	PFCs	SF6	NF3	Other	Total Amount of Emissions	Percentage (%)
Category 1	98.7353	469.2056	0.9828	234.5787	0.0000	0.0000	0.0000	0.0000	803.5024	0.99%
Category 2	60,286.0690	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	60,286.0690	74.58%
Category 3	9,179.8421	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	9,179.8421	11.36%
Category 4	10,569.8156	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	10,569.8156	13.08%
Category 5	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.00%
Category 6	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.00%
Total	**80,134.4620**	**469.2056**	**0.9828**	**234.5787**	**0.0000**	**0.0000**	**0.0000**	**0.0000**	**80,839.2291**	**100.00%**
Percentage (%)	99.16%	0.58%	0.00%	0.26%	0.00%	0.00%	0.00%	0.00%	100.00%	-

Reduction Targets and Strategies	In the future, there will be continuous plans to reduce electricity usage and increase the use of renewable energy. The base year is expected to be 2022, and there will be a 1% reduction in 2023 and 2024 compared to the base year. From 2025 to 2030, there will be an annual reduction of 4-5% compared to the base year, resulting in a total carbon reduction of 30% by mid-2030, equivalent to 132,342.54 joules.
Specific Action Plans	1. In 2023, the Greenhouse Gas Inventory Management Committee was established. Every January, the greenhouse gas inventory is initiated, and the accuracy of the data from each plant is certified by a third-party international certification body, and a certification opinion certificate will be obtained. 2. The rooftop solar power system project at the Longtan and Bade plants was implemented in the fourth quarter of 2023 with the objective of promoting the use of renewable energy. As a part of this initiative, refrigeration equipment run on environmentally friendly refrigerant, including air conditioners, chillers, and thermal shock testing equipment, will be gradually replaced to mitigate the increase in electricity consumption. The project is anticipated to be completed in 2024. 3. Identify suppliers with high climate risk, enhance their climate change adaptation capabilities, explore partners for low-carbon production, and promote the integration of sustainable value chains. 4. Implementation of smart energy management is currently being planned.
Achievement of Emission Reduction Targets	Since 2022, voluntary reductions have been implemented to achieve reduction targets through measures such as greenhouse gas inventory, reduction projects, verification and certification, and voluntary industry reductions. Compared to the previous year, energy consumption for air conditioning in Taipei Plant has improved, and some production capacity has been transferred to Bade Plant, resulting in a 30% decrease in electricity consumption. Longtan Plant has reduced water consumption by 47% by implementing a new grinding and filtration system and a cutting bio-system. With the addition of the Bade Plant in 2023, there have been changes in the boundaries of the greenhouse gas inventory, requiring adjustments to the baseline for comparison. The greenhouse gas reduction performance can only be confirmed after third-party certification is completed in 2024, and it will be disclosed in the 2023 Sustainability Report, set to be published on June 30, 2024.

(VII) Implementation of ethical corporate management and difference between the "Ethical Corporate Management Best Practice Principles and the Implementation for TWSE & TPEx Listed Companies" and reasons.

Assessment Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
I. Establishment of Ethical Corporate Management Policies and Programs				
(I) Has the Company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the Board of Directors and senior management to rigorous and thorough implementation of such policies?	✓		(I) The Company has established the “Code of Ethical Corporate Management” and disclosed it at the Company’s website. The Company’s ethical corporate management policies, commitment from the Board and the management and their implementation, such as the number of training hours, etc., are explained in the annual report.	None
(II) Has the Company established a risk assessment mechanism against unethical conduct, analyzed and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and established prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"?	✓		(II) The Company irregularly collects cases of unethical conduct behavior and evaluates the degree of effect of the risk to the Company and set up the countermeasures. According to the "Code of Ethical Conduct", the following precautionary measures are taken: 1. To implement the policy, the "Measures for the Administration of the whistle-blowing System" was formulated to provide internal and external whistle-blowing channels against breach of integrity and disclosed on the Company website. 2. To implement the Code of Ethical Conduct, the Legal Affairs is responsible for the management and evaluation of business secrets, patents and other intellectual property rights. 3. The Company’s corporate governance unit provides education and training to all	None

Assessment Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
			employees annually to promote the ethical corporate management policy, whistle blower reporting channels, reward and punishment system, material information and prevention of insider trading.	
(III) Has the Company provided any solutions to prevent the unethical conducts, stipulate the definite procedures, conduct guidelines, punishment for violation as well as appeals system and put into practice, and review and revise on a regular basis the aforesaid solutions?	✓		(III) The Company formulated "Measures for the Administration of the whistle-blowing System" and "Service Discipline and Measures for Reward and Punishment" to implement the prevention of dishonesty and review the need for adjustment on an annual basis.	None
II. Fulfillment of Integrity Policy (I) Has the Company evaluated business partners' ethical records and include ethics-related clauses in business contracts?	✓		(I) The Company operates business based on ethic and has assessed whether there is any unethical record with its transaction counterparties and requires suppliers to issue commitments to comply with corporate social responsibility, which include commitments to protect human rights and labor rights, environmental health and safety, ethics and corporate governance, etc. 100% of suppliers have submitted commitments to comply with ethics and corporate governance.	None
(II) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?	✓		(II) The corporate governance office is designated by the Company to promote corporate integrity. The integrity management policy and prevention of dishonest conduct and related implementation were reported to the Board of Directors on October 26, 2023	None
(III) Has the Company established policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	✓		(III) The Company has established the company formulated "Measures for the Administration of the whistle-blowing System" to prevent conflicts	None

Assessment Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
			of interest and set up a suggestion mailbox and a complaint mailbox to provide channels for reports and communication. Individuals may report any conflict of interest or unethical conduct to the Company for immediate response. Whistle-blowing mailbox： thdiscipline@theil.com	
(IV) Has the Company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?	✓		(IV) The Company has set up the internal audit office and formulated an annual audit plan based on the results of risk assessment covering all operations of the Company and its subsidiaries; In addition to executing according to the audit plan, the whistle-blower mailbox is reviewed regularly and reported to the Audit Committee immediately if an unethical conduct involving managers or directors is identified.	None
(V) Does the company regularly hold internal and external educational trainings on operational integrity?	✓		(V) In 2023, the Company carried out 1,530 hours of education and training for directors, managers and employees on integrity management and prevention of insider trading.	None
III. Operations of Integrity Channel (I) Has the Company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	✓		(I) The Company has established the company formulated Measures for the Administration of the whistle-blowing System and set up a suggestion mailbox to process employee complaints and disciplinary matters. The Company has also set up a stakeholders' section on its website as a reporting channel. Whistle-blowing mailbox：thdiscipline@theil.com	None

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>(II) Has the Company established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms?

(III) Has the company provided proper whistleblower protection?</td><td>✓

✓</td><td></td><td>(II) According to " Measures for the Administration of the whistle-blowing System", the company promises to protect the whistleblower from any improper treatment and keep his or her identity confidential.

(III) The Company has established " Measures for the Administration of the whistle-blowing System" and specified relevant confidentiality procedures to protect reporters from retaliation or improper treatment.</td><td>None

None</td></tr>
<tr><td>IV. Enhancement of Information Disclosure
Has the Company disclosed its ethical corporate management policies and the results of its implementation on the company's website and MOPS?</td><td>✓</td><td></td><td>The Company will disclose the content and implementation of the “Code of Ethical Conduct” in the special column of interested party. The Company's website is www.theil.com.</td><td>None</td></tr>
<tr><td colspan="5">V. If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation.
The Company has formulated the “Code of Ethical Conduct” to require all staff, managers and board members of the Company to abide by it and relevant regulations, and conducted regular education and training. Therefore, the Company is in compliance with the “Code of Ethical Conduct of Listed Companies”.</td></tr>
<tr><td colspan="5">VI. Other information relating to the "Ethical Corporate Management Best Practice Principles"(such as the amendment of the "Ethical Corporate Management Best Practice Principles")：
The Company has formulated "Measures for the Administration of the whistle-blowing System" and disclosed them on the Company's website. For other information about the Company's Ethical Corporate Management, please refer to the Company's ESG reports , or the ESG section of the Company's website.</td></tr>
</table>

(VIII) If the Company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched:

The Company has set up “Corporate Governance Best-Practice Principles” and disclosed information about stakeholders and corporate governance on the Company's website and MOPS. The Company’s website is www.theil.com

(IX) Other significant information that will provide a better understanding of the state of the Company's implementation of corporate governance:

1. Tracking and Assessment of Laws and Regulations: In order to ensure compliance with relevant laws and regulations, the Company has always paid close attention to any domestic and international policies and laws that may have a material impact on the Company's business and finances, while regularly reviewing the Company's compliance with laws and regulations every month.
2. Diverse Education and Training: Various online courses are offered to help employees to learn at any time, and various online courses are successively offered, including anti-harassment, insider trading, confidential information protection, and personal data protection, and updated in line with amended laws and regulations and the Company's internal management regulations to ensure the immediacy and correctness of the course content.

   Internal education and training were conducted for directors, managers, employees and substantial controllers in 2023 to let them fully understand the Company's determination, policies, prevention plans and consequences of dishonest conduct. In 2023, the Company carried out 1,530 hours of education and training for directors, managers and employees on integrity management and prevention of insider trading .
3. The Supply Chain of Non-Conflict Raw Materials: The Company supports the Conflict Minerals Reporting Statement and requires the whole supply chain to investigate the sources of the raw materials used and will continue to strive hard to establish a supply chain free of conflict minerals. There are 568 suppliers have submitted conflict-free-sourcing commitments in 2023.
4. The Company prepared 2023 sustainability report and disclosed it at MOPS and the Company’s website on September 30, 2023, which has enhanced transparency in corporate governance.
5. The Company attaches great importance to and continues to strengthen its corporate governance with remarkable results. The result of the 9th Corporate Governance Evaluation in 2023 is higher than in 2022.

(X)State of implementation of the Company's internal control system:

1. Statement of Internal Control System

<u>TONG HSING ELECTRONIC INDUSTRIES, LTD.</u>

<u>Statement of Internal Control System</u>

Date: February 29, 2024

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

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

II. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the aforementioned goals.
Furthermore, its effectiveness may change due to changes in the Company's environment and circumstances. Nevertheless, our internal control system contains self-monitoring mechanisms, and TH takes immediate remedial actions in response to any identified deficiencies.

III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each constituent element includes a certain number of items. For more information on such items, refer to the Regulations.

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

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

VI. This Statement is an integral part of the Company's annual report for the year 2022 and prospectus, and will be made public. Any falsehood, concealment, or other illegalities in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.

VII. This Statement was passed by the Board of Directors in their meeting held on February 29, 2024 with none of the nine attending directors expressing dissenting opinions, and the remainder all affirming the contents of this Statement.

TONG HSING ELECTRONIC INDUSTRIES, LTD.

Tie-Min Chen, Chairperson of the Board

Jia-Shuai Chang, General Manager

2. CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report: None.

(XI)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.

(XII)Material resolutions of a shareholders meeting and Board of Directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

1. Major resolutions of shareholders' meeting and implementation status:

The Company's general shareholders' meeting in 2023 was held at No. 398, Taoying Rd, Taoyuan District, Taoyuan City, Taiwan (Chuto Plaza Hotel) on June 6, 2023, and the key resolutions and implementation status were as follows:

Major Resolutions	Implementation Status
1. 2022 Business Report and Financial Statements.	Voting Results: Shares represented at the time of voting (including votes casted electronically): 129,190,862 votes. Votes in favor: 118,589,866 votes, 91.79% of the total represented share present. Votes in against: 19,578 votes, 0.01% of the total represented share present. Votes in invalid: 0 votes, 0.00% of the total represented share present. Votes in abstained: 10,581,418 votes, 8.19% of the total represented share present. RESOLVED, that 2022 Business Report and Financial Statements were hereby accepted as submitted.
2. The 2022 Earnings Distribution.	Voting Results: Shares represented at the time of voting (including votes casted electronically): 129,190,862 votes. Votes in favor: 118,758,054 votes, 91.92% of the total represented share present. Votes in against: 19,393 votes, 0.01% of the total represented share present. Votes in invalid: 0 votes, 0.00% of the total represented share present. Votes in abstained: 10,413,415 votes, 8.06% of the total represented share present. RESOLVED, that the 2022 Earnings Distribution were hereby accepted as submitted. Implementation status: Designated July 10, 2023 as the ex-dividend baseline date, and cash dividends (NT$7.77007957 shall be distributed for each share).

Major Resolutions	Implementation Status
3. 2022 Issuance of New Shares for Capital Increase.	Voting Results: Shares represented at the time of voting (including votes casted electronically): 129,190,862 votes. Votes in favor: 118,684,694 votes, 91.86% of the total represented share present. Votes in against: 77,443 votes, 0.05% of the total represented share present. Votes in invalid: 0 votes, 0.00% of the total represented share present. Votes in abstained: 10,428,725 votes, 8.07% of the total represented share present. RESOLVED, that 2022 Issuance of New Shares for Capital Increase were hereby accepted as submitted. Implementation status: Designated August 15, 2023 as the ex-right baseline date, and stock dividends (NT$3 shall be distributed for each share).
4. The amendment to the Company's Articles of Incorporation.	Voting Results: Shares represented at the time of voting (including votes casted electronically): 129,190,862 votes. Votes in favor: 118,734,478 votes, 91.90% of the total represented share present. Votes in against: 25,004 votes, 0.01% of the total represented share present. Votes in invalid: 0 votes, 0.00% of the total represented share present. Votes in abstained: 10,431,380 votes, 8.07% of the total represented share present. RESOLVED, that the amendment to the Company's Articles of Incorporation were hereby accepted as submitted. Implementation status: Amended and implemented based on the amendment.

2.Major resolutions of board meetings:

Date	Item	Major Resolutions
March 14, 2023 4th meeting of the 18th Term	Board of Directors	1. To submit of the Company’s 2022 “Statement of Internal Control System”. 2. To revise the Company's "Internal Control System". 3. The proposal for the Company's year-end bonus distribution and remuneration distribution plan for employees and Directors for 2022. 4. Evaluation of the independence and competency of the Company's CPA. 5. The proposal for the Company's 2022 Business Report and Financial Statements. 6. The proposal for distribution of 2022 earnings. 7. The proposal for the Company's 2022 surplus transfer and capital increase to issue new

Date	Item	Major Resolutions
		shares. 8. To revise the amendment of the Company's "Articles of Incorporation". 9. The proposal for the 2023 business plan. 10. The proposal for the date, location, and reasons for convening the Company's 2023 annual shareholders' meeting. 11. The proposal for the period and venue for the acceptance of shareholders' proposals and nomination of candidates for Directors for the Company's 2023 annual shareholders' meeting.
April 20, 2023 5th meeting of the 18th Term	Board of Directors	1. To revise the amendment of the Company's "Internal Control System". 2. The proposal for the Company's 2023 Q1 consolidated financial statements. 3. The proposal for the Company's donation to the " YAGEO Foundation". 4. To revise the reasons for convening the Company's 2023 annual shareholders' meeting.
July 25, 2023 6th meeting of the 18th Term	Board of Directors	1. The proposal for the Company's 2023 Q2 consolidated financial statements. 2. The proposal for the record date and ex-rights date for the issuance of new shares through the capitalization of earnings for the Company's fiscal year of 2022.
October 26, 2023 7th meeting of the 18th Term	Board of Directors	1. The proposal for 2024 Annual Audit Plan. 2. The proposal for the 2022 distribution of employee compensation for the Company's main managers be paid in 2023 3. The proposal for the Company's 2023 Q3 consolidated financial statements. 4. The proposal for the earnings distribution for the first half of the Company's fiscal year of 2023. 5. For the needs of working capital turnover and management of interest and exchange rate risks, it is proposed to apply to financial institutions for relevant transaction quotas. 6. The proposal for the Company's donation to the " YAGEO Foundation". 7. The proposal for the Company to donate to "Yageo Sports Competition Development Association". 8. To seek approval for the manager competing with the Company and concurrent managerial positions.
February 29, 2024 8th meeting of the 18th Term	Board of Directors	1. To submit of the submission of the Company's 2023 "Statement of Internal Control System". 2. To revise the amendment of the Company's "Internal Control System". 3. The proposal for the Company's year-end bonus distribution and remuneration distribution plan

Date	Item	Major Resolutions
		for employees, Directors and Supervisors for 2023. 4. The proposal for the Company's 2023 Business Report and Financial Statements. 5. The proposal for the proposal for distribution of 2023 earnings. 6. The proposal for the change of CPA due to internal adjustment of the CPA firm. 7. Evaluation of the the independence and competency of the Company's CPA. 8. To revise the amendment of the Company's "Articles of Incorporation". 9. To revise the amendment of the Company's "Audit Committee Charter". 10. To revise the amendment of the Company's "Rules And Procedures of Board of Directors Meetings". 11. The proposal for the 2024 business plan. 12. The proposal for the date, location, and reasons for convening the Company's 2024 annual shareholders' meeting. 13. The proposal for the period and venue for the acceptance of shareholders' proposals for the Company's 2024 annual shareholders' meeting.
April 18, 2024 9th meeting of the 18th Term	Board of Directors	1. The proposal for the Company's 2024 Q1 consolidated financial statements.

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

(XIV) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairperson, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer:

Job title	Name	First Day on the Job	Resignation date	Reason for resignation
Internal Audit	Tsung-Hsien, Lee	September 01, 2004	February 29, 2024	Career Planning

V. Information on the Professional Fees of the Attesting CPAs

Unit: NTD thousand dollars

Name of CPA Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Remarks
KPMG	Szu-Chuan Chien	Janurary 1, 2023-December 31, 2023	4,140	1,413	5,553	Note
	I-Wen Wang					

Note: Non-audit fees include: (1)R&D tax consulting service fees NT$180 thousand dollars; (2) Transfer pricing tax service fee NT$243 thousand dollars; (3)Master file service fee NT$160 thousand dollars; (4) Review Capitalization of Earnings and service fee NT$260 thousand dollars; (5) Business Tax adopts Direct Deduction Method fee NT$60 thousand dollars; (6) Tax Compliance Audit fee NT$510 thousand dollars.

VI. Information on Replacement of CPA:

(I) About the former CPA

Replacement Date	November 10, 2022	February 29, 2024
Replacement reasons and instructions	According to the internal position adjustment of KPMG, the CPA will be replaced from 2022Q4.	According to the internal position adjustment of KPMG, the CPA will be replaced from 2024Q1.
Indicates that the appointing person or CPA has terminated or refused to accept the appointment	Not applicable	Not applicable
Opinions and reasons for audit reports other than unqualified opinions issued within the latest two years	Not applicable	Not applicable
Disagreement with the issuer	None.	None.
Other disclosures (Article 10, Subparagraph 6, Subparagraph 1, Item 4 to Item 1, Item 7 of this Code shall be disclosed)	None.	None.

(II) About Successor CPA

Name of accounting firm	KPMG	KPMG
Name of CPA	Szu-Chuan Chien & I-Wen Wang	I-Wen Wang & Yu-Ting Hsin
Date of appointment	November 10, 2022	February 29, 2024
Accounting treatment methods or accounting principles for specific transactions prior to appointment and Issues and Results of Opinion Consultation on Possible Issuance of Financial Reports	Not applicable	Not applicable
Written opinion of the successor CPA on matters with different opinions from the predecessor CPA (c)	Not applicable	Not applicable

(III)Former CPA’s opinion to item (I) and to (c) of the here preceding item: Not applicable.

VII. 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: None.

VIII. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests by a Director, 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

1. Changes in shareholding of directors, managerial officer and major shareholders

Unit: shares

Title	Name	2023		The Information as of April 1, 2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairperson	Tie-Min Chen	2,205,936	-	-	-
Juristic- person Director & Vice Chairperson	Multifield Investment Inc. Representative: Hsi-Hu Lai	16,762	-	-	-
Juristic- person Director	Huan Tai Co., Ltd. Representative: Jia-Shuai Chang	7,439	-	-	-
Juristic- person Director	Huan Tai Co., Ltd. Representative: Pen-Chi Chen	7,439	-	-	-
Juristic- person Director	Kaimei Electronic Corporation Representative: Shu-Hwei Chen	2,251,101	3,992,698	-	-
Juristic- person Director	Shi Hen Enterprise Limited Representative: Shu-Chen Tsai	2,039	-	-	-
Juristic- person Director & CEO	Jia-Shuai Chang	13,667	-	-	-
Independent Director	Ta-Sheng Chiu	-	-	-	-
Independent Director	Yueh-Hsiang Tsai	-	-	-	-
Independent Director	Chin-Tsai Chen	-	-	-	-
Vice president & CFO	Jia-Li Huang	8	-	-	-
Vice president	Chien-Chen Lee	-	-	-	-
Vice president	Chin-Lung Fang(Note 1)	-	-	-	-
Senior manager	Zzu-Chi Chiu	-	-	-	-
Senior manager	Ming-Yen Pan	-	-	-	-
Senior manager	Po-Hsiu Cheng	-	-	-	-

Note 1：Chin-Lung Fang had assumed the position of the top supervisor in December 2023, and had resigned on March 1,2024.

2. The counterparty in any such transfer of equity interests is a related party: None.
3. The counterparty in any such pledge of equity interests is a 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

Unit: shares

Name	Current Shareholdings		Spouse & Minor Shareholding		TH Shareholdings by Nominee Arrangement		Name and Relationship of Top Ten Shareholders if They Are Related Parties or Spouse, or Relatives Within the Second Degree of Kinship to the Other Party.	
	Shares	%	Shares	%	Shares	%	Company Name	Relationship
Fubon Life Insurance Co., Ltd	9,947,870	4.76%	Not Applicable	Not Applicable	0	0	None	None
Representative：Fu-Sing Lin	0	0	0	0	0	0	None	None
Kaimei Electronic Corporation	9,754,774	4.67%	Not Applicable	Not Applicable	4,419,767	2.11%	Mu Yeh Wen Investment Corp.	Parent and subsidiary company
Representative：Shao-Pin Ru	59,650	0.03%	19,730	0.01%	0	0	None	None
Tie-Min Chen	9,559,057	4.57%	0	0	0	0	Kuo Shin Investment Co, Ltd. Yageo Corporation	Representative
Chunghwa Post Co., Ltd.	7,826,168	3.74%	Not Applicable	Not Applicable	0	0	None	None
Representative：Hong-Mou Wu	0	0	0	0	0	0	None	None
Cathay Life Insurance Company, Ltd.	6,783,610	3.24%	Not Applicable	Not Applicable	0	0	None	None
Representative：Ming-He Syong	0	0	0	0	0	0	None	None
Mu Yeh Wen Investment Corp.	4,419,767	2.11%	Not Applicable	Not Applicable	0	0	Kaimei Electronic Corporation	Parent and subsidiary company
Representative：Wei-Zu Jhang	0	0	0	0	0	0	None	None
TransGlobe Life Insurance Inc.	2,657,150	1.27%	Not Applicable	Not Applicable	0	0	None	None
Representative：Wun-Huei Lin	0	0	0	0	0	0	None	None
Kuo Shin Investment Co, Ltd.	2,420,500	1.16%	Not Applicable	Not Applicable	0	0	Tie-Min Chen	The same representatives of the related companies
Representative：Tie-Min Chen	9,559,057	4.57%	0	0	0	0	Yageo Corporation	
Yageo Corporation	2,373,500	1.14%	Not Applicable	Not Applicable	0	0	Tie-Min Chen	The same representatives of the related companies
Representative：Tie-Min Chen	9,559,057	4.57%	0	0	0	0	Kuo Shin Investment Co, Ltd.	
Public Service Pension Fund Management Board	2,364,570	1.13%	Not Applicable	Not Applicable	0	0	None	None

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

December 31, 2023; Unit: Thousand shares

Investee business	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	Ownership (%)	Shares	Ownership (%)	Shares	Ownership (%)
Tong Hsing Electronics Phils. Inc. (Tong Hsing- Philippines)	28,793	100%	-	-	28,793	100%

Chapter 4 Capital Raising Activities

I. Capital and Shares

(I) Source of capital stock

1.Historical Information of Capitalization

Unit: NT$; Shares as of April 1, 2024

Month/Year	Par Value (NT$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increase by Assets Other than Cash	Other
1975.08	10	3,000,000	30,000,000	3,000,000	30,000,000	Initial establishment.	None	None
1978.10	10	6,000,000	60,000,000	6,000,000	60,000,000	Capital increase by cash NTD 30,000,000.	None	None
1986.08	10	8,000,000	80,000,000	8,000,000	80,000,000	Capital increase by cash NTD 6,000,000. Capital increase by retained earnings NTD 14,000,000.	None	None
1988.09	10	10,000,000	100,000,000	10,000,000	100,000,000	Capital increase by cash NTD 2,000,000. Capital increase by retained earnings NTD 18,000,000.None	None	None
1989.12	10	12,000,000	120,000,000	12,000,000	120,000,000	Capital increase by retained earnings NTD 20,000,000.	None	None
1990.12	10	13,500,000	135,000,000	13,500,000	135,000,000	Capital increase by retained earnings NTD 15,000,000.	None	None
1991.12	10	16,065,000	160,650,000	16,065,000	160,650,000	Capital increase by retained earnings NTD 10,800,000. Capital increase by capital surplus NTD 14,850,000.	None	None
1997.11	10	19,965,000	199,650,000	19,965,000	199,650,000	Capital increase by cash NTD 39,000,000.	None	None
1999.07 (Note 1)	10	80,000,000	800,000,000	36,000,000	360,000,000	Capital increase by cash NTD 160,350,000.	None	None
2000.07 (Note 2)	10	80,000,000	800,000,000	54,800,000	548,000,000	Capital increase by retained earnings NTD 180,000,000. Capital increase by employee bonus NTD 8,000,000.	None	None
2001.07 (Note 3)	10	80,000,000	800,000,000	67,110,000	671,100,000	Capital increase by retained earnings NTD 109,600,000. Capital increase by employee bonus NTD 13,500,000.	None	None
2002.07 (Note 4)	10	93,000,000	930,000,000	73,821,000	738,210,000	Capital increase by retained earnings NTD 67,110,000.	None	None
2003.07 (Note 5)	10	93,000,000	930,000,000	77,912,050	779,120,500	Capital increase by retained earnings NTD 36,910,500. Capital increase by employee bonus NTD 4,000,000.None	None	None
2006.09 (Note 6)	10	93,000,000	930,000,000	81,807,652	818,076,520	Capital increase by retained earnings NTD 38,956,020.	None	None
2007.08 (Note 7)	10	150,000,000	1,500,000,000	86,698,034	866,980,340	Capital increase by retained earnings NTD 40,903,820. Capital increase by employee bonus NTD 8,000,000.	None	None
2007.11 (Note 8)	10	150,000,000	1,500,000,000	98,698,034	986,980,340	Capital increase by cash NTD 120,000,000.	None	None
2008.09 (Note 9)	10	150,000,000	1,500,000,000	105,132,935	1,051,329,350	Capital increase by retained earnings NTD 49,349,010. Capital increase by employee bonus NTD 15,000,000.	None	None
2008.10 (Note 10)	10	150,000,000	1,500,000,000	115,132,935	1,151,329,350	Capital increase by cash NTD 100,000,000.	None	None
2009.02 (Note 11)	10	150,000,000	1,500,000,000	114,341,935	1,143,419,350	Capital reduction by treasury stock NTD 7,910,000.	None	None
2009.08 (Note 12)	10	150,000,000	1,500,000,000	120,059,031	1,200,590,310	Capital increase by retained earnings NTD 57,170,960.	None	None
2009.11 (Note 13)	10	150,000,000	1,500,000,000	122,017,531	1,220,175,310	Executive employee warrants in the third quarter of 2009 NT$ 19,585,000 in total	None	None
2009.12 (Note 14)	10	150,000,000	1,500,000,000	125,017,531	1,250,175,310	Issuance of common stock through merger, NTD 30,000,000.	None	None
2009.12 (Note 15)	10	150,000,000	1,500,000,000	125,086,531	1,250,865,310	Executive employee warrants in the fourth quarter of 2009 NT$ 690,000 in total	None	None

Month/Year	Par Value (NT$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increase by Assets Other than Cash	Other
2010.07 (Note 16)	10	200,000,000	2,000,000,000	141,086,531	1,410,865,310	Capital increase by cash NTD 160,000,000.	None	None
2010.11 (Note 17)	10	200,000,000	2,000,000,000	141,790,531	1,417,905,310	Executive employee warrants in the third quarter of 2010 NT$ 7,040,000 in total	None	None
2011.04 (Note 18)	10	200,000,000	2,000,000,000	141,810,531	1,418,105,310	Executive employee warrants in the third quarter of 2010 NT$ 200,000 in total	None	None
2011.08 (Note 19)	10	200,000,000	2,000,000,000	161,810,531	1,618,105,310	Capital increase by cash NTD 200,000,000.	None	None
2011.11 (Note 20)	10	200,000,000	2,000,000,000	162,535,031	1,625,350,310	Executive employee warrants in the third quarter of 2011, NTD 7,245,000.	None	None
2012.03 (Note 21)	10	200,000,000	2,000,000,000	162,708,031	1,627,080,310	Executive employee warrants in the fourth quarter of 2011, NTD 1,730,000.	None	None
2012.05 (Note 22)	10	200,000,000	2,000,000,000	162,878,031	1,628,780,310	Executive employee warrants in the first quarter of 2012, NTD 1,700,000.	None	None
2012.09 (Note 23)	10	200,000,000	2,000,000,000	162,886,031	1,628,860,310	Executive employee warrants in the second quarter of 2012, NTD 80,000.	None	None
2012.11 (Note 24)	10	200,000,000	2,000,000,000	162,907,031	1,629,070,310	Executive employee warrants in the third quarter of 2012, NTD 210,000.	None	None
2017.03 (Note 25)	10	200,000,000	2,000,000,000	165,357,520	1,653,575,200	Convertible bond transferred to common stock, 2,450,489 shares.	None	None
2020.03 (Note 26)	10	400,000,000	4,000,000,000	165,357,520	1,653,575,200	Approved raising Authorized Capital by Ministry of Economic Affairs, R.O.C.	None	None
2020.08 (Note 27)	10	400,000,000	4,000,000,000	236,647,569	2,366,475,690	Transfer of shares with Kingpak Technology Inc. and issuance of 71,290,049 new shares	None	None
2020.10 (Note 28)	10	400,000,000	4,000,000,000	178,848,321	1,788,483,210	Executive employee warrants in June 2020, NT$ 758,840 in total Return of NT$ 578,751,320 for capital reduction in cash	None	None
2021.01 (Note 29)	10	400,000,000	4,000,000,000	178,730,839	1,787,308,390	Cancellation of new restricted employee shares, with capital reduction of NT$ 1,174,820 in total	None	None
2021.01 (Note 30)	10	400,000,000	4,000,000,000	178,708,282	1,787,082,820	Cancellation of new restricted employee shares, with capital reduction of NT$ 225,570 in total	None	None
2022.05 (Note 31)	10	400,000,000	4,000,000,000	178,708,282	1,787,082,820	Cancellation of new restricted employee shares, with capital reduction of NT$ 178,570 in total	None	None
2022.09 (Note 32)	10	400,000,000	4,000,000,000	178,682,906	1,786,829,060	Cancellation of New Shares Restricting Employee Rights, NT$ 75,190 in total	None	None
2022.11 (Note 33)	10	400,000,000	4,000,000,000	160,813,864	1,608,138,640	Cash capital reduction and return of NT$178,690,420 in total	None	None
2023.08 (Note 34)	10	400,000,000	4,000,000,000	209,058,024	2,090,580,240	Stock Dividends NT$482,441,600 in total	None	None

Note 1: Approved No. (88)Tai Cai Zheng (1)63696, Securities and Futures Commission, Ministry of Finance on July 16, 1999.

Note 2: Approved No. (89)Tai Cai Zheng (1)58483, Securities and Futures Commission, Ministry of Finance on July 6, 2000.

Note 3: Approved No. (90)Tai Cai Zheng (1)148167, Securities and Futures Commission, Ministry of Finance on July 25, 2001.

Note 4: Approved No. Tai Cai Zheng Zi (1)0910137224, Securities and Futures Commission, Ministry of Finance on uly 9, 2002.

Note 5: Approved No. Tai Cai Zheng Zi (1)0920129941, Securities and Futures Commission, Ministry of Finance on July 9, 2003.

Note 6: Approved No. Jin Guan Zheng Zi (1)0960028615, Financial Supervisory Commission, Executive Yuan on July 11, 2006.

Note 7: Approved No. Jin Guan Zheng Zi (1)0960028615, Financial Supervisory Commission, Executive Yuan on June 5, 2007.

Note 8: Approved No. Jin Guan Zheng Zi (1)0960057360, Financial Supervisory Commission, Executive Yuan on October 17, 2007.

Note 9: Approved No. Jin Guan Zheng Zi (1)0970032788, Financial Supervisory Commission, Executive Yuan on July 1, 2008.

Note 10: Approved No. Jin Guan Zheng Zi (1)0970032789, Financial Supervisory Commission, Executive Yuan on July 8, 2008.

Note 11: Approved No. Jin Guan Zheng Zi (3)0980003332, Financial Supervisory Commission, Executive Yuan on January 23, 2009.

Note 12: Approved No. Jin Guan Zheng Fa Zi 0980034440, Financial Supervisory Commission, Executive Yuan on July 10, 2009.

Note 13: Approved No. Tai Zheng Shang Zi 09800300531, Taiwan Stock Exchange on November 25, 2009.

Note 14: Approved No. Jin Guan Zheng Fa Zi 0980063108, Financial Supervisory Commission, Executive Yuan on December 2, 2009.

Note 15: Approved No. Tai Zheng Shang Zi 09900090711, Taiwan Stock Exchange on April 9, 2010.

Note 16: Approved No. Jin Guan Zheng Fa Zi 0990022159, Financial Supervisory Commission, Executive Yuan on May 18, 2010.

Note 17: Approved No. Tai Zheng Shang Zi 09900359141, Taiwan Stock Exchange on November 26, 2010.

Note 18: Approved No. Tai Zheng Shang Zi (1)10000118511 on April 20, 2011.
Note 19: Approved No. Jin Guan Zheng Fa Zi 1000022470 on June 7, 2011.
Note 20: Approved No. Tai Zheng Shang Zi (1)10000366751 on November 18, 2011.
Note 21: Approved No. Tai Zheng Shang Zi (1)10100061041 on March 23, 2012.
Note 22: Approved No. Tai Zheng Shang Zi (1)10100113671 on May 24, 2012.
Note 23: Approved No. Tai Zheng Shang Zi (1)10100217031, 09/25/2012.
Note 24: Approved No. Tai Zheng Shang Zi (1)10100264601, 11/22/2012.
Note 25: Approved No. Jing Shou Shang Zi 10601080420, 06/20/2017.
Note 26: Approved No. Jing Shou Shang Zi 10901031460, 03/20/2020, Ministry of Economic Affairs.
Note 27: Approved No. Jing Shou Shang Zi 10901125850, 08/04/2020, Ministry of Economic Affairs.
Note 28: Approved No. Jin Guan Zheng Fa Zi 1090143160, 08/26/2020, Financial Supervisory Commission, Executive Yuan.
Note 29: Approved No. Jing Shou Shang Zi 10901238970, 01/15/2021, Ministry of Economic Affairs.
Note 30: Approved No. Jing Shou Shang Zi 11001005960, 01/21/2021, Ministry of Economic Affairs.
Note 31: Approved No. Jing Shou Shang Zi 11101062800, 05/04/2022, Ministry of Economic Affairs.
Note 32: Approved No. Jing Shou Shang Zi 11101179120, 09/19/2022, Ministry of Economic Affairs.
Note 33: Approved No. Tai Zheng Shang Zi (1) 1111805027, 10/14/2022.
Note 34: Approved No. Jing Shou Shang Zi 11230162580, 08/18/2023, Ministry of Economic Affairs.

2.Type of Shares

Unit: Shares as of April 1, 2024

Share Type	Authorized Capital			Remark
	Issued Shares	Unissued Shares	Total	
Common Stocks	209,058,024	190,941,976	400,000,000	Listed on TWSE.

3.Information for Shelf Registration: None.

(II) Shareholder structure

Unit: Shares as of April 1, 2024

Structure / Item	Government Agencies	Financial Institutions	Juridical Persons	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of shareholders	0	28	161	39,627	185	40,001
Shareholding	0	29,422,784	40,143,125	106,806,176	32,685,939	209,058,024
Ownership (%)	0%	14.08%	19.20%	51.08%	15.64%	100.00%

(III) Diffusion of ownership

1. Common Shares

Unit: Shares as of April 1, 2024

Range of Shares	Number of Shareholders	Shareholding	Ownership (%)
1~ 999	15,001	2,655,613	1.27%
1,000~ 5,000	21,096	39,754,114	19.02%
5,001~ 10,000	2,169	15,949,518	7.63%
10,001~ 15,000	609	7,587,377	3.63%
15,001~ 20,000	327	5,883,866	2.81%
20,001~ 30,000	300	7,483,749	3.58%
30,001~ 40,000	141	4,975,824	2.38%
40,001~ 50,000	83	3,831,565	1.83%
50,001~ 100,000	137	9,788,914	4.68%
100,001~ 200,000	66	9,233,442	4.42%
200,001~ 400,000	24	7,477,556	3.58%
400,001~ 600,000	17	8,303,426	3.97%
600,001~ 800,000	4	2,583,951	1.24%
800,001~1,000,000	1	845,894	0.40%
Over 1,000,001	26	82,703,215	39.56%
Total	40,001	209,058,024	100.00%

2. Preferred Share: None.

(IV) Major Shareholders

Unit: Shares as of April 1, 2024

Name of Major Shareholders \ Shareholding	Shareholding	Ownership (%)
Fubon Life Insurance Co., Ltd	9,947,870	4.76%
Kaimei Electronic Corporation	9,754,774	4.67%
Tie-Min Chen	9,559,057	4.57%
Chunghwa Post Co., Ltd.	7,826,168	3.74%
Cathay Life Insurance Company, Ltd.	6,783,610	3.24%
Mu Yeh Wen Investment Corp.	4,419,767	2.11%
TransGlobe Life Insurance Inc.	2,657,150	1.27%
Kuo Shin Investment Co, Ltd.	2,420,500	1.16%
Yageo Corporation	2,373,500	1.14%
Public Service Pension Fund Management Board	2,364,570	1.13%

(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:

Unit: NT$; Shares

Item \ Year			2022	2023	As of March 31, 2024 (Note 7)
Market Price Per Share	Highest		302.50	244.50	161.00
	Lowest		152.00	122.00	140.00
	Average		223.93	171.85	146.69
Net Worth per Share (Note 1)	Before Distribution		152.50	116.91	116.58
	After Distribution		117.31 (Note 2)	-	-
Earnings per Share (Note 3)	Weighted Average Shares		222,965,587	209,058,024	209,058,024
	Earnings per share (Note 4)	Diluted	17.98	5.50	1.74
		Adjusted Diluted	14.09	-	-
Dividends per Share (Note 5)	Cash dividends		7.77007957	2.40(Note 6)	-
	Stock Dividends	Stock Dividend from Retained Earnings	3.00	-	-
		Stock Dividend from Additional Paid in Capital	-	-	-
	Accumulated Undistributed Dividends		-	-	-
Returns on Investment (Note 3)	Price/Earnings Ratio		12.45	31.25	-
	Price/Dividend Ratio		20.79	71.60(Note 6)	-
	Cash Dividends Yield		3.47	1.40	-

Note 1: The appropriation of earnings shall be determined by the next Annual General Shareholders' Meeting.

Note 2: On June 6, 2023, the shareholders' regular meeting resolved to allocate 48,244 thousand shares free of charge with surplus.

Note 3: It shall be determined by the Annual General Shareholders' Meeting.

Note 4：If there is a need for retrospective adjustment due to free share allotment or other circumstances, the earnings per share before and after adjustment should be presented.

Note 5: Dividends per share of each year will be distributed in the next year.

Note 6: The 2023 dividend distribution has been approved by the resolution of the Board of Directors dated February 29, 2024.

Note 7: Net worth per share and earnings per share are calculated based on the financial information reviewed by independent auditors in the most recent quarter of the printing date.

(VI) The Company's dividend policy and implementation thereof:

1.Dividends Policy in the Company's Articles of Incorporation

When allocating the earnings for each fiscal year, the Company must pay tax and cover the accumulated losses first, also share the remaining profit as follows:

I、 Set aside 10% of the earnings as legal reserve. However, when the legal reserve amount equals to the paid-in capital of the Company, it is not subject or such restriction.

II、 Set aside or reverse special reserve in accordance with the relevant laws and regulations.

III、Pay dividends or bonuses for an amount not less than 30% of the amount net of the legal reserve and special reserve as stipulated in the preceding paragraph and the cash dividends shall account for at least 50% of the current year's total dividends. The Board of Director shall prepare the earnings distribution proposal for the resolutions of the shareholders' meeting. However, if the earnings distribution proposal is for the distribution of dividend and bonus in cash entirely or partially, it shall be resolved by the Board of Directors with the attendance of more than two-thirds of the directors and the consent of the majority of attending directors; also, it shall be reported in the shareholders' meeting.

The Company's dividend policy is based on the current and future development plans, consideration of the investment environment, capital requirements, domestic and international competition, and the interests of shareholders, etc. The Board of Directors shall prepare a resolution to be approved by the shareholders in a meeting. If the Company has no loss, the Board of Directors, with two-thirds of the directors present and a majority of the directors present, shall issue all or a portion of the legal reserve and the capital surplus as provided in Paragraph 1, Article 241 of the Company Act to the shareholders in cash in proportion to their original shares and report the same to the shareholders' meeting.

2.The dividend distribution proposed by the Board of Directors Meeting is as follows

(1) For the Company's future working capital needs, Board of Directors resolved no dividend distribution for the first half year of 2023 on October 26, 2023.

(2) In 2023, the Company achieved a net profit after tax of NT$1,150,512,742. After accounting for actuarial gains and losses of NT$18,500,115, we have set aside 10% as a legal reserve, totaling NT$116,901,286. Additionally, the Company plans to allocate NT$501,739,258 from the distributable earnings of 2023 for cash dividends, with a dividend of NT$2.4 per share.

(3) The amount of this cash dividend distribution is calculated up to NT$1, and those below NT$1 are rounded down. The total amount of fractional cash dividends less than NT$1 shall be accrued to other income of the Company.

(4) The proposal of the 2023 cash dividend distribution was approved by the Board of

Directors on February 29, 2024, the Chairperson would be authorized to set the record date of ex-dividend, distribution date and other relevant matters. If the number of shares outstanding of the date of ex-dividend affected by shares was bought back by the Company, or a transfer, conversion, cancellation were adopted for aforementioned shares, or an exercise of employee stock options, or a cancellation of new restricted employee shares, or an amendment to relevant laws or regulations, or requests from competent authorities, or amendments made in response to other objective circumstances, that the proposed ratio of dividend distribution is changed and needed to be adjusted, it is proposed that the Chairperson be authorized to handle all matters in accordance with the applicable laws and regulations.

3. A material change in dividend policy is expected: None.

(VII) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: Not applicable.

(VIII) Profit-sharing compensation of employees and directors:

1.The percentages or ranges with respect to employee and director profit-sharing compensation, as set forth in the Company's Articles of Incorporation:

The Company shall appropriate no less than 3% and no more than 3% of the earnings, respectively, as employee’s compensation and directors’ remunerations when the operation is profitable for the year (meaning the pre-tax net income is positive before making distribution to employees and directors. However, if the Company suffers from accumulative losses, a sum shall be set aside out of the earnings for recovery of the losses, and then, distribution as employee’s compensation and directors’ remunerations shall be calculated pro rata as stipulated in the preceding paragraph.

The distribution can be made in the form of cash or stocks for employees, but only in the form of cash for the directors and supervisors.

Proposals of distributions to employees, directors and supervisors shall be taken to the shareholders' meeting for approval after the resolution is reached by a majority of the Board with two thirds in attendance.

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

The estimation of employee and director remuneration expenses in the Company is determined by the Board of Directors, in accordance with the "Remuneration Policy for the Directors and Managerial Officers", the "Articles of Incorporation", and industry standards. Any discrepancies between the estimated and actual amounts of employee and director remuneration for the current period will be recorded as expenses for the following year.

3. Information on any approval by the Board of Directors of distribution of profit-sharing compensation:

(1) If the amount of employee compensation distributed in cash or stocks and compensation

for directors and supervisors differs from the recognized expenses, the discrepancy, its cause and the status of treatment shall be disclosed:

The Company’s proposal on distribution to the employee’s and directors’ compensations for 2023 was approved by the resolution of the Board of Directors on February 29, 2024. The proposed employee’s compensation and the directors’ compensation were respectively NT$ 84,000 thousand and NT$45,300 thousand, which was in line with the estimates.

(2) The amount of any employee compensation 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 compensation: None.

4. The actual distribution of employee and director profit-sharing 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 and director profit-sharing compensation, additionally the discrepancy, cause, and how it is treated:

Actual employee and director remuneration paid in 2022 included NT$ 240,000 thousand for the employees and NT$ 123,000 thousand for the directors, which was in line with the actual distribution.

(IX)Status of the Company repurchasing its own shares: None.

II. Corporate Bonds: None

III. Preferred Shares: None.

IV. Global Depository Receipts (GDRs): None.

V. Employee Share Subscription Warrants: None.

VI. New Restricted Employee Shares: None.

VII. 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.

Chapter 5 Overview of Business Operation

I. A Description of the Business

(I) Scope of business

1. Major lines of business and the relative weight of each:

Unit: NT$ thousands

Major Products	Net operating revenue for 2023	
	Amount	%
RF Module	732,625	6.32
Hybrid Modules & Specialty Packaging	2,675,402	23.09
Ceramic Metalized Substrates	1,994,307	17.22
Image Products	6,070,802	52.40
Other	111,773	0.97
Total	11,584,909	100.00

2. Current Products and Services:

Tong Hsing is committed to becoming a world-class enterprise for Ceramic Metalized Substrates, imaging products, semiconductor biomedical chips, power and high frequency module packaging. Its business scope includes the manufacture and sales of ceramic circuit boards, high frequency and high-power modules, image sensor packaging process and testing services, which is also closely related to Internet communications, energy saving applications, clean energy and autonomous vehicle industry.

(1)RF Module, Hybrid Modules & Specialty Packaging: mainly used for base station and satellite communication, automotive electronics, aerospace and semiconductor biomedical electronics, power semiconductors and micro display module packaging and testing.

(2)Ceramic Metalized Substrates: mainly used for applications related to high brightness LED ceramic heat dissipation substrate, including general lighting, streetlights, mobile phone flashes, special lighting, plant lights, UVC sterilization lights and automotive lighting, etc.

(3)Image products: mainly used for image sensor packaging and testing, wafer reconstruction, and wafer testing services, which are applied in intelligent automobile, automatic driving, gesture control and optical access technology and other related fields.

3. New products (services) planned for development:

In addition to the basic research and development of new production processes and materials, our application of new products will be focused on areas covering communication, high-frequency package, high-power package, various detectors, image sensors, automotive, and bio-med field. The Company invested about NT$ 400 million in research and development in 2023 and new development processes as follows:

(1) 3D sensing module assembly

(2) Optoelectronic semiconductor module assembly

(3) Semiconductor Biomedical chip packaging including structure and process development
(4) High-frequency RF module packaging process development
(5) High-density ceramic substrates with multi- layears circuits
(6) Development of anti-corrosive automotive ceramic substrates
(7) High-precision vehicle-mounted image sensing module packaging
(8) Automotive anti-flare tiny iBGA package solutions
(9) Automotive tiny iBGA package solutions for stack CMOS wafer
(10) Automotive AEC Q-100 Grade 1 Package solution
(11) Active Metal Brazing (AMB) ceramic circuit boards
(12) Application in high frequency module packaging for 5G, low orbit satellite communication and data center transmission.
(13) Application in ceramic circuit boards with high power laser.

(II) Overview of industry:

1. Current status and development of the industry, development trends and competition for the Company's products:

The business scope of Tong Hsing covers consumer electronics, automotive electronics, network communications, low orbit satellites, energy saving applications, newly energy and autonomous vehicle and other related industries.

The current competition and development trend are described as follows:

(1) RF Module:

RF Module mainly belongs to Radio Frequency (RF) part of the Power Amplifier (PA), LNA, Switch and other filter circuits that form a front-end module. It even includes a SiP and AiP system composed of Transceiver and Baseband.

5G communication applications: as 5G applications stimulate the rise of new types of Internet communication applications and business models for consumer markets, enterprise internal networks providing data centers for big data and intelligent manufacturing, medical and intelligent transportation (V2X) communication services, they also accelerate the new development of the wireless communication industry.

Low orbit satellite communications: non-terrestrial networks (NTN) provide connectivity to areas that 5G cannot cover. With the advantages of wide coverage and low delay transmission, and with the decrease of rocket launch cost and the maturity of low orbit satellite transmission technology, low orbit satellite communication industry is expected to continue to grow rapidly, which is also the development trend of wireless communication industry.

Tong Hsing will focus on the process of wireless communication modules, mainly including the combination of surface adhesion, flip chip package, chip on board, RDL, so as to provide smaller-sized, higher frequency RF packaging structure.

(2) Hybrid Modules & Specialty Packaging:

Hybrid Modules & Specialty Packaging are main product packaging process, which are widely used in automotive, communications, consumption, industrial control, instruments, aerospace and computer peripheral markets.

Automotive power semiconductors: with the maturity of the technology of wide band gap semiconductors, as well as the development trend of electric vehicles, the demand for power semiconductors in automotive applications such as Traction Inverter and on-board Charger will have a breakthrough growth.

Biomedical applications: With the serialization development of various MEMS and sensors, biomedical detection technology intended to have more characteristics in terms of serialization, chips, and high speed. It will greatly increase detection speed and cost, and through network connectivity and artificial intelligence, it will also greatly expand the application scope of this technology.

Tong Hsing is specialized in hybrid integrated circuit module process, which mainly provides package structure with high reliability for wide band gap semiconductors by combining ceramic base plate with high thermal conductivity and power semiconductor packaging technology.

(3) Ceramic Metalized Substrates:

The Company has been deeply involved in traditional thick film printing process technology and thin film electroplating ceramic circuit board process technology (DPC) for many years. The Company has also invested in the development of DBC and AMB, the technology of direct bonding or metal brazing of copper to ceramic materials at high temperature, and making circuit patterns through exposure, development and etching processes.

High brightness lighting: DPC Ceramic Metalized Substrates technology is maturing and has become the main substrate option for high brightness LED lighting. The growing demand for displayears and large screens, increasing awareness of energy saving and ease of installation on any circuit are also leading to the growth of the high brightness LED industry. Since 2020, plant lighting and UVC purification lighting will also continue to grow with the impact of COVID-19.

With the end of the COVID-19 pandemic, the demand for general lighting in 2023 has decreased. Although there has been a decrease in end-of-line inventory, the overall economic recovery in 2024 is still not significant. It is anticipated that the demand in 2024 will remain stable without significant growth.

Clean energy: with the expansion of the clean energy market and the energy storage market emerging because of the instability of clean energy itself, various power modules required for AC/DC conversion, power factor correction and output power management are growing rapidly.

Automotive LED: the demand for automotive LED rises year by year with the gradual conversion of automobile headlights from halogen lights to LED ones. With the overall sales gradually warming up in the second half of 2020, as well as the promotion of new energy vehicles and LED penetration rate, major automobile enterprises and new energy vehicles in Europe, America and Japan regarded it as the first choice, which promoted the revenue growth of global automotive LED lighting year by year.

According to TrendForce analysis, the penetration rates of LED headlights in traditional passenger vehicles and electric passenger vehicles reached 72% and 94% respectively in 2023. Among them, the penetration rates of LED headlights in Europe and China reached 80%, while in the United States it was 76%, and 74% in Japan. It is expected that automotive LEDs will continue to experience steady growth in 2024.

Tong Hsing is actively developing high-power laser ceramic circuit board processes and has already achieved preliminary results, which are expected to gradually contribute to revenue in the future.

In terms of Ceramic Metalized Substrates manufacturing process, Tong Hsing mainly focuses on copper plating, gold plating and silver plating technology that are applied to alumina and aluminum nitride Ceramic Metalized Substrates. It also manufactures high density circuit and high thermal conductivity Ceramic Metalized Substrates products with the use of photosensitive, etching technology, so as to improve its high frequency characteristics.

(4) Image products:

In the CMOS image sensor market, Tong Hsing provides customers with self wafer sorting, wafer reconstruction, multi-type assembly, finished product testing and module manufacturing services, which are mainly used in consumer handheld devices, tablets, AR/VR, notebook computers, security surveillance cameras, industry and automotive field, etc.

Consumer handheld devices: the rapid development of smart phones and tablet computers has driven the development of image sensors towards higher graphics and higher image quality in recent years, and thus it leads the new technology applying Backside Illumination (BSI) and Stack Sensor.

In the automotive industry, the global sales of electric vehicles surpassed 12 million units in 2023 and are projected to reach 14 million units in 2024, driven by the rapid growth of electric vehicles. By 2025, the adoption rate of electric vehicles is expected to exceed 25%, reaching 22 million units. Additionally, advancements in smart technology and automation will lead to an increase in the average number of image sensors installed in each vehicle, rising from 2.6 in 2022 to 3.6 in 2025. In addition to the front and rear scenes, surrounding scenes, safety ranging, lane centering, active parking, collision prevention and lane deviation warning, a large number of image sensors will also be used in driving monitoring system, gesture control, and pedestrian collision warning, when vehicles enter the field of above-

Level-3 self-driving, the application of various sensing kits and sensing technologies will drive the rapid growth of image sensors.

In the area of 3D ranging and capture, in addition to traditional image sensors that provide 2D images, in recent years, the image sensors with 3D ranging and capture functions are also booming. Currently, they are mainly used for fast automatic focus function, face recognition, gesture functions on mobile phone cameras. In the long term, they will be applied in the use of 3D modeling to produce customized products and sales services.

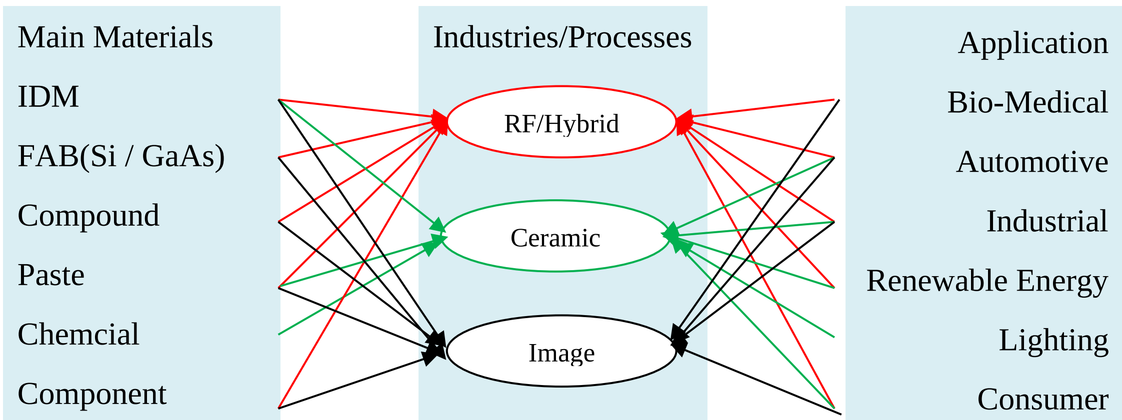
In the area of Security monitoring, in automotive, robot and UAV applications, 3D imaging is used to establish real-time three-dimensional structure of the external environment for automatic navigation and obstacle avoidance.

Apart from the wafer reconstruction process, Tong Hsing not only provides camera module factories with millions of pixels or even over 100 million pixels of thin camera modules required for the manufacture of fast-growing smart phones and tablet PCs, but also offers to clients image sensors for security monitors and handheld ultrasonic scanner module packaging.

Tong Hsing has developed dam-on-Wire Tiny iBGA packaging structure that meets the demand of BSI stacked wafer with the application of chip on board, glass bonding and liquid packaging technology in vehicle image sensor packaging. It successfully reduces the size of packaging products. Tong Hsing image sensor packaging products have not only obtained the AECQ-100 Grade 2 certification, but also have been the main image sensor supplier certified by major automakers. It continues to improve the level of its manufacturing capacity, strengthening mass production of CMOS Image Sensor with pixel 0.6um and combining anti-flare technology of Black Mask glass.

2. Links between the upstream, midstream, and downstream segments of the industry supply chain.

   The relationship between the Company's products and the overall industry can be summarized as follows:



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

1. Listing of research and development expenditures 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 dollars

Year	2023	2024Q1
R&D Expense	402,816	123,303
As % of net revenue	3.48%	4.15%

2. Listing of 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.

Year	Process Technologies	Product Applications
2023	Development of low-silver coating for active metal vacuum hard welding	Application of high-power component
	Development of silicon photonics module packaging	Application of optical communication
	Top cooling power semiconductor component packaging	Application of high-power component
	Testing and development of silicon carbide power semiconductor module packaging	Application of high-power component
	Automotive high-precision lithography process anti-glare glass packaging solution	Application of image sensing modules
	Automotive mPBGA image sensor packaging technology solution	Application of image sensing modules
	Automotive DAF material packaging solution	Application of image sensing modules
	Automotive large-size image sensor packaging technology solution	Application of image sensing modules

(IV)Long-Term and Short-Term Business Development Plan:

1. Short-Term Business Plan
   (1) Actively develop next-generation products in line with market trends and customer product plans.
   (2) Provide the services required by customers with good prices and technologies and increase market share.
   (3) Acquire new business relationships by leveraging the current sales network and expand relationships with current business.
   (4) Establish the development direction of each product line and effectively use internal resources to serve customers quickly.
   (5) The Company continue to provide our customers with the necessary services in automotive sensing, new energy vehicles and power semiconductors related, biomedical and wireless communications.
2. Long-Term Business Plan
   (1) Look for strategic partners, especially from components, materials and intellectual property aspects to ensure a leading position in the production technology.
   (2) Expand investment in next-generation products and necessary technologies.

(3) Optimize teamwork between production sites in Taiwan and Philippine to maximize scale of economy.

(4) Continue to provide services to customers in connection with vehicles, biomedicine and 5G.

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)

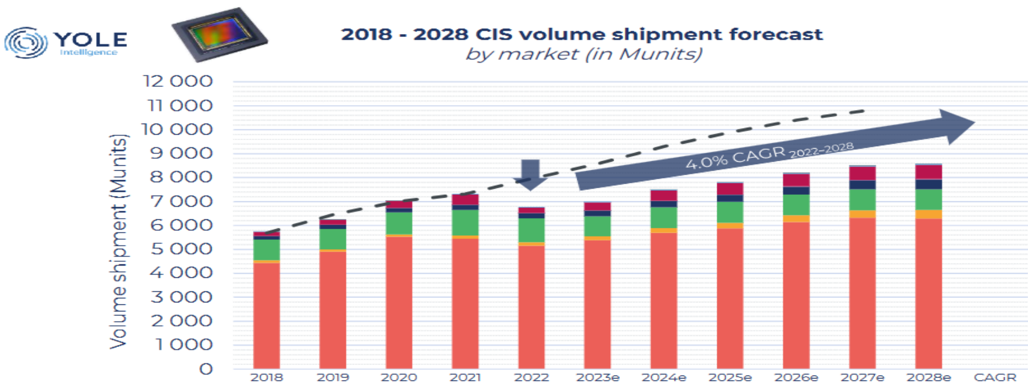
Unit: NT$ thousand dollars

Regions	2023 Sales Regions and Weights	
	Net Revenue	%
Asia	6,292,577	54.32%
Europe	3,372,611	29.11%
Americas	1,381,306	11.92%
Other	538,415	4.65%
Total	11,584,909	100.00%

2. Market Share

Tong Hsing is dedicated to becoming a world-class enterprise for Ceramic Metalized Substrates, imaging products, semiconductor bio-medical chips, power and high frequency module packaging. As its Ceramic Metalized Substrates and imaging product with wafer reconstruction serve major international companies, Tong Hsing has already enjoyed an influential market share.

According to the latest research report from market research firm Yole, the global demand for CMOS image sensors in the automotive sector in 2023 is projected to reach 238 million units, with the Company's market share estimated to be approximately 45%. The demand for consumer CMOS image sensors in 2023 has slightly increased compared to the previous year due to the replacement demand for smartphones starting in the second half of the year. Looking ahead to 2024, research institutions indicate that there is still potential for gradual recovery in the overall demand for CMOS image sensors. The compound annual growth rate of the automotive market in the next 5 years is expected to exceed 10%. The outlook for the automotive image sensor market remains positive and its growth in demand is expected to continue.



	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e	2027e	2028e	CAGR
Defense & Aerospace	0,13	0,13	0,15	0,17	0,17	0,18	0,20	0,21	0,23	0,25	0,27	8,4%
Industrial	18	20	20	25	27	29	32	36	40	44	46	9,0%
Security	178	196	286	423	230	331	430	473	516	556	586	16,8%
Medical	3	4	5	6	8	10	13	16	21	25	29	24,0%
Automotive	144	175	182	210	218	238	260	287	327	364	401	10,7%
Computing	871	849	921	1 073	996	836	868	875	869	884	871	-2,2%
Consumer	107	95	94	133	146	167	203	237	274	310	353	15,9%
Mobile	4 437	4 911	5 532	5 449	5 153	5 384	5 688	5 879	6 150	6 323	6 291	3,4%
TOTAL	5 685	6 450	7 008	7 320	6 778	6 996	7 495	7 804	8 198	8 506	8 578	4,0%
YoY (%)	8,2%	13,5%	8,7%	4,5%	-7,4%	3,2%	7,1%	4,1%	5,0%	3,8%	0,8%	
Previous forecast 2022	5 685	6 450	7008	7320	7952	8580	9301	9891	10401	10777		

Source: Yole (2023)

3. Demand and supply conditions for the market in the future, the market's growth potential, the Company's competitive niche

   The market, industry competition and diversified development trend have been outlined in Page 86~89 in this annual report. The industrial profile, competitive niches and internal and external challenges are briefly stated as follows:

   (1) Internal advantages and external opportunities:

      A. Tong Hsing has ranked the first in the industry in terms of the production scale of ceramic circuit boards and image products and has obtained the quality certification of major international companies. It also expands capacity with the growth of market demand. Currently, the power component packaging required for electric vehicles has been deployed, which will be the new dynamics to the future growth.

      B. The Company has been engaged in the module packaging services for more than two decades. It has in-depth knowledge of industry characteristics, and fully cooperates with customer to meet their requirements with flexible allocation. Apart from the advanced technology development, the Company constantly improve itself in material, process, and manufacturing quality, continuously advance product yield and cost reduction, so as to form stronger competitive edges and entry threshold.

      C. Continue to deploy automotive image sensor packaging patents to strengthen competitiveness and entry barriers.

      D. The Company's active investments in Internet communications, low orbit satellites, clean energy and autonomous vehicle, which are still in the stage of continuous growth.

      E. The Company has long-term partnership with global strategic customers and suppliers. It keeps meeting customers' needs and seizing market opportunities.

(2) Internal weaknesses and external challenges

A. With the gradual maturity of LED technology, the market competition is gradually developing towards price competition and rapid changes, and major international enterprises have also outsourced non-vehicle general lighting LEDs to mainland manufacturers to reduce production costs. In the aspect of image sensors, Sony and Samsung have actively invested in this market in recent years, squeezing out the original main advanced suppliers. As a result, all suppliers are adjusting themselves and actively exploring orders in the market, so that they can let their operation realize scale effect and save manpower to reduce the production cost.

B. Affected by US-China trade conflict, Chinese customers strategically establish local suppliers to avoid trade conflicts, which leads to failure to obtain important components. The Company will increase production capacity to drive the expansion of procurement scale, strengthen procurement bargaining power, reduce the cost of raw material and develop another competitive niche.

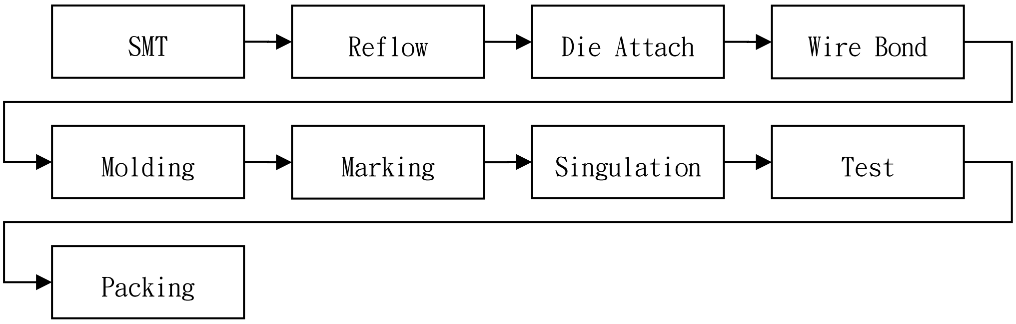
C. Diversified customer needs and new product development lead to a long production cycle. The Company will continue to develop new products and technologies to build and strengthen the entry threshold by leading the industry's technical capabilities.

D. In recent years, major companies in the mainland of China have conducted large-scale recruitment, which resulted in the shortage of human resources in Taiwan. The recruitment of foreign labor for production needs and the hiring of the foreign labor is subject to the limit of labor laws. Therefore, factories are forced to move abroad for survival and expansion. The Company will increase investment in machinery and equipment, strengthening the automation of production, and at the same time move labor-intensive products overseas to seek for international division of labor.

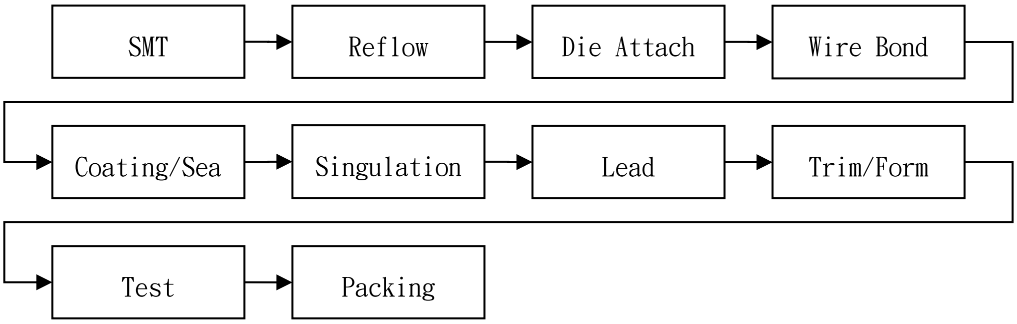
(3) In addition to the opportunities, challenges and solutions mentioned above, the Company will continue to invest in Taiwan, expand the production items of the Philippine factory and strengthen the division of labor in different regions, adjust its customer and product portfolio, establish long-term partnerships and organizational management and inter-group cooperation as its development strategy.

(II) Usage and manufacturing processes for the Company's main products

1. RF Module: RF Power Amplifier and front-end modules of mobile phones, and broadband digital communication modules.

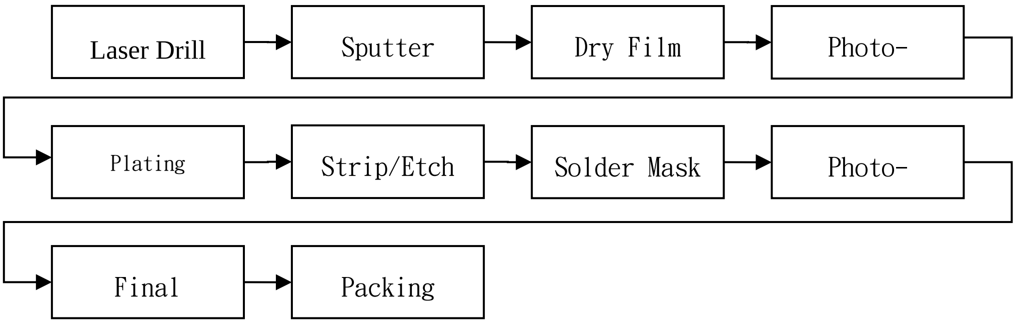


2.Thick Film Hybrid Integrated Circuits: Automotive, navigation/communication equipment, medical sensors, etc.



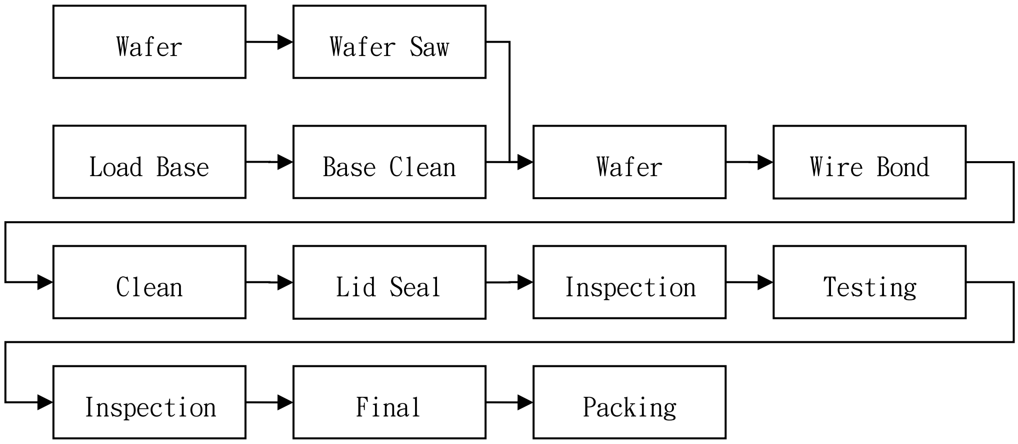
3.Ceramic Metalized Substrates: High brightness LED, general lighting, vehicle lighting, laser, industrial automatic control, RF switches, semiconductor devices, etc.

A. Plated Ceramic Substrates

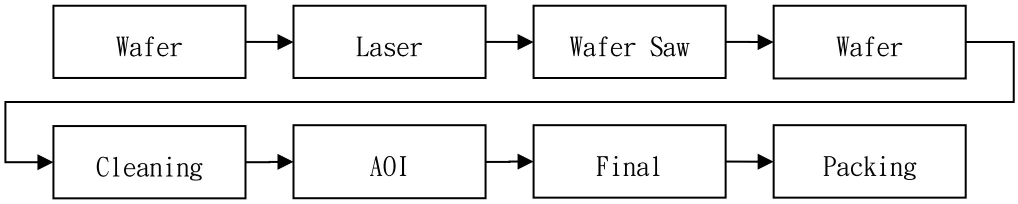


4.Image sensors: Automotive: reverse cameras, lane divider tracking, blind spot monitoring during turns, front and rear wheel monitoring, remote obstacle monitoring, and dash cams., driver monitoring system, pedestrian collision warning. Consumer electronics: Digital cameras, digital video recorders, and mobile phones. IT electronics: laptop computers and monitors: Industrial control and safety monitors: Products with image and video recording functions.

(1) Image sensor packaging



(2) Image Sensor Reconstructed Wafer



(III) Supply situation for the Company's major raw materials

Major Raw Materials	Source of Supply	Supply Situation
PCB	China, Japan, Switzerland, Taiwan	Abundant
Substrate	United States, Japan, Malaysia, China, Taiwan	Abundant
Epoxy	United States, Japan, China, Taiwan	Abundant
Glass Lid	Japan, China, Taiwan	Abundant
Wire	Japan, Singapore	Abundant
IC	United States, China	Abundant
Tape	Japan, Korea, Malaysia, China, Taiwan	Abundant
PKPGC	Taiwan	Abundant

(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. List of major suppliers with over 10% of the total purchase in the last two years

Unit: NT$ thousand dollars

Item	2022				2023				2024 (as of March 31)			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percentage to Net Purchase in the Year up to the First Quarter (%)	Relation with Issuer
1	Company G	623,910	15.66	None	Company G	741,866	18.67	None	Company G	167,655	15.77	None
2	-	-	-	-	Company H	417,268	10.50	None	Company I	113,736	10.70	None
3	Other	3,359,510	84.34	-	Other	2,814,123	70.83	-	Other	781,538	73.53	-
	Net Total Purchases	3,983,420	100.00		Net Total Purchases	3,973,257	100.00		Net Total Purchases	1,062,929	100.00	

Reason for the Change:

Due to the change~~s~~ in market supply and demand, product mix, and the Company’s stock strategy.

2. List of major clients with over 10% of the total sales in the last two years

Unit: NT$ thousand dollars

Item	2022				2023				2024 (as of March 31)			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percentage to Net Sale in the Year up to the First Quarter (%)	Relation with Issuer
1	Company I	2,752,762	19.56	None	Company I	3,140,728	27.11	None	Company I	676,389	22.77	None
2	Company F	2,261,909	16.07	None	Company H	1,890,528	16.32	None	Company H	510,901	17.20	None
3	Company H	1,607,063	11.42	None	Company J	1,688,867	14.58	None	Company J	443,978	14.94	None
4	Company J	1,461,565	10.39	None	-	-	-	-	-	-	-	-
5	Other	5,988,292	42.56	-	Other	4,864,786	41.99	-	Other	1,339,750	45.09	-
	Net Total Sales	14,071,591	100.00		Net Total Sales	11,584,909	100.00		Net Total Sales	2,971,018	100.00	

Reason for the Change:

Due to changes in market supply and demand, and the customer’s adjustment of the order amount.

(V) Production volume for the two most recent fiscal years

Unit: thousand units; NT$ thousand dollars

Year/ Output/ Major Products/	2022			2023		
	Capacity (Note 1)	Quantity	Amount	Capacity (Note)	Quantity	Amount
RF Module Hybrid Modules & Specialty Packaging Ceramic Metalized Substrates Image Products	5,893,074	3,364,316	9,532,594	4,558,949	2,380,510	8,561,838

Note: The production capacity should be combined, since the production for each product segment~~s~~ is substitutable.

(VI) Volume of units sold for the two most recent fiscal years

Unit: thousand units; NT$ thousand dollars

Year/ Shipments & Sales/ Major Products/	2022				2023			
	Domestic		Export		Domestic		Export	
	QTY (Note)	Amounts	QTY (Note)	Amounts	QTY (Note)	Amounts	QTY (Note)	Amounts
RF Module Hybrid Modules & Specialty Packaging Ceramic Metalized Substrates Image Products	336,506	490,348	3,244,067	13,581,243	144,275	519,754	2,336,292	11,065,155

Note: The Company has a wide range of products with different unit specifications, so sales volume is not listed.

III. The Number of Employees Employed for the Two Most Recent Fiscal Years, and During the Current Fiscal Year up to the Date of Publication of the Annual Report

Unit: person; age; year

Item/ Year		2022	2023	2024 (as of March 31)
Number of Employees	Direct labor	2,127	1,842	1,892
	Indirect labor	1,083	979	990
	Management	488	413	416
	Total	3,698	3,234	3,298
Average Age		35.54	42.7	35.6
Average Years of Service (Years)		8.15	8.0	7.5
Academic distribution ratio (%)	Ph.D.	0.29	0.31	0.27
	Masters	7.34	9.58	9.31
	Bachelor's Degree	39.98	53.93	48.00
	Senior High School	49.80	34.54	40.81
	Below Senior High	2.59	1.64	1.61

Note：The number of employees include the employees of Tong Hsing Philippines.

IV. Disbursements for Environmental Protection

(I) 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):

There were no penalties for violation of environmental protection laws and regulations in the most recent fiscal year up to the publication date of the Annual Report.

(II) Estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: None.

(III) Promoting sustainable development - Environmental issues

1. The Company has set up sewage treatment equipment and has special personnel to comprehensively handle related environmental protection matters and has obtained a waste (sewage) water discharge permit and has passed the international ISO-14001

environmental management system certification. Certification information is as follows,

Location	ISO14001 Certificate validity period	ISO45001 Certificate validity period
Taipei Plant	2023/04/02~2026/04/01	2023/03/22~2026/03/19
Bade Plant	2023/12/28~2026/12/27	2023/12/28~2026/12/27
Longtan Plant	2022/12/13~2025/12/12	2022/11/16~2025/11/15
Zhubei Plant	2021/12/22~2024/12/21	Expected to be achieved in 2024

2. The Company shall continue to provide a safe and healthy work environment to employees, preventing occupational injury and health risks to sustain a culture where EHS is given the same priority as business performance.
3. The Company counts water consumption, electricity consumption and total weight of waste on a monthly basis, sets improvement targets and reduction targets for water saving, energy saving and pollution prevention, reviews the annual implementation results at the end of each year, and formulates targets for the next year.

   Greenhouse gas emissions, water consumption and total waste weight for the last two years are as follows,

Item	Medium-term Goal	2022	2023
Greenhouse gas emissions (CO_2e)	30% carbon reduction by 2030 The annual target power saving is greater than 1%	80,839 (Note)	90,818
Water Consumption (T)	The annual target water saving is greater than 1%	1,288,590	694,743
Total Weight of Waste (T)	Target waste intensity reduction >5% per year	1,626	1,308

Note: include Tong Hsing Philippines.

For the above medium-term goals, the Company takes the following measures,

(1) Replacing old equipment, promoting energy-saving awareness, purchasing new high-efficiency equipment, constructing a circular economy model, optimizing process wastewater recycling technology, and promoting waste reduction and reuse, etc.

(2) To reduce pollution in the environment, save energy, and reduce carbon emissions, the Company will continue to evaluate the recycling and reuse of wastewater created by general use or production. We shall also adopt variable frequency drives to the related sewage system based on evaluation results to reduce electricity consumption and comply with the regulations of the central competent authority on energy conservation.

(3) The Company has been conducting greenhouse gas inventories in all plants since 2022, and the results are reported to the Board of Directors every quarter. In 2023, the Company underwent external certification by a third-party international certification body. The certification results showed that the total greenhouse gas emissions in all plants, including the Philippine Plant, are 80,839.2291 metric tons of carbon dioxide equivalent in 2022, with the Philippine Plant accounting for 20.77%. Among the emissions, direct emissions of Category 1 greenhouse gas

emissions are 803.5024 metric tons of carbon dioxide equivalent, with the Philippine Plant accounting for 26.75%. Indirect emissions from the purchase of energy sources of Category 2 greenhouse gas emissions are 60,286.0690 metric tons of carbon dioxide equivalent, with the Philippine Plant accounting for 23.40%. The remaining indirect greenhouse gas emissions are 19,749.6577 metric tons of carbon dioxide equivalent, with the Philippine Plant accounting for 12.50%.

(4) At present, the Company's products have fully met the European Union ROHS regulations (environmental protection). The company also implements the waste removal plan to carry out legal waste removal and resource waste recycling.

4. The Company has established a sustainable development committee in 2022, and will assess the current and future potential risks and opportunities of climate change on the Company, using four aspects: "Governance", "Strategy", "Risk Management" and "Indicators and Goals", formulate strategies and actions in response to climate change, jointly identify and implement the impact of climate-related risks and opportunities on the Company, and identify potential risks and new business models that may be caused by climate.

V. Labor Relations

The Company supports and follows the rights and interests revealed in the "United Nations Universal Declaration of Human Rights", "United Nations Global Covenant", "Conventions of International Labor Organizations", "Responsible Business Alliance RBA Code of Conduct" and various international human rights conventions to create a work that fully protects human rights Environment, formulate relevant management measures to protect employees' right to work, humane treatment and prohibition of child labor, gender and racial discrimination. In 2023, the total man-hour of the Human Rights training courses was 14,515.5 hours.

Course training of Human Rights in 2023 Unit: hours

Course	General training	Workplace Violence Prevention	Safety of Workplace	Gender equality protection	Total
Hour	1,316.09	725.00	11,607.00	867.41	14,515.50

(I) 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. The employee’s benefits related to measures are as follows to provide physical and mental relaxation, and enhance mutual communication:

(1) Employee benefit plan:

To ensure that our employees are devoted to work when working and relieve their family from financial burdens, apart from the relevant laws and regulations, we also provide extra insurance to employees to protect them in case of casualties or hospitalization. Employees also receive special subsidies for weddings and funerals, according to the Company's regulations for the matter.

(2)Professional physicians are appointed to offer medical care services and conduct various health promotion knowledge advocacy and other activities.

(3)The Company provides the employees with a variety of meals (canteen, vegetarian, staff meals or light meals for Filipino employees) and dormitory.

(4) Employee benefits plan also includes cash gifts for birthday and National holidays.

(5) The Company also establishes independent medical and nursing room which opens 24 hours day.

(6) The Company has appropriated more than NT$24,238 thousand in 2023 to fund the employee welfare committee:

- A variety of club activities with subsidy mechanism are set up, such as jogging club and other clubs.
- Periodically holds employee communication meetings.
- Employee travel.
- Birth subsidy, scholarship, hospitalization subsidy, catastrophic illness subsidy.
- Holiday bonus and birthday gift money

2. Retirement system and implementation status

In order to provide employees with safety and security at work, the Company has formulated specific measures below per the laws and regulations:

(1)The Company appropriates the retirement reserves every year pursuant to the "Labor Act". Adequate appropriation of the retirement reserves is made through a professional actuary. The pension is calculated based on the service length of the employees and the average salary of the employee over the 6 months before retirement. By the end of 2023, the fair value of the planned assets was NT$ 219,100 thousand. The amounts to be appropriated in the future were presented as the accrued pension liabilities. By the end of 2023, the balance was NT$ 287,259 thousand.

(2)In addition, pursuant to the Regulation on Labor Pension, 6% of the monthly salary of the employee (the new retirement system) will be appropriated to the pension and is deposited in the special individual pension account with the Labor Insurance Bureau. The annual salary of the employees before July 1, 2005, was retained in this account. The pension appropriated in 2023 (including old and new systems) was NT$ 89,836 thousand.

(3)In addition to complying with the aforementioned relevant retirement laws and regulations, in order to express gratitude towards employees for their contributions, the Company has prepared commemorative medals for retirement as a token of its appreciation towards the retirees for their contribution.

3. Continuing education and training

(1)On-the-Job Learning:

To implement the concept that "Employee growth drives the company progress", the Company provides domestic and international courses for related training from time to time to enhance professional knowledge of our employees and cultivate talents.

The Company’s internal training courses include ordinary training, professional and skills training, managerial function training, quality and occupational safety training, etc. In 2023, the total man-hour of the training courses was 54,762.85 hours.

Course training category in 2023

Unit: hour

Course	General training	Professional skills training	Management function training	Quality and occupational safety training	Total
Hour	4,969.97	30,854.35	587.08	18,351.45	54,762.85

(2)Education Subsidies:

We highly value our employees' and their children's education and provide scholarships when qualifications are met.

(3)Company Celebration and Sports Events:

To relieve the daily work pressure of employees, the Company holds various recreational events and gatherings from time to time.

4. Employee communication or disputes:

Since our establishment, we've been committed to establishing a trustworthy, cooperative working atmosphere and environment to form a harmonious relationship with the employees and to discuss and resolve problems as they arise.

All provisions concerning employee benefits are implemented in accordance with the relevant laws and regulations. Any new or revised provisions will be finalized after a thorough discussion by both parties.

The following measures are taken to prevent future labor disputes:

(1) Implement an employee benefits plan that is superior to the "Labor Act" requirements.
(2) Hold labor meetings on a regular basis
(3) Provide extra channels to facilitate communication between management and employee.
(4) Reinforce Labor-Management Ethics
(5) Establish employee’s complaint channels.
(6) Appoint interpreters to assist the foreign peers for smooth communication and offer them with feedback channels.
(7) Formulate the “Code of Conduct” for all employees.

5. Workplace diversity and equality

In 2023, the gender ratio of employees was 65% for male employees and 35% for female employees. In 2023, the ratio of management employees (direct/indirect) was 60% for male employees and 40% for female employees.

The Company adheres to the principle of equal pay for equal work for new-hires, annual salary increase, performance appraisal and promotion, which will not be affected by gender.Filipino employees are also entitled to same benefits as Taiwanese employees. There is no difference in salary calculation in attendance between Filipino employees and Taiwanese employees.In addition, to cater for employees' special needs for families or individuals, employees regardless of nationality are offered the option of taking leave without pay for their flexible use.

6. Operating performance reflected in employee compensation

(1) Article 19 of Articles of Incorporation

The Company shall appropriate no less than 3% and no more than 3% of the earnings, respectively, as employee compensation and directors' and supervisors' remunerations when the operation is profitable for the year (meaning the pre-tax net income before employee compensation and director renumeration).

(2) Overall compensation policy

The Company attends market compensation survey and conducts below policy to ensure the Company's competitivity in compensation.

A. To distribute quarterly bonus and annual bonus based on the business unit profit with reference to individual performance appraisal.

B. Annual bonus is paid based on Company's operation status with 2 months guarantee.

C. Based on the Company’s outlook and profitability, the operating performance of each business division, as well as the external market salary levels, individual job responsibilities, previous year’s performance appraisal and position salary caps, the annual salary increase rate was over 3% in the past three years.

7. Protective measures for work Environment and employees' personal safety:

The Company follows the Labor “Safety and Health Act” and its implementation rules, and the relevant regulations.;

The key routine environmental safety and health management achievements in 2023 were as follows:

Target	Description	Results
Testing for Drinking Water Quality	Testing of the concentration of coliform bacteria contained in the driving water machines is performed through samples every three months pursuant to the “Management Measures Regarding Use and Maintenance of Continuous Water Supply Fixed Equipment for Drinking Water” in order to protect drinking water hygiene and quality, and employee’s health.	Quantity of tested drinking water machines:79sets Percentage of pass: 98.7%
Detection of working environment	Detection of carbon dioxide, noise, and chemical substances in the workplaces is performed pursuant to the “Implementation Rules for Monitoring of Workplace” to analyze the concentration of the chemical substances in the environment through the samples from machines, equipment, operation or environment that uses or stores chemicals so as to protect the employees from and against physical and chemical hazards.	Tested 826 items in total Percentage of pass: 100%
Health Examination	General and special physical examination will be performed for the employees working in specific workplaces every two years.	General physical examination: 9 Employees

Target	Description	Results
		Physical examination for special type of work:216 employees
Environmental Protection and Labor Safety Training Subject to the “Rules for Occupational Safety and Health Education and Training”.	The following education and training are organized to protect the employee’s safety and health: 1. Occupational safety and health training for new employees: to establish employee’s awareness of safety and health. 2. Occupational safety and health training for supervisors: to establish the supervisor’s awareness of safety and health. 3. General hazard training for new employees: to establish employee’s awareness of chemical hazards and teach them how to use protective supplies. 4. In-service labor security, firefighting, fire extinguishing, and refuge refresher training. 5. Emergency response drills every quarter in every plant. 6. Environmental safety and health education.	1. Occupational safety and health training for new employees：297 employees 2. Occupational safety and health training for exist employees：2,008 employees 3. General hazard training： 3,707 employees 4. Emergency response drills：1,720 employees
Patrol Inspection, Safety Check-up and Internal Audit	1. Daily environmental safety and health patrol inspection and audit 2. Execution of “Safety Checking of High-Risk Machines and Equipment”. 3. Periodical environment, safety and health committee. 4. Internal audit of environmental safety and health management system.	1. Periodical checking of tread depth of motor vehicles：4,485 motor vehicles 2. Periodical environment, safety and health committee 2. Executing Internal audit yearly
Greenhouse Gas Control	The Company assesses the economic and technological feasibility and reduces greenhouse gas emission.	Check the gas concentration, and declare the importance of environmental protection according to laws as basis of gas emission reduction
Four Protection Plans	1. Promote human hazard prevention programs. 2. Driving Abnormal Workloads to Trigger Disease Prevention Programs. 3. Promoting the prevention plan for illegal infringement in the execution of duties. 4. Promote maternal health protection plan.	Promote human hazard prevention ：45 employees Abnormal Workloads to Trigger Disease ：30 employees Unlawful Infringement in the Performance of Duties：4 employees maternal health protection：21 employees

(II) 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: None.

VI. Cyber Security Management

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

1. Information and communication security risk management structure:
   The Company has an information security office (Including one person in charge of information security and one person in charge of information security) to plan and implement information security matters concerning confidential information of the Company and to review and decide relevant information security management matters.
2. Information and communication security policy:
   To ensure the integrity of the Company's information security policy, the Company's information security policy covers all of its employees, suppliers, contractors and third parties who may have access to the Company's information. The company's information security policies are reviewed annually in response to regulatory changes, information security technology updates and the company's business development.
3. Goal of information and communication security and specific management plan:
   To ensure that the Company's confidential information is properly protected from unauthorized access, alteration, destruction, improper disclosure or cyber-attack by appropriate hierarchical control of confidential information, education and training for all staff and advanced information security control equipment.
   The Company implements specific information security management plans as follows:
   (1) Through firewall and information block division, internal, external, office area, production line area is divided into different security zones that have firewalls for information security defense.
   (2) Regular vulnerability scans are conducted to prevent potential risks.
   (3) Advanced information security solutions are continuously introduced to effectively protect and manage behaviors in systems, host computers and networks.
   (4) ERP, MES and other company database system should have complete daily backup and should be verified its restoration function according to the Company's needs. This is considered as the last line of defense against infection encryption ransomware attacks, so as to ensure that the database and data can safely restore operation.
   (5) Phishing mails and virus mail intrusion are prevented by spam control mechanism.

(6) Regular staff education and training are conducted to promote information security knowledge and enhance staff's information security awareness.

4. Resources invested in information and communication security management: The Company has a dedicated information security staff in the information security room, and regularly conduct the information security education and training courses for new employees and current employees. The total number of hours of the information security education and training courses in 2023 is 335 hours.

(II) List any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

VII. Important Contracts

Agreement	Parties	Period	Major Contents	Restrictions
Medium-term loan contract	Hua Nan Commercial Bank	2021.04~2026.04	Action for Accelerating Investments of Enterprises in Taiwan	None
Medium-term loan contract	Mega International Commercial Bank	2021.04~2028.04	Action for Accelerating Investments of Enterprises in Taiwan	None
Long-term loan contract	Chang Hwa Commercial Bank	2021.04~2031.04	Action for Accelerating Investments of Enterprises in Taiwan	None

Chapter 6 Overview of the Financial Status

I. Condensed Balance Sheets and Statements of Comprehensive Income for the Past Five Fiscal Years

(I)Condensed balance sheets

1. Condensed consolidated balance sheet-IFRS

Unit: NT$ thousand dollars

Item \ Year		Most Recent 5-Year Financial Information					As of March 31, 2024 (Note 1)
		2019	2020	2021	2022	2023	
Current Assets		6,491,899	7,962,533	8,883,815	11,970,627	9,137,639	9,356,393
Property, Plant and Equipment		5,584,092	7,825,277	8,740,923	10,713,593	11,876,485	11,827,888
Intangible Assets		68,940	8,614,290	8,502,072	8,445,717	8,275,657	8,273,255
Other Assets		277,860	1,035,073	1,411,046	3,132,800	4,372,649	4,614,059
Total assets		12,422,791	25,437,173	27,537,856	34,262,737	33,662,430	34,071,595
Current Liabilities	Before Distribution	1,762,168	3,801,650	4,086,887	4,011,187	3,485,037	3,968,192
	After Distribution	2,340,919	4,784,546	5,695,101	5,260,723	3,986,776	Not yet distributed
Non-current Liabilities		483,897	425,990	468,028	5,727,552	5,735,938	5,732,025
Total liabilities	Before Distribution	2,246,065	4,227,640	4,554,915	9,738,739	9,220,975	9,700,217
	After Distribution	2,824,816	5,210,536	6,163,129	10,988,275	9,722,714	Not yet distributed
Equity Attributable to Shareholders of the Parent		10,176,726	21,209,533	22,982,941	24,523,998	24,441,455	24,371,378
Share capital		1,653,575	1,787,083	1,786,979	1,608,139	2,090,581	2,090,581
Capital Surplus	Before Distribution	4,997,188	15,120,168	15,118,420	15,115,876	15,115,876	15,115,876
	After Distribution	15,120,168	15,118,420	15,115,876	15,115,876	15,115,876	Not yet distributed
Retained earnings	Before Distribution	3,589,674	4,432,991	6,220,027	7,819,179	7,256,214	7,119,060
	After Distribution	3,010,923	3,450,095	4,611,813	6,087,201	6,754,475	Not yet distributed
Others Equity		(63,711)	(130,709)	(142,485)	(19,196)	(21,216)	45,861
Treasury stock		-	-	-	-	-	-
Minority equity		-	-	-	-	-	-
Total Equity	Before Distribution	10,176,726	21,209,533	22,982,941	24,523,998	24,441,455	24,371,378
	After Distribution	9,597,975	20,226,637	21,374,727	22,792,020	23,939,716	Not yet distributed

Note 1: The financial information of Q1, 2024 has been reviewed by independent auditors.

2.Condensed parent-company-only balance sheet-IFRS

Unit: NT$ thousand dollars

Item \ Year		Financial Information for the Past 5 Years (Note 1)				
		2019	2020	2021	2022	2023
Current Assets		5,732,095	5,258,584	5,398,548	10,629,404	7,696,383
Property, Plant and Equipment		4,990,787	5,840,724	6,587,689	10,085,494	11,245,337
Intangible Assets		68,940	65,354	57,898	8,445,717	8,275,657
Other Assets		1,529,820	12,894,304	14,150,076	5,064,947	6,335,892
Total assets		12,321,642	24,058,966	26,194,211	34,225,562	33,553,269
Current Liabilities	Before Distribution	1,743,427	2,544,838	2,800,614	4,006,589	3,411,120
	After Distribution	2,322,178	3,527,734	4,408,828	5,256,125	3,912,859
Non-current Liabilities		401,489	304,595	410,656	5,694,975	5,700,694
Total liabilities	Before Distribution	2,144,916	2,849,433	3,211,270	9,701,564	9,111,814
	After Distribution	2,723,667	3,832,329	4,819,484	10,951,100	9,613,553
Equity Attributable to Shareholders of the Parent		-	-	-	-	-
Share capital		1,653,575	1,787,083	1,786,979	1,608,139	2,090,581
Capital Surplus	Before Distribution	4,997,188	15,120,168	15,118,420	15,115,876	15,115,876
	After Distribution	15,120,168	15,118,420	15,115,876	15,115,876	15,115,876
Retained earnings	Before Distribution	3,589,674	4,432,991	6,220,027	7,819,179	7,256,214
	After Distribution	3,010,923	3,450,095	4,611,813	6,087,201	6,754,475
Others Equity		(63,711)	(130,709)	(142,485)	(19,196)	(21,216)
Treasury stock		-	-	-	-	-
Minority equity		-	-	-	-	-
Total Equity	Before Distribution	10,176,726	21,209,533	22,982,941	24,523,998	24,441,455
	After Distribution	9,597,975	20,226,637	21,374,727	22,792,020	23,939,716

Note 1: The financial information over the past 5 fiscal years has been audited by independent auditors.

(II)Income statement

1. Condensed consolidated income statement -IFRS

Unit: NTD thousand dollars (EPS: NTD)

Item \ Year	Most Recent 5-Year Financial Information					As of March 31, 2024 Financial information (Note 1)
	2019	2020	2021	2022	2023	
Operating revenue	7,430,654	10,178,002	13,860,114	14,071,591	11,584,909	2,971,018
Gross profit	1,599,744	2,895,796	4,614,796	5,005,335	2,787,536	818,513
Operating Income	911,877	2,005,447	3,396,366	3,665,631	1,418,247	428,623
Non-operating Income and Expenses	30,369	(156,642)	(14,441)	223,613	(23,195)	27,229
Income before Income Tax	942,246	1,848,805	3,381,925	3,889,244	1,395,052	455,852
Income from Continuing Operations	741,956	1,450,675	2,764,692	3,140,942	1,150,513	364,585
Loss from Discontinuing Operations	-	-	-	-	-	-
Net Income	741,956	1,450,675	2,764,692	3,140,942	1,150,513	364,585
Other Comprehensive Income (Loss), After Tax	(21,770)	(72,410)	(23,027)	182,936	16,480	67,077
Comprehensive Income	720,186	1,378,265	2,741,665	3,323,878	1,166,993	431,662
Net Income Attributable to Shareholders of the Parent	741,956	1,450,675	2,764,692	3,140,942	1,150,513	364,585
Net Income Attributable to Minority Equity	-	-	-	-	-	-
Comprehensive Income Attributable to Shareholders of the Parent	720,186	1,378,265	2,741,665	3,323,878	1,166,993	431,662
Comprehensive Income Attributable to Minority Equity	-	-	-	-	-	-
Earnings per share	4.49	7.88	15.49	17.98	5.50	1.74

Note 1: The financial information of Q1, 2024 has been reviewed by independent auditors.

2.Condensed parent-company-only income statement-IFRS

Unit: NTD thousand dollars (EPS: NTD)

Year / Item	Financial Information for the Past 5 Years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	7,369,789	8,761,895	10,388,651	12,030,899	11,584,909
Gross profit	1,411,069	2,383,249	2,937,944	3,923,855	2,712,145
Operating Income	922,850	1,764,660	2,154,394	2,829,572	1,400,937
Non-operating Income and Expenses	3,787	32,315	1,018,157	924,121	(18,965)
Income before Income Tax	926,637	1,796,975	3,172,551	3,753,693	1,381,972
Income from Continuing Operations	741,956	1,450,675	2,764,692	3,140,942	1,150,513
Loss from Discontinuing Operations	-	-	-	-	-
Net Income	741,956	1,450,675	2,764,692	3,140,942	1,150,513
Other Comprehensive Income (Loss), After Tax	(21,770)	(72,410)	(23,027)	182,936	16,480
Comprehensive Income	720,186	1,378,265	2,741,665	3,323,878	1,166,993
Net Income Attributable to Shareholders of the Parent	741,956	1,450,675	2,764,692	3,140,942	1,150,513
Net Income Attributable to Minority Equity	-	-	-	-	-
Comprehensive Income Attributable to Shareholders of the Parent	720,186	1,378,265	2,741,665	3,323,878	1,166,993
Comprehensive Income Attributable to Minority Equity	-	-	-	-	-
Earnings per share	4.49	7.88	15.49	17.98	5.50

Note 1: The financial information over the past 5 fiscal years has been audited by independent auditors.

(III) Name of the certified public accountant and the auditor's opinion given thereby

Year	Name of CPA Firm	CPA	Auditors' Opinion
2019	KPMG	Szu-Chuan Chien and Jui-Lan Lo	Unqualified opinion
2020	KPMG	Szu-Chuan Chien and Jui-Lan Lo	Unqualified opinion
2021	KPMG	Szu-Chuan Chien and Jui-Lan Lo	Unqualified opinion
2022	KPMG	Szu-Chuan Chien and I-Wen Wang	Unqualified opinion
2023	KPMG	Szu-Chuan Chien and I-Wen Wang	Unqualified opinion

II. Financial Analysis of the Last Five Fiscal Years

(I)Consolidated financial analysis -IFRS

Analysis items (Note 2) \ Year		Most Recent 5-Year Financial Analysis 2019	2020	2021	2022	2022	The information as of March 31, 2024 (Note 1)
Capital Structure (%)	Debt Ratio	18.08	16.62	16.54	28.42	27.39	28.47
	Long-term Funds to Property, Plant and Equipment (%)	186.68	272.70	265.15	279.36	250.41	250.95
Liquidity%	Current Ratio	368.40	209.45	217.37	298.43	262.20	235.78
	Quick Ratio	298.13	168.47	171.37	250.99	213.75	192.24
	Times Interest Earned (Times)	126.17	337.70	902.37	181.68	14.56	18.25
Operating Performance	Average Collection Turnover (Times)	5.70	6.45	6.85	6.42	5.48	5.72
	Average Collection Days	64	57	53	57	67	64
	Average Inventory Turnover (Times)	4.57	5.34	5.52	5.00	5.19	5.34
	Average Payable Turnover (Times)	11.88	10.17	9.42	9.99	11.51	11.14
	Inventory Turnover Days	80	68	66	73	70	68
	Property, Plant and Equipment Turnover (Times)	1.50	1.49	1.65	1.43	1.01	0.99
	Total Assets Turnover (Times)	0.60	0.54	0.52	0.46	0.34	0.35
Profitability	Return on Total Assets (%)	6.01	7.69	10.45	10.22	3.63	4.56
	Return on Equity (%)	7.19	9.24	12.51	13.22	4.70	5.98
	Income before Income Tax to Issued Capital (%)	56.98	103.45	189.25	241.85	66.73	87.22
	Net Income to Sales (%)	9.99	14.25	19.95	22.32	9.93	12.27
	Earnings Per Share (NT$)	4.49	7.88	15.49	17.98	5.50	1.74
Cash Flow	Cash Flow Ratio (%)	106.77	66.49	112.73	113.80	69.74	80.22
	Cash Flow Adequacy Ratio (%)	92.28	95.05	105.12	82.44	72.70	86.06
	Cash Flow Re-investment Ratio (%)	6.34	7.51	12.83	8.29	3.25	7.31
Leverage	Operating Leverage	1.82	1.52	1.47	1.40	2.00	1.97
	Financial Leverage	1.01	1.00	1.00	1.01	1.08	1.07

Explanations for Significant Changes (over 20%)

1. Decrease in times interest earned: mainly due to decrease in pre-tax net profit and increase in interest expense this year.
2. Decrease in Property, Plant and Equipment Turnover and Total Assets Turnover: mainly due to decrease net sales this year.
3. Decrease in Return on Total Assets, Return on Equity, Income before Income Tax to Issued Capital, Net Income to Sales and Earnings Per Share: mainly due to decrease in pre-tax net profit this year.
4. Decrease in Cash Flow Re-investment Ratio: mainly due to the decrease in net cash flow from operating activities this year.
5. Decrease in Cash Flow Re-investment Ratio: mainly due to the decrease in net cash flow from operating activities and increase in Long-term investment and fixed asset this year.
6. Increase in Operating Leverage: mainly due to Income from Operations this year.

Note 1: The financial information of Q1, 2024 has been reviewed by independent auditors.

Note 2: Formula for Financial Analysis:

1.Capital Structure

(1)Debt ratio = Total liabilities/Total assets

(2)Long-term funds to property, plant and equipment = (Stockholders' equity + Noncurrent Liabilities) / Net Property, Plant and Equipment

2.Liquidity

(1)Current ratio = Current assets/Current liability

(2)Quick ratio = (Current Asset-Inventories-Pre-paid Expense -Current Deferred Income Tax) /Current Liability

(3)Times interest earned = Earnings before interest and Taxes/Interest Expense

3.Operating Performance

(1)Average collection turnover (times) (including accounts receivable and notes receivable from operating) = Net Sales / Average Trade Receivable (including accounts receivable and notes receivable from operating)

(2)Average collection days = 365 / Average Collection Turnover (Times)

(3)Average inventory turnover (times) = Cost of Goods Sold / Average Inventory

(4)Average payable turnover (times) (including accounts payable and notes payable from operating) = Cost of Goods Sold /Average Trade Payables (including accounts payable and notes payable from operating)

(5)Inventory turnover days = 365 / Average Inventory Turnover (times)

(6)Property, plant and equipment turnover (times) = Net Sales / Average Property, Plant and Equipment

(7)Total assets turnover (times) = Net sales / Average Total Assets

4.Profitability

(1)Return on assets = [Income after tax + Interest expenses x (1 - tax rate)]/Average total assets.

(2)Return on Equity = Net Income after Tax / Average Stockholders' Equity.

(3)Net income to sales = Net Income after Tax / Net Sales.

(4)EPS = (Net Income after Tax-Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding

5.Cash Flow

(1)Cash flow ratio = Net operating cash flow/Current liability.

(2)Cash flow adequacy ratio = Net operating cash flow over the last 5 years/over the last 5 years (capital expense + inventory+ cash dividend)

(3)Cash flow re-investment ratio = (Net operating cash flow-cash dividends) / (Gross property, plant and equipment + long-term investment + other assets + working capital)

6.Leverage:

(1)Operating leverage = (Net Sales-Variable Cost and expense) / Income from Operations

(2)Financial leverage = Income from Operations/ (Income from Operations-Interest Expenses)

(II)Parent-company-only financial analysis -IFRS

Analysis items (Note 2)	Year	Financial Analysis for the Past 5 Years (Note 1)				
		2019	2020	2021	2022	2023
Capital Structure (%)	Debt Ratio	17.41	11.84	12.26	28.35	27.16
	Long-term Funds to Property, Plant and Equipment (%)	206.71	362.33	350.12	296.24	263.94
Liquidity%	Current Ratio	328.78	206.64	192.76	265.30	225.63
	Quick Ratio	274.20	164.51	149.49	225.31	185.88
	Times Interest Earned (Times)	393.64	658.75	1,404.16	175.72	14.43
Operating Performance	Average Collection Turnover (Times)	5.73	6.42	6.60	6.17	5.48
	Average Collection Days	64	57	55	59	67
	Average Inventory Turnover (Times)	6.28	6.47	6.73	6.06	6.39
	Average Payable Turnover (Times)	12.04	10.75	10.72	10.89	11.96
	Inventory Turnover Days	58	56	54	60	57
	Property, Plant and Equipment Turnover (Times)	1.72	1.59	1.65	1.43	1.07
	Total Assets Turnover (Times)	0.60	0.48	0.41	0.40	0.34
Profitability	Return on Total Assets (%)	6.06	7.99	11.01	10.45	3.64
	Return on Equity (%)	7.19	9.24	12.51	13.22	4.70
	Income before Income Tax to Issued Capital (%)	56.04	100.55	177.54	233.42	66.10
	Net Income to Sales (%)	10.07	16.56	26.61	26.11	9.93
	Earnings Per Share (NT$)	4.49	7.88	15.49	17.98	5.50
Cash Flow	Cash Flow Ratio (%)	92.17	85.85	113.36	89.14	65.22
	Cash Flow Adequacy Ratio (%)	89.59	91.03	87.23	73.42	59.12
	Cash Flow Re-investment Ratio (%)	5.07	6.87	8.47	5.83	2.84
Leverage	Operating Leverage	1.66	1.43	1.54	1.40	1.89
	Financial Leverage	1.00	1.00	1.00	1.01	1.08

Explanations for Significant Changes (over 20%)

1. Decrease in times interest earned: mainly due to decrease in pre-tax net profit and increase in interest expense this year.
2. Decrease in Return on Total Assets, Return on Equity, Income before Income Tax to Issued Capital, Net Income to Sales and Earnings Per Share: mainly due to decrease in pre-tax net profit this year.
3. Decrease in cash flow ratio: mainly due to the decrease in net cash flow from operating activities this year.
4. Decrease in Cash Flow Re-investment Ratio: mainly due to the decrease in net cash flow from operating activities and increase in Long-term investment and fixed asset this year.
5. Increase in Operating Leverage: mainly due to Income from Operations this year.

Note1: The financial information has been audited by independent auditors.

Note 2: Formula for Financial Analysis:

1.Capital Structure

(1)Debt ratio = Total liabilities/Total assets

(2)Long-term funds to property, plant and equipment = (Stockholders' equity + Noncurrent Liabilities) / Net Property, Plant and Equipment

2.Liquidity

(1)Current ratio = Current assets/Current liability

(2)Quick ratio = (Current Asset-Inventories-Pre-paid Expense -Current Deferred Income Tax) /Current Liability

(3)Times interest earned = Earnings before interest and Taxes/Interest Expense

3.Operating Performance

(1)Average collection turnover (times) (including accounts receivable and notes receivable from operating) = Net Sales / Average Trade Receivable (including accounts receivable and notes receivable from operating)

(2)Average collection days = 365 / Average Collection Turnover (Times)

(3)Average inventory turnover (times) = Cost of Goods Sold / Average Inventory

(4)Average payable turnover (times) (including accounts payable and notes payable from operating) = Cost of Goods Sold /Average Trade Payables (including accounts payable and notes payable from operating)

(5)Inventory turnover days = 365 / Average Inventory Turnover (times)

(6)Property, plant and equipment turnover (times) = Net Sales / Average Property, Plant and Equipment

(7)Total assets turnover (times) = Net sales / Average Total Assets

4.Profitability

(1)Return on assets = [Income after tax + Interest expenses x (1 - tax rate)]/Average total assets.

(2)Return on Equity = Net Income after Tax / Average Stockholders' Equity.

(3)Net income to sales = Net Income after Tax / Net Sales.

(4)EPS = (Net Income after Tax-Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding

5.Cash Flow

(1)Cash flow ratio = Net operating cash flow/Current liability.

(2)Cash flow adequacy ratio = Net operating cash flow over the last 5 years/over the last 5 years (capital expense + inventory+ cash dividend)

(3)Cash flow re-investment ratio = (Net operating cash flow-cash dividends) / (Gross property, plant and equipment + long-term investment + other assets + working capital)

6.Leverage:

(1)Operating leverage = (Net Sales-Variable Cost and expense) / Income from Operations

(2)Financial leverage = Income from Operations/ (Income from Operations-Interest Expenses)

III. Audit Committee's Report for the Most Recent Year's Financial Statement.

TONG HSING ELECTRONIC INDUSTRIES, LTD.

Audit Committee's Review Report

Hereby

The Board of Directors has prepared and submitted the 2023 financial statements (including individual and consolidated statements) of the Company, which have been audited and certified as complete by CPAs Szu-Chuan Chien and I-Wen Wang from KPMG Taiwan. We have audited the aforesaid financial statements, business report and earnings distribution and found that there are no discrepancies. We hereby respectfully prepare and present this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for your review.

2024 Annual Shareholders’ Meeting

TONG HSING ELECTRONIC INDUSTRIES, LTD.

Convener of the Audit Committee: Chin-Tsai Chen

Date: February 29, 2024

IV. Financial Statement for the Most Recent Fiscal Year: Please refer to page 127 of the Annual report.

V. A Parent-company-only Financial Statement for the Most Recent Fiscal Year, Certified by a CPA: Please refer to page 201 of the Annual report.

VI. The Company and 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, How Said Difficulties will Affect the Company's Financial Situation: None.

Chapter 7 Review and Analyze Financial Position, Performance and Assess the Risks

I. Financial Position

Comparative Analysis of Financial Status

Unit: NT$ thousand dollars

	2023	2022	Difference	
			Amount	%
Current Assets	9,137,639	11,970,627	(2,832,988)	(23.67)
Property, Plant and Equipment	11,876,485	10,713,593	1,162,892	10.85
Intangible Assets	8,275,657	8,445,717	(170,060)	(2.01)
Other Assets	4,372,649	3,132,800	1,239,849	39.58
Total assets	33,662,430	34,262,737	(600,307)	(1.75)
Current Liabilities	3,485,037	4,011,187	(526,150)	(13.12)
Non-current Liabilities	5,735,938	5,727,552	8,386	0.15
Total liabilities	9,220,975	9,738,739	(517,764)	(5.32)
Equity Attributable to Shareholders of the Parent	24,441,455	24,523,998	(82,543)	(0.34)
Share capital	2,090,581	1,608,139	482,442	30.00
Capital Surplus	15,115,876	15,115,876	-	-
Retained earnings	7,256,214	7,819,179	(562,965)	(7.20)
Others Equity	(21,216)	(19,196)	(2,020)	(10.52)
Treasury stock	-	-	-	-
Total Equity	24,441,455	24,523,998	(82,543)	(0.34)

Description and explanation of significant changes (over 20% before and after change, with change amount of up to NT$ 10 million or more):

1. Decrease in current assets:

   Mainly due to the increase in profit this year resulting in an decrease in cash.

2. Increase in other assets:

   Mainly due to the increase in the purchase of foreign corporate bonds this year.

3. Increase in share capital：

   Mainly due to a new share issue through capitalization of earnings this year.

II. Financial Performance

(I)Financial Performance

Unit: NT$ thousand dollars

Item \ Year	2023	2022	Increase (Decrease) Amount	% of Change
Operating revenue	11,584,909	14,071,591	(2,486,682)	(17.67)
Gross profit	2,787,536	5,005,335	(2,217,799)	(44.31)
Net Operating Income	1,418,247	3,665,631	(2,247,384)	(61.31)
Non-operating Income and Expenses	(23,195)	223,613	(246,808)	(110.37)
Income before Income Tax	1,395,052	3,889,244	(2,494,192)	(64.13)
Income from Continuing Operations	1,150,513	3,140,942	(1,990,429)	(63.37)
Loss from Discontinuing Operations	-	-	-	-
Net Income	1,150,513	3,140,942	(1,990,429)	(63.37)
Other Comprehensive Income (Loss), After Tax	16,480	182,936	(166,456)	(90.99)
Comprehensive Income	1,166,993	3,323,878	(2,156,885)	(64.89)
Net Income Attributable to Shareholders of the Parent	1,150,513	3,140,942	(1,990,429)	(63.37)
Net Income Attributable to Minority Equity	-	-	-	-
Comprehensive Income Attributable to Shareholders of the Parent	1,166,993	3,323,878	(2,156,885)	(64.89)
Comprehensive Income Attributable to Minority Equity	-	-	-	-

Explanations for significant changes (over 20%):

1. Decrease in gross profit:
   Mainly due to the decrease in operating revenue and sales product mix changes.
2. Decrease in net operating income:
   Mainly due to the decrease in gross profit this year.
3. Decrease in non-operating income and expenses:
   Mainly due to the decrease in foreign currency exchange benefits due to changes in exchange rates.
4. Decrease in income before income tax and net income:
   Mainly due to the increase in operating revenue and cost of sales.
5. Decrease in other comprehensive gains and losses (net):
   Mainly due to the decrease in the exchange difference between the defined benefit plan and the translation of financial statements of foreign operating institutions this year.
6. Decrease in the total comprehensive profit and loss:
   Mainly due to the decrease in the profit of the year, the defined benefit plan and the exchange difference in the translation of the financial statements of foreign operating institutions.

III. Cash Flow

(I) Analysis cash flow changes during the most recent fiscal year

Unit: NT$ thousand dollars

Cash at Beginning of Year	Net Cash Flow from Operating Activities	Net Cash Flow from Investing and Financing Activities	Effect of Change to Exchange Rate	Cash balance (Deficit)	Remedial Measures for Cash Inadequacy	
					Investment Plan	Financing Plan
7,496,769	2,430,613	(5,178,821)	(1,694)	4,746,867	-	-

Net cash flows increased by NT$ 5,862,974 thousand compared with that of the previous period mainly because:

Item	2023	2022	Increase (decrease) in Net Cash Inflow (Outflow)
Operating Activities	2,430,613	4,564,801	(2,134,188)
Investing Activities	(3,904,675)	(5,059,695)	1,155,020
Financing Activities	(1,274,146)	3,485,996	(4,760,142)
Foreign Currency Exchange Rate	(1,694)	121,970	(123,664)
Net Cash Flow	(2,749,902)	3,113,072	(5,862,974)

(1) Decrease in net cash inflow from operating activities:
Mainly due to the decrease in sales revenue this year.

(2) Decrease in net cash outflow from investment activities:
Mainly due to the decrease in real estate, plant and equipment and financial assets acquired this year.

(3) Decrease in net cash inflows from financing activities:
Mainly due to the fact that no long-term borrowings were made this year.

(4) The impact of exchange rate changes on cash and cash equivalents:
Mainly due to the impact of exchange rate changes on the translation of financial reports of foreign operating institutions.

(II) Action plans to improve the cash flow: Not Applicable.

(III) Cash liquidity analysis for the upcoming year

The Company’s estimated cash outflows in the next year mainly relate to future operating plan and investment demands. In addition to cash inflow expenditures of the operating activities, we plan to take bank loans to finance the capital demands if the cash balance is not sufficient.

IV. The Effect Upon Financial Operations of any Major Capital Expenditures During the Most Recent Fiscal Year.

(I)Distribution of major capital expenditures and source of capital

Unit: NT$ thousands

Plan	Actual Source of Capital	Actual Distribution of Capital for 2023
Property, plant and equipment	Own funds and bank loans	2,743,236

(II) Estimated Benefits

To expand production capacity, upgrade equipment, enhance product quality and manufacturing processes to meet customer demands, thereby reducing costs and increasing operating profits.

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

(I) Profits or losses from reinvestments as of December 31, 2023

Unit: NT$ thousand dollars

Investee Business	Number of Shares Invested (Thousand shares)	Investment Shares Percentage	Net Equity	Accounting Method	2023 Losses on Investments
Tong Hsing Electronics Phils, Inc.	28,793	100.00%	1,968,369	Equity Method	39,925

(II)Investee business analysis table

Unit: NT$ thousand dollars

Investee Business	Investment Amount	Policies	Main Reasons for Profit or Loss	Improvement Plan	Other Future Investment Plans
Tong Hsing Electronics Phils, Inc.	0	100% owned - a low-cost production hub	Adjustment of Product Portfolio and optimization of Production line and well controlled cost.	-	-

VI. Risk Analysis and Assessment

(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:

The Company prioritizes security management for the allocation of capital and regularly evaluates reasonable return on investments. We established specific foreign exchange operating strategies and rigorous monitoring procedures to monitor changes in foreign exchange rates. In addition, we also closely monitor changes in market prices and maintain good interactions with suppliers and customers. By collecting information of the inflation and government pricing policy, we have not suffered material impact as a result of inflation and will continue to uphold the risk management strategy to reduce the impact of interest rate, exchange rate variation, and inflation on the Company's income.

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

The Company does not engage in high-risk and high-leverage investments. All investments and derivatives trading are carefully evaluated before implementation. There will be no capital loans to others and endorsement guarantees in 2023 and execute according to" Procedure for Lending Funds to Other Parties and or Guarantee" &" Procedure for Derivatives Trading."

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

Apart from the basic research and development on new production processes and materials, we will continue to focus on the technology developments in the application areas of communication, high frequency, high power, detector, image sensors, automobiles, and biomedicine, etc. Total capital put in for R&D is estimated at NT$400 million.

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

The Company’s operation follows the relevant laws and regulations as the top guidelines. Thus, our operation team pays attention to any changes of the appropriate laws and regulations at any time, so as to cope with various situations arising from changes to the laws and regulations. So far, the Company’s significant strategies have not been altered with changes to laws and regulation.

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

Our business is closely linked to mobile communication, new energy and automotive industries.

"Data transmission infrastructure has become increasingly important as 5G and non-terrestrial communication technologies and applications become more popular and the demand for network in the post-epidemic era increases. Based on the packaging technology related to RF over the years, the Company actively explored the corresponding production processes and technical services.

In the new energy sector, leveraging on its long-term experience in packaging for automotive and industrial uses and its own advantages in producing ceramic substrates, the Company offers a full range of turnkey solution for IDM and fabless customers.

For energy saving applications, amid the heating-up competition in LED market, we will continue to improve the cost structure to stay competitive; in the meantime, we will expand towards new applications, such as substrates used for TEC and semiconductor laser module packaging.

In the clean energy field, several sectors, including high-power AC/DC converting IC and the associated module and packaging service, are rising, as they are needed in solar and wind power generation, as well as in electronic vehicles. One of the important components is the power module, which has high requirements for heat dissipation and insulation. The next-generation products will be SiC power components with higher working temperature. DBC & AMB substrates will offer strengths such as a high working temperature, high heat conductivity, high insulation resistance, and low thermal expansion coefficient and currently the ideal choice for power module substrate.

In the automobile market, LED lights have also gradually replaced halogen lamps and HID lamps. The Company actively develops various high-reliability ceramic substrates to meet customer demands and expand market share. In terms of smart automotive and automated driving, the Company also actively cooperates with customers in developing packaging solutions for high reliability and anti-glare requirements for automated driving. In addition, in response to the development trend of stacked wafer, the Company also actively cooperates with customers to develop packaging structures and related material technologies to meet the market development needs.

Moreover, we will strive to meet the customers' needs in terms of capacity and future applications.

In the aspect of information and communication security, the Company is actively planning the layout of information security system in response to the spate of information security threats in recent years. With information asset protection as the core objective, accurate information assets inventory is carried out in order to make clear with different levels of information assets value. Each information assets should be assessed in terms of risks and appropriate disposal measures. Relevant implementation should be conducted to ensure a safe and reliable information and communication environment for the Company.

(VI) Effect on the Company's crisis management of changes in the Company's corporate image, and measures to be taken in response: None.

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

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

The Company is constructing new plants to increase production capacity in response to the industry's continuous growth demands. Only by strengthening the Company's product line range and leveraging economies of scale can we increase revenue and profits, and expand market share. In summary, the Company's expansion of the plants has been carefully evaluated and planned internally, striving to meet customer demands while also optimizing the use of capital. As the new plants are gradually put into use, the benefits of plant expansion will gradually appear, and the risks should be rather limited.

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

The Company shall continue to actively develop new products and new customers to reduce the risks of over reliance on one single customer.

The Company has not had any individual suppliers that account for more than 20% of overall net purchases or individual customers that account for more than 20% of overall net sales. Therefore, there are currently no risks of over-reliance on one single supplier.

In addition to maintaining positive relations with existing customers, the Company also develops new customers and new businesses to expand the scale of revenues and reduce dependency on individual customers.

(X) Effect upon and risk to the Company in the event a major quantity of shares belonging to a director and 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: None.

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

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

(XIII) Other important risks, and mitigation measures being or to be taken:

The fire incident occurred on September 26, 2022 resulted in the destruction of certain parts of the building, equipment, and inventory in the Company’s Taipei factory, causing the Company to incur repairments and maintenance expenses. In addition, part of the personnel affected by the fire incidents have been transferred to other business premises of the Company to continue their daily operations. The remaining production lines and other factory areas of the Taipei factory remain in normal operation. The damaged buildings and equipment derecognized by the Company amounted to $166,511 thousand and the inventory amounted to $37,579 thousand during 2022. The total estimated losses from the incidents above amounted to $204,090 thousand.

For the year ended December 31, 2023, the Company recognized and received insurance claim income amounted to $103,132 thousand, which was recorded under other income.

VII. Other Important Matters: None.

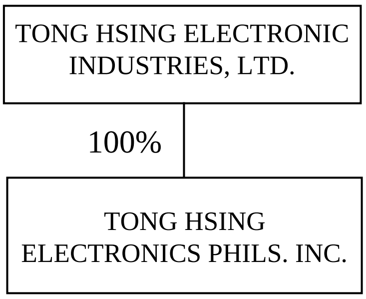
Chapter 8 Special Disclosure

I. Information Related to the Company's Affiliates

(I) Consolidated business report

1. Organizational Chart

December 31, 2023



2. Basic Information of the Company's Affiliated Enterprises:

December 31, 2023; Unit: NT$ thousand dolllars

Name of Corporation	Date of incorporation	Region	Capital	Major Business
TONG HSING ELECTRONICS PHILS. INC.	Sep. 1994	Philippines	1,633,651	Sale and Production for RF modules, hybrid, ceramic substrates and image sensor products.

3. Information for Common Shareholders of Treated-as Controlled Companies and Affiliates: None.

4. The business scope covered by the Company and its affiliates:
   The business covered by the Company includes production and sale of RF communication modules, ceramic circuit boards, hybrid integrated circuit modules, image products and other electronic products.

5. The division of business, if business of the Company and its affiliates are related to each other :
   Production and sale of RF communication modules, ceramic circuit boards, hybrid integrated circuit modules, image products and other electronic products.

6. Directors, supervisors and general manager of affiliated enterprises

Unit: thousand shares

Name of Corporation	Title	Name or Representative	Shareholding	
			Shares	Ownership (%)
TONG HSING ELECTRONICS PHILS. INC.	Chairperson	Chia Shuai Chang	28,793	100%
	Director/ General Manager	Lu, Yung-Hung		
	Directors	Chia Li Huang		
	Directors	Jocelyn C. Francia		
	Directors	Roberto Jose Castillo		

(II)Summarized operation results of affiliated enterprises

December 31, 2023; Unit: NT$ thousand dollars

Name of Corporation	Capital	Total Assets	Total liabilities	Net Worth	Operating revenue	Operating Income (Loss)	Net Income (Loss)	Earnings Per Share ($)
Tong Hsing Electronics Phils, Inc.	1,633,651	2,281,748	297,400	1,984,348	2,310,360	13,001	40,207	1.40

Note: Exchange rate as of December 31, 2023: US$ / NT$ =30.705
Average exchange rate in 2023: US$ / NT$ = 31.155

(III)Statement of declaration for consolidated financial statements

Statement of Declaration

The entities that are required to be included in the consolidated financial statements of Tong Hsing Electronic Industries, Ltd. for 2023 (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 the International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements". In addition, the information required to be disclosed in the consolidated financial statements of the affiliates is included in the parent-subsidiary consolidated financial statements. Consequently, Tong Hsing Electronic Industries, Ltd. and subsidiaries do not prepare a separate set of combined financial statements.

Sincerely,

Company name: Tong Hsing Electronic Industries, Ltd.

Chairperson: Tai Ming Chen

Date: February 29, 2024

(IV) Affiliation report: None.

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

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

IV. Supplementary Disclosures: None.

Chapter 9 Any of the Situations Listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, which might Materially Affect Shareholders' Equity or the Price of the Company's Securities, has Occurred During the most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

Representation Letter

The entities that are required to be included in the combined financial statements of Tong Hsing Electronic Industries, Ltd. 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, Tong Hsing Electronic Industries, Ltd. and subsidiaries do not prepare a separate set of combined financial statements.

Company name: Tong Hsing Electronic Industries, Ltd.
Chairman: Tie-Min, Chen
Date: February 29, 2024

Independent Auditors′ Report

To the Board of Directors of Tong Hsing Electronic Industries, Ltd.:

Opinion

We have audited the consolidated financial statements of Tong Hsing Electronic Industries, Ltd. and its subsidiaries (“the Group”) which comprise the consolidated balance sheets as of December 31, 2023 and 2022, 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 material 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”), 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 Financial Statement Audit and Attestation Engagements of 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 significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we judged shall be presented in the auditors′ report as follows:

1. Valuation of inventories

Please refer to Note (4)(h) “Inventories” of the consolidated financial statements for accounting policies; Notes(5)(a) “Valuation of inventories” for accounting assumptions and estimation uncertainty of inventories valuation. Information regarding inventories and related expenses are shown in Note (6)(f) of the consolidated financial statements.

Description of key audit matter:

Due to the impact of product life cycle and industrial competition in electronics industry, the price variability for the inventories of the Group is expected. Therefore, the inventories valuation is one of the key audit matters in our audit.

How the matter was addressed in our audit:

Our principal audit procedures included assessing the reasonasleness of the Group ′ s policies for allowance for inventories valuation and obsolescence losses as well as considering the impact of economic uncertainty, and whether they are in accordance with the related standards. In addition, our audit procedures included inspecting the inventory aging report; analyzing the aging of inventory of each period; as well as testing the interval classification of the inventory aging report and the relevant value of the calculation table of the lower of the cost, and the net realizable value, to assess the reasonasleness of the management ′ s estimates on the net realizable value for inventories.

2. Impairment evaluation of intangible assets

Please refer to Note (4)(l) “intangible assets” and Note (4)(m) “Impairment of non-financial assets” of the consolidated financial statements for the accounting policies related to the impairment of intangible assets; Note (5)(b) for the accounting estimations and assumptions uncertainty for goodwill impairment; Note (6)(i) “intangible assets” for details related to impairment of intangible assets.

Description of key audit matter:

The Group fully acquired KINGPAK Technology Inc. by stock exchange on June 19, 2020 (the effective date). The reference date of the merger is June 30, 2022. Management periodically assesses if there is any indication of impairment. The amounts of investments are significant, and assessing intangible assets such as goodwill involves complex calculations. Thus, the impairment evaluation of intangible assets is one of the most important evaluations in performing our audit procedures of the Group.

How the matter was addressed in our audit:

Our principal audit procedures included the following:

- Understand and assess the cash-generating unit that the management has identified to impair and any indication of impairment, the reasonableness of the management's method of measuring the recoverable amount, and the accuracy of management's past forecasts.
- Evaluate the professional competence, objectivity, experience, and valuation of external experts.
- Assess the appropriateness and correctness of the variables from the external professional ′ s appraisal pertaining to the testing of the impairment of the cash-generating unit.

Other Matter

Tong Hsing Electronic Industries, Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified 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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, 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 the management either intends to liquidate the Group or to cease its operations, or has no realistic alternative but to do so.

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

Auditors′ Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group′s 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 of the current period 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 Chien, Szu-Chuan and Wang, I-Wen.

KPMG

Taipei, Taiwan (Republic of China)
February 29, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors′ audit 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′ audit report and consolidated financial statements, the Chinese version shall prevail.

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

TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note (6)(a))	$ 4,746,867	14	7,496,769	22
1110	Current financial assets at fair value through profit or loss (note (6)(b))	391,321	1	232,584	1
1170	Accounts receivable, net (note (6)(e))	2,074,577	7	2,157,262	7
1200	Other receivables	78,806	-	70,545	-
1310	Inventories (note (6)(f))	1,592,699	5	1,794,234	5
1410	Prepayments	95,505	-	108,912	-
1470	Other current assets (note (6)(t))	125,823	-	78,409	-
1476	Other current financial assets (note (8))	32,041	-	31,912	-
		9,137,639	27	11,970,627	35
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (note (6)(b))	686,256	2	1,010,391	3
1517	Non-current financial assets at fair value through other comprehensive income (note (6)(c))	320,815	1	321,398	1
1535	Non-current financial assets at amortized cost (note (6)(d))	2,843,331	8	1,409,013	4
1600	Property, plant and equipment (notes (6)(g), (7) and (8))	11,876,485	36	10,713,593	31
1755	Right-of-use assets (note (6)(h))	146,165	-	115,221	-
1760	Investment property, net	28,648	-	-	-
1780	Intangible assets (note (6)(i))	8,275,657	25	8,445,717	25
1840	Deferred tax assets (note (6)(p))	299,007	1	244,941	1
1900	Other non-current assets	43,022	-	26,431	-
1980	Other non-current financial assets (note (8))	5,405	-	5,405	-
		24,524,791	73	22,292,110	65
	Total assets	$ 33,662,430	100	34,262,737	100

		December 31, 2023		December 31, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2120	Current financial liabilities at fair value through profit or loss (note (6)(b))	$ 789	-	1,390	-
2130	Current contract liabilities (note (6)(t))	187,230	1	58,361	-
2170	Notes and accounts payable	726,115	2	802,055	2
2200	Other payables (note (6)(l))	2,005,187	5	2,282,338	7
2230	Current tax liabilities	223,605	1	572,975	2
2250	Current provisions (note (6)(m))	275,502	1	223,869	1
2280	Current lease liabilities (note (6)(n))	26,614	-	19,947	-
2300	Other current liabilities	39,995	-	50,252	-
		3,485,037	10	4,011,187	12
	Non-Current liabilities:				
2540	Long-term borrowings (note (6)(k))	5,227,817	16	5,204,769	16
2570	Deferred tax liabilities (note (6)(p))	168,703	1	160,718	-
2580	Non-current lease liabilities (note (6)(n))	121,537	-	96,523	-
2600	Other non-current liabilities (note (6)(k))	149,722	-	161,083	-
2640	Non-current net defined benefit liability (note (6)(o))	68,159	-	104,459	-
		5,735,938	17	5,727,552	16
	Total liabilities	9,220,975	27	9,738,739	28
	Equity:				
	Equity attributable to owners of parent: (note (6)(q))				
3100	Ordinary shares	2,090,581	6	1,608,139	5
3200	Capital surplus	15,115,876	45	15,115,876	44
3310	Legal reserve	2,150,081	6	1,829,345	6
3320	Special reserve	169,408	1	169,408	-
3350	Unappropriated earnings	4,936,725	15	5,820,426	17
3400	Other equity	(21,216)	-	(19,196)	-
	Total equity	24,441,455	73	24,523,998	72
	Total liabilities and equity	$ 33,662,430	100	34,262,737	100

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

TONG HSING ELECTRONIC INDUSTRIES, LTD. 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	**Sales revenue**	$ 11,776,971	102	14,218,937	101
4170	Less: sales returns and allowances	192,062	2	147,346	1
4100	**Net sales revenue (notes (6)(t) and (14))**	11,584,909	100	14,071,591	100
5110	**Cost of sales (notes (6)(f), (6)(i), (6)(o) and (12))**	8,797,373	76	9,066,256	64
5900	**Gross profit**	2,787,536	24	5,005,335	36
6000	**Operating expenses (notes (6)(i), (6)(o), (7) and (12)):**				
6100	Selling expenses	243,803	2	299,047	2
6200	Administrative expenses	722,057	6	762,582	6
6300	Research and development expenses	402,816	4	367,443	3
6450	Expected credit losses (gains)	613	-	(89,368)	(1)
		1,369,289	12	1,339,704	10
6900	**Net operating income**	1,418,247	12	3,665,631	26
	Non-operating income and expenses:				
7100	Interest income	221,499	2	65,150	-
7190	Other income (notes (6)(k) and (10))	246,264	2	50,002	-
7230	Foreign exchange gains (losses), net (note (6)(w))	7,311	-	437,183	3
7235	Gains (losses) on financial assets (liabilities) at fair value through profit or loss, net (note (6)(b))	(54,355)	-	38,995	-
7510	Finance cost－interest expense	(102,880)	(1)	(21,526)	-
7590	Miscellaneous disbursements (notes (6)(g) and (6)(u))	(341,034)	(3)	(346,191)	(2)
		(23,195)	-	223,613	1
7900	**Profit before tax**	1,395,052	12	3,889,244	27
7950	**Less: income tax expenses (note (6)(p))**	244,539	2	748,302	5
	Profit	1,150,513	10	3,140,942	22
	Other comprehensive income: (notes (6)(o) and (6)(p))				
	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Remeasurements of defined benefit plans	23,125	-	83,030	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(583)	-	(29,165)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(4,625)	-	(16,606)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	17,917	-	37,259	-
	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(1,487)	-	176,572	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	50	-	(30,895)	-
	Components of other comprehensive income that will be reclassified to profit or loss	(1,437)	-	145,677	1
	Other comprehensive income, net	16,480	-	182,936	1
8500	**Comprehensive income**	**$ 1,166,993**	**10**	**3,323,878**	**23**
	Earnings per share (note (6)(s))				
9750	**Basic earnings per share (NT dollars)**	**$**	**5.50**		**14.09**
9850	**Diluted earnings per share (NT dollars)**	**$**	**5.48**		**13.93**

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

TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Other equity				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned employee compensation	Total	Total equity
Balance on January 1, 2022	$ 1,786,979	15,118,420	1,552,352	141,141	4,526,534	6,220,027	(136,291)	583	(6,777)	(142,485)	22,982,941
Net income for the year ended December 31, 2022	-	-	-	-	3,140,942	3,140,942	-	-	-	-	3,140,942
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	66,424	66,424	145,677	(29,165)	-	116,512	182,936
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	3,207,366	3,207,366	145,677	(29,165)	-	116,512	3,323,878
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	276,993	-	(276,993)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	28,267	(28,267)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,608,214)	(1,608,214)	-	-	-	-	(1,608,214)
Capital reduction	(178,690)	-	-	-	-	-	-	-	-	-	(178,690)
Share-based payments	(150)	(2,544)	-	-	-	-	-	-	6,777	6,777	4,083
Balance on December 31, 2022	1,608,139	15,115,876	1,829,345	169,408	5,820,426	7,819,179	9,386	(28,582)	-	(19,196)	24,523,998
Net income for the year ended December 31, 2023	-	-	-	-	1,150,513	1,150,513	-	-	-	-	1,150,513
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	18,500	18,500	(1,437)	(583)	-	(2,020)	16,480
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	1,169,013	1,169,013	(1,437)	(583)	-	(2,020)	1,166,993
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	320,736	-	(320,736)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,249,536)	(1,249,536)	-	-	-	-	(1,249,536)
Stock dividends of ordinary share	482,442	-	-	-	(482,442)	(482,442)	-	-	-	-	-
Balance on December 31, 2023	$ 2,090,581	15,115,876	2,150,081	169,408	4,936,725	7,256,214	7,949	(29,165)	-	(21,216)	24,441,455

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

TONG HSING ELECTRONIC INDUSTRIES, LTD. 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 (used in) operating activities:		
Profit before tax	$ 1,395,052	3,889,244
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	1,286,611	1,324,313
Amortization expenses	130,505	126,542
Expected credit losses (gains)	613	(89,368)
Net losses (gains) on financial assets and liabilities at fair value through profit or loss	54,355	(38,995)
Interest expenses	102,880	21,526
Interest income	(221,499)	(65,150)
Dividend income	(10,499)	(13,528)
Compensation cost of share-based payment transaction	-	4,083
(Gains) losses on disposal of property, plant and equipment	(862)	14,497
Impairment loss on non-financial assets	336,113	125,602
Losses due to disasters	-	204,090
Others	793	(80,852)
Total adjustments to reconcile profit (loss)	1,679,010	1,532,760
Changes in operating assets and liabilities:		
(Increase) decrease in current financial assets and liabilities at fair value through profit or loss	(172,334)	33,675
Increase in contract assets	(38,342)	(8,115)
Decrease in accounts receivable	82,718	158,219
(Increase) decrease in other receivables	13,094	(12,610)
(Increase) decrease in inventories	201,535	(1,544)
(Increase) decrease in prepayments	13,407	(58,933)
(Increase) decrease in other current assets	(9,072)	619
Increase (decrease) in current contract liabilities	128,869	(6,825)
Decrease in notes and accounts payable	(75,940)	(211,073)
Increase (decrease) in other payables	(264,252)	1,633
Increase in provisions and other current liabilities	41,376	67,902
Decrease in net defined benefit liabilities	(13,175)	(2,272)
	(92,116)	(39,324)
Cash inflow generated from operations	2,981,946	5,382,680
Interest received	161,993	46,787
Dividends received	10,499	13,528
Interest paid	(79,206)	(14,836)
Income taxes paid	(644,619)	(863,358)
Net cash flows from operating activities	2,430,613	4,564,801
Cash flows from (used in) investing activities:		
Acquisition of non-current financial assets at fair value through profit or loss	(88,242)	(902,982)
Proceeds from disposal of non-current financial assets at fair value through profit or loss	370,743	374,578
Acquisition of non-current financial assets at amortized cost	(1,636,124)	(1,117,047)
Proceeds from disposal of financial assets at amortized cost	229,480	-
Acquisition of property, plant and equipment	(2,756,761)	(3,346,244)
Proceeds from disposal of property, plant and equipment	5,330	13,119
(Increase) decrease in guarantee deposits paid	9,312	(14,581)
Acquisition of intangible assets	(38,284)	(68,650)
(Increase) decrease in other financial assets	(129)	2,112
Net cash used in investing activities	(3,904,675)	(5,059,695)
Cash flows from (used in) financing activities:		
Proceeds from long-term borrowings	-	5,297,000
Increase (decrease) in guarantee deposits received	156	(1,598)
Payments of lease liabilities	(24,766)	(22,502)
Cash dividends paid	(1,249,536)	(1,608,214)
Capital reduction by cash	-	(178,690)
Net cash from (used in) financing activities	(1,274,146)	3,485,996
Effect of exchange rate changes on cash and cash equivalents	(1,694)	121,970
Net increase (decrease) in cash and cash equivalents	(2,749,902)	3,113,072
Cash and cash equivalents at the beginning of period	7,496,769	4,383,697
Cash and cash equivalents at the end of period	**$ 4,746,867**	**7,496,769**

(1) Company history

Tong Hsing Electronic Industries, Ltd. (the "Company") was incorporated as a company limited by shares on August 11, 1974 and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is 6F, No.83, Yanping S. Rd., Zhongzheng Dist., Taipei City. In accordance with Article 19 of the Business Mergers and Acquisitions Act, the Company merged with its subsidiary, KINGPAK TECHNOLOGY INC. ("KINGPAK"), pursuant to the resolutions of the Board of Directors on March 17, 2022 with the Company as the surviving company, and KINGPAK as the dissolved company. The reference date of the merger is June 30, 2022. The major business activities of the Company and its subsidiaries (the "Group") are the manufacture and sale of RF module, ceramic metalized substrate, hybrid modules & specialty packaging and image products.

(2) Approval date and procedures of the consolidated financial statements

These consolidated financial statements were authorized for issue by the Board of Directors on February 29, 2024.

(3) New standards, amendments and interpretations adopted

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

● Amendments to IAS 1 "Disclosure of Accounting Policies"

● Amendments to IAS 8 "Definition of Accounting Estimates"

● Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Group has initially adopted the following new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

● Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"

(Continued)

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

● Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

● Amendments to IAS 1 “Non-current Liabilities with Covenants”

● Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”

● Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

● Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”

● IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”

● Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies

The material accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These 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 International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) Financial assets at fair value through other comprehensive income are measured at fair value; and

3) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note (4)(q).

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars, which is the Company′s functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls′ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Accounting policies of subsidiaries have been adjusted to ensure consistency with the policies adopted by the Group.

Changes in the Group′s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

			Shareholding		
Name of investor	**Name of subsidiary**	**Nature of operation**	**December 31, 2023**	**December 31, 2022**	**Note**
The Company	Tong Hsing Electronics Phils. Inc. (THEPI)	Manufacturing and sales of RF module, ceramic metalized substrate, hybrid modules & specialty packaging and image products	100%	100%	-

(Continued)

(d) Foreign currencies

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planed nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(Continued)

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in its normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Accounts receivable and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An accounts receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

(Continued)

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) - equity investment or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment′s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group′s right to receive payment is established.

(Continued)

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g., financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized costs, accounts receivable, other receivables, guarantee deposits paid and other financial assets), equity investments measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group′s historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 90 days past due or the borrower is unlikely to pay its credit obligations to the Group in full.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade which is considered to be BBB- or higher per Standard & Poor′s, Baa3 or higher per Moody′s or twA or higher per Taiwan Ratings′.

(Continued)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial assets.

At each reporting date, the Group assesses whether financial assets carried at amortized cost is credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

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

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

(Continued)

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted-average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation, and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant, and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(Continued)

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings and structures: 3 ~ 50 years

2) Machinery and equipment: 2 ~11 years

3) Office equipment: 3 ~8 years

4) Leasehold improvements: 2 ~ 25 years

5) Building and equipment constitutes mainly building, air conditioning equipment and elevator engineering equipment and its related facilities. Each part depreciates based on its useful life.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(Continued)

(k) Lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group′s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— 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:

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Group′s estimate of the amount expected to be payable under a residual value guarantee; or

— 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

— there is a change of its assessment on whether it will exercise an extension or termination option; or

— there is any lease modifications

(Continued)

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.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

(l) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

(Continued)

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1)	Computer software	3~5 years
2)	Patents and others	5~20 years
3)	Customer relationships	13.5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset′s recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

(Continued)

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset′s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(o) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group′s main types of revenue are explained below.

(i) Sale of goods

The Group manufactures and sells electronic components to electronic manufacturers. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer′s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. For certain image sensors product contracts, the customer controls all of the work in progress as the products are being manufactured. In such case, revenue will be recognized as the products are being manufactured.

The Group often offers trade and volume discounts to its customers. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that is highly probable that a significant reversal will not occur. A contract liability is recognized for expected discounts payable to customers in relation to sales made until the end of the reporting period.

No element of financing is deemed present as the sales of electronic components are made with a credit term of 30 to 90 days, which is consistent with the market practice.

(ii) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(p) Government grants

A government grant related to assets is initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; it is then recognized in profit or loss as other income on a systematic basis over the useful life of the asset.

A government grant is recognized in profit or loss in the period in which it becomes receivable as compensation for expenses or losses already incurred, or for the purpose of giving immediate financial support to the Group without future related costs.

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group′s net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(r) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

(s) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS 37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;

(Continued)

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

The surtax on undistributed earnings is recorded as current income tax expense in the following year after the resolution to appropriate retained earnings is approved in a stockholders′ meeting.

(t) Business combination

The Group accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Group recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

(Continued)

For each business combination, the Group measures any non-controlling interests in the acquiree either at fair value or at the non-controlling interest′s proportionate share of the acquiree′s identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquire′s net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRS Accounting Standards endorsed by the FSC.

(u) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(v) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group′s chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

There are no critical judgments in applying accounting policies that have significant effect on amounts recognized in the consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of economic uncertainty is as follows:

(a) Valuation of inventories

Inventories are stated at the lower of cost or net realizable value. Due to the impact of product life cycle and industrial competition in electronic industry, which tends to devalue the inventories, the Group evaluates the costs of inventories using the net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific period, therefore, the value of inventories may be variable due to the nature of fast-paced industry. Please refer to note (6)(f) of the consolidated financial statement for inventory valuation.

(Continued)

(b) Impairment of goodwill

The assessment of impairment of goodwill requires the Group to make subjective judgments to identify CGUs, allocate the goodwill to relevant CGUs, and estimate the recoverable amount of relevant CGUs. Any changes in these estimates based on changed economic conditions or business strategies could result in significant adjustments in future years. Please refer to note (6)(i) for further description of the impairment of goodwill.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Petty cash and cash on hand	$ 163	190
Checking accounts and demand deposits	1,700,968	3,860,920
Time deposits	3,045,736	3,635,659
	$ 4,746,867	7,496,769

Please refer to note (6)(w) for the exchange rate risk, interest rate risk and the sensitivity analysis of the financial assets of the Group.

(b) Financial assets and liabilities at fair value through profit or loss

	December 31, 2023	December 31, 2022
Mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging		
Forward exchange contracts	$ 54,780	-
Foreign exchange swaps contracts	896	-
Non-derivative financial assets		
Open-end mutual funds	235,419	232,584
Structured deposit	100,226	-
Structured investments	251,937	538,189
Stock listed in domestic markets	184,649	231,375
Foreign private funds	249,670	240,827
	$ 1,077,577	1,242,975
		-
Current	$ 391,321	232,584
Non-current	686,256	1,010,391
	$ 1,077,577	1,242,975

(Continued)

		December 31, 2023	December 31, 2022
Hold-for-trading financial liabilities:			
Derivative instruments not used for hedging			
Forward exchange contracts	$	723	57
Foreign exchange swaps contracts		66	1,333
	$	**789**	**1,390**

The Group holds derivative financial instruments to hedge certain foreign exchange risk exposures arising from its operating activities. As of December 31, 2023 and 2022, the following derivative instruments, without the application of hedge accounting, were classified as financial assets mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities:

	December 31, 2023			
	Amount (in thousands)		**Currency**	**Maturity dates**
Derivative financial assets				
Forward exchange contracts:				
Forward exchange purchased	USD	10,000	USD to NTD	2024.02.05
Foreign exchange sold	USD	82,500	USD to NTD	2024.01.03~2024.01.12
Foreign exchange swaps contracts:				
Foreign exchange swaps	USD	2,000	USD to NTD	2024.01.03
Derivative financial liabilities				
Forward exchange contracts:				
Forward exchange purchased	USD	5,000	USD to NTD	2024.02.02
Foreign exchange swaps contracts:				
Foreign exchange swaps	USD	7,000	USD to NTD	2024.01.12

	December 31, 2022			
	Amount (in thousands)		**Currency**	**Maturity dates**
Derivative financial liabilities				
Forward exchange contracts:				
Forward exchange sold	EUR	1,000	EUR to USD	2023.01.13
Foreign exchange swaps contracts:				
Forward exchange swaps	USD	9,000	USD to NTD	2023.01.09

Please refer to note (6)(w) for information relating to the credit risk of financial instruments.

As of December 31, 2023 and 2022, the Group did not provide any aforementioned financial assets as collaterals for its loans.

(Continued)

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

		December 31, 2023	December 31, 2022
Equity investments at fair value through other comprehensive income:			
Stock listed in domestic market - preferred stock	$	320,815	321,398

(i) The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for the long term for strategic purposes.

(ii) There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments for the years ended December 31, 2023 and 2022.

(iii) For credit risk and market risk, please refer to note (6)(w).

(iv) As of December 31, 2023 and 2022, the Group did not provide any aforementioned financial assets as collaterals for its loans.

(d) Financial assets at amortized cost

		December 31, 2023	December 31, 2022
Foreign corporate bonds	$	2,843,331	1,409,013

The Group has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

(i) The Group purchased the bond with a face value of USD 53,505 thousand and 37,561 thousand for the years ended December 31, 2023 and 2022, with the coupon rates of 1.538%~4.948% and 0.75%~3.522%, respectively.

(ii) Please refer to note (6)(w) for credit risk information.

(iii) As of December 31, 2023 and 2022, the Group did not provide any aforementioned financial assets as collaterals for its loans.

(e) Accounts receivable

		December 31, 2023	December 31, 2022
Accounts receivable–measured as amortized cost	$	2,077,758	2,160,476
Less: loss allowance		(3,181)	(3,214)
	$	2,074,577	2,157,262

(Continued)

The Group applies the simplified approach to provide for its expected credit losses, i.e., the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics of the customer′s ability to pay all due amounts in accordance with contract terms, as well as incorporated forward looking information, including historical credit losses experience and reasonable forecasts of future economic conditions information.

According to the management′s assessment, to reflect the actual operation, the Group modified the basis for evaluating the expected credit losses of accounts receivable in March 2022. According to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors," changing in accounting estimate resulted to increase in the expected credit reversal gains amounted to $85,733 for the year ended December 31, 2022.

(i) The loss allowance was determined as follows:

	December 31, 2023		
Aging interval	**Carrying amount of accounts receivable**	**Weighted-average expected loss rate**	**Loss allowance**
Current	$ 2,029,146	-	-
Overdue 1 to 30 days	38,697	-	-
Overdue 31 to 60 days	5,949	10.00%	595
Overdue 61 to 90 days	651	20.00%	130
Overdue 91 to 120 days	1,228	50.00%	614
Overdue 121 to 180 days	1,228	80.00%	983
Overdue 181 to 365 days	859	100.00%	859
	$ 2,077,758		3,181

	December 31, 2022		
Aging interval	**Carrying amount of accounts receivable**	**Weighted-average expected loss rate**	**Loss allowance**
Current	$ 1,809,940	-	-
Overdue 1 to 30 days	320,008	-	-
Overdue 31 to 60 days	29,020	10.00%	2,902
Overdue 61 to 90 days	1,491	20.00%	298
Overdue 121 to 180 days	17	80.00%	14
	$ 2,160,476		3,214

(Continued)

The movements in the allowance for accounts receivable were as follows:

		2023	2022
The beginning of period	$	3,214	92,217
Impairment losses reversed		(33)	(89,015)
Effect of movements in exchange rates		-	12
The end of period	**$**	**3,181**	**3,214**

As of the reporting date, the Group did not provide any accounts receivable as collaterals for its loans.

(f) Inventories

		December 31, 2023	December 31, 2022
Finished goods	$	419,577	379,999
Semi-finished goods		92,271	137,463
Work in progress		272,678	286,433
Raw materials		700,963	814,154
Indirect materials		107,210	176,185
	$	**1,592,699**	**1,794,234**

(i) The details of the cost of sales for the years ended December 31,2023 and 2022 of the Group were as follows:

		2023	2022
Cost of sales and expense	$	8,680,252	9,011,118
Current operating cost for write-downs on inventories valuation and obsolescence		117,121	55,138
	$	**8,797,373**	**9,066,256**

(ii) For the year ended December 31, 2022, the derecognition of inventories by the Group due to fire incidents amounting to $37,579 was recognized under miscellaneous disbursements; please refer to note (10) for details.

(iii) As of December 31, 2023 and 2022, the Group did not provide any inventories as collaterals for its loans.

(Continued)

(g) Property, plant and equipment

The cost, depreciation and impairment loss of the property, plant and equipment of the Group were as follows:

	Land	Buildings and structures	Machinery and equipment	Office equipment	Leasehold improvements	Unfinished construction and equipment under acceptance	Total
Cost or deemed cost:							
Balance on January 1, 2023	$ 2,484,630	3,103,832	5,499,624	412,381	27,222	4,569,041	16,096,730
Additions	-	601,921	945,869	173,832	125	1,021,489	2,743,236
Disposals	-	(70,307)	(669,556)	(39,402)	-	(506)	(779,771)
Transferred in (out)	(28,648)	2,103,078	454,908	78,550	-	(2,638,739)	(30,851)
Effects of movements in exchange rates	-	(108)	3,558	(168)	-	1,445	4,727
Balance on December 31, 2023	$ 2,455,982	5,738,416	6,234,403	625,193	27,347	2,952,730	18,034,071
Balance on January 1, 2022	$ 2,394,630	3,030,884	5,769,421	366,920	1,841	1,953,887	13,517,583
Additions	90,000	108,757	532,336	44,175	25,179	2,738,690	3,539,137
Disposals	-	(141,608)	(1,027,335)	(33,485)	-	-	(1,202,428)
Transferred in (out)	-	59,452	55,005	9,958	-	(124,865)	(450)
Effects of movements in exchange rates	-	46,347	170,197	24,813	202	1,329	242,888
Balance on December 31, 2022	$ 2,484,630	3,103,832	5,499,624	412,381	27,222	4,569,041	16,096,730
Depreciation and impairment loss:							
Balance on January 1, 2023	$ -	1,086,512	3,983,936	307,963	4,726	-	5,383,137
Depreciation	-	206,370	985,901	59,844	8,993	-	1,261,108
Impairment loss	-	58,842	225,335	-	-	-	284,177
Disposals	-	(70,307)	(665,594)	(39,402)	-	-	(775,303)
Transferred in (out)	-	544	(544)	-	-	-	-
Effects of movements in exchange rates	-	(357)	5,011	(185)	(2)	-	4,467
Balance on December 31, 2023	$ -	1,281,604	4,534,045	328,220	13,717	-	6,157,586
Balance on January 1, 2022	$ -	851,861	3,664,642	259,273	884	-	4,776,660
Depreciation	-	186,807	1,051,949	58,220	3,743	-	1,300,719
Impairment loss	-	99,425	26,059	118	-	-	125,602
Disposals	-	(72,418)	(904,555)	(31,328)	-	-	(1,008,301)
Effects of movements in exchange rates	-	20,837	145,841	21,680	99	-	188,457
Balance on December 31, 2022	$ -	1,086,512	3,983,936	307,963	4,726	-	5,383,137
Carrying amount:							
Balance on December 31, 2023	$ 2,455,982	4,456,812	1,700,358	296,973	13,630	2,952,730	11,876,485
Balance on January 1, 2022	$ 2,394,630	2,179,023	2,104,779	107,647	957	1,953,887	8,740,923
Balance on December 31, 2022	$ 2,484,630	2,017,320	1,515,688	104,418	22,496	4,569,041	10,713,593

The Group contracted with Chung-Lin General Contractors, Ltd. for the construction of the plant in Bade District, Taoyuan City in August, 2020. The total amount of contract is $3,200,000. As of December 31, 2023 and 2022, the amount of $3,024,000 and $2,688,000 had been paid, respectively.

(Continued)

For the year ended December 31, 2022, the carrying amount of certain buildings and structures, machinery and equipment, as well as office equipment, derecognized by the Group amounting to $166,511, due to the fire incidents, and was recognized under miscellaneous disbursement. Please refer to note (10) for details.

For the year ended December 31, 2022, the Group considered certain buildings and structures, machinery and equipment, as well as office equipment, as impaired, resulting in the recoverable amount to be lower than the carrying value by $125,602. The loss is recognized as impairment loss under miscellaneous disbursements.

For the year ended December 31, 2023, due to indication of impairment in some product line, the Group tested the impairment of CGUs, and the recoverable amount is based on its value in use to assess the impairment. The value in use is determined by the estimated cash flow of the Group′s financial forecast for the next five years and is calculated at the discount rate before tax of 13.53% and 12.78% on June 30 and December 31, 2023 to reflect the specific industry risk of the relevant CGUs, respectively.The Group tested the impairment of CGUs and estimated recoverable amount was lower than their carrying amount. Accordingly, buildings and structures impairment losses of $58,842, equipment impairment losses of $225,335 and goodwill impairment losses of $51,936 were recognized and accounted for under miscellaneous disbursements, respectively.

As of December 31, 2023 and 2022, the Group had provided property, plant and equipment as collateral for its loans. Please refer to note (8) for details.

(h) Right-of -use assets

The Group leases many assets including land, staff dormitories and office equipment. Information about leases for which the Group as a lessee is presented below:

		Land	Buildings and structures	Office equipment	Total
Cost:					
Balance on January 1, 2023	$	89,922	47,010	18,445	155,377
Additions		-	40,407	16,040	56,447
Deductions		(9,926)	(21,756)	(4,611)	(36,293)
Balance on December 31, 2023	**$**	**79,996**	**65,661**	**29,874**	**175,531**
Balance on January 1, 2022	$	84,620	22,901	20,669	128,190
Additions		79,996	25,254	700	105,950
Deductions		(74,694)	(1,145)	(2,924)	(78,763)
Balance on December 31, 2022	**$**	**89,922**	**47,010**	**18,445**	**155,377**

(Continued)

		Land	Buildings and structures	Office equipment	Total
Accumulated depreciation:					
Balance on January 1, 2023	$	9,353	21,718	9,085	40,156
Depreciation		4,654	15,795	5,054	25,503
Deductions		(9,926)	(21,756)	(4,611)	(36,293)
Balance on December 31, 2023	$	4,081	15,757	9,528	29,366
Balance on January 1, 2022	$	8,173	9,104	7,426	24,703
Depreciation		5,658	13,759	4,177	23,594
Deductions		(4,478)	(1,145)	(2,518)	(8,141)
Balance on December 31, 2022	$	9,353	21,718	9,085	40,156
Carrying amount:					
Balance on December 31, 2023	$	75,915	49,904	20,346	146,165
Balance on January 1, 2022	$	76,447	13,797	13,243	103,487
Balance on December 31, 2022	$	80,569	25,292	9,360	115,221

(i) Intangible assets

(i) The cost, amortization and impairment of the intangible assets of the Group were as follows:

		Goodwill	Patents and others	Cost of computer software	Customer relationship	Total
Cost:						
Balance on January 1, 2023	$	7,448,612	927,444	90,559	363,700	8,830,315
Additions		-	-	12,381	-	12,381
Disposals		-	(4,715)	(11,377)	-	(16,092)
Balance on December 31, 2023	$	7,448,612	922,729	91,563	363,700	8,826,604
Balance on January 1, 2022	$	7,448,612	957,464	34,998	405,476	8,846,550
Additions		-	-	70,187	-	70,187
Disposals		-	(30,020)	(14,626)	(41,776)	(86,422)
Balance on December 31, 2022	$	7,448,612	927,444	90,559	363,700	8,830,315
Amortization and impairment loss:						
Balance on January 1, 2023	$	-	287,499	28,849	68,250	384,598
Amortization for the year		-	79,825	22,392	28,288	130,505
Disposals		-	(4,715)	(11,377)	-	(16,092)
Impairment loss		51,936	-	-	-	51,936
Balance on December 31, 2023	$	51,936	362,609	39,864	96,538	550,947
Balance on January 1, 2022	$	-	240,428	20,965	83,085	344,478
Amortization for the year		-	77,091	22,510	26,941	126,542
Disposals		-	(30,020)	(14,626)	(41,776)	(86,422)
Balance on December 31, 2022	$	-	287,499	28,849	68,250	384,598
Carrying amount:						
Balance on December 31, 2023	$	7,396,676	560,120	51,699	267,162	8,275,657
Balance on January 1, 2022	$	7,448,612	717,036	14,033	322,391	8,502,072
Balance on December 31, 2022	$	7,448,612	639,945	61,710	295,450	8,445,717

(Continued)

(ii) Amortization recognized

For the years ended December 31, 2023 and 2022, the amortization of intangible assets in the statement of comprehensive income were as follows:

	2023	2022
Cost of sales	$ 7,666	7,117
Operating expenses	$ 122,839	119,425

(iii) Test of goodwill impairment

The Company obtained control over Impac Technology Co., Ltd. and KINGPAK in previous year. The cost of investment exceeds the fair value of identifiable net assets is recognized as goodwill. The goodwill recognized for the aforesaid transaction were $51,936 and $7,396,676, respectively. According to IAS 36, goodwill acquired in a business combination is tested for impairment at least annually. For the purposes of impairment testing, goodwill is allocated to each of the acquirer′s CGUs, that are expected to benefit from the synergies of the combination. Therefore, goodwill is tested for impairment by comparing the recoverable amount of BU3 and BU4 with its carrying amount to determine whether an impairment loss should be recognized.

The recoverable amount of the CGU BU3 is determined based on the value in use, which was calculated based on the cash flow forecast from the financial budgets covering the future period, and the Group used the annual discount rates of 12.78% and 14.55%, respectively, in its impairment test for the years ended December 31, 2023 and 2022. The discount rate was estimated based on the weighted average cost of capital. Based on the result of impairment test, the recoverable amounts of the CGU BU3 determined by the value in use was higher than the carrying amounts of goodwill as of December 31, 2022. Therefore, the Group did not recognize any impairment loss on goodwill. As of June 30, 2023, the Group has estimated the recoverable amount of the CGU BU3 to be lower than their carrying amount due to indication of impairment in some of its product line, resulting in an impairment loss of $51,936, the impairment loss was fully allocated to goodwill and recognized as miscellaneous disbursements in Statements of Comprehensive Income. Please refer to note (6)(g) for other related information.

The recoverable amount of the CGU BU4 is determined based on the value in use, which was calculated based on the cash flow forecast from the financial budgets covering the future period, and the Group used the annual discount rates of 11.59% and 10.46%, respectively, in its impairment test for the years ended December 31, 2023 and 2022. The discount rate was estimated based on the weighted average cost of capital. Based on the result of impairment test, the recoverable amounts of the CGU BU4 determined by the value in use were both higher than the carrying amounts of goodwill as of December 31, 2023 and 2022.

(iv) Collateral

As of December 31, 2023 and 2022, the Group did not provide intangible assets as collaterals for its loans.

(Continued)

(j) Short-term borrowings

Details of short-term borrowings were as follows:

	December 31, 2023	December 31, 2022
Comprehensive secured bank loans	$ -	-
Unused short-term credit lines	$ 7,830,290	5,563,150

Please refer to note (8) for the information about the Group had provided assets as collateral for part of its borrowings and credit lines.

(k) Long-term borrowings

Details of long-term borrowings were as follows:

	December 31, 2023	December 31, 2022
Unsecured bank loans	$ 5,360,000	5,360,000
Less: Discounts on government grants	(132,183)	(155,231)
	$ 5,227,817	5,204,769
Unused long-term credit lines	$ 3,700,000	3,200,000
Range of interest rates	1.35%~1.55%	1.225%~1.425%
Expiration	2026 to 2031	2026 to 2031

(i) For the years ended December 31, 2022 and 2021, the preferential interest rate loans of \$5,297,000 and \$63,000, respectively, received by the Group from the government′s "Action Plan for Accelerating Investment of Rooted Taiwanese Enterprises", were used in capital expenditure and operating turnover, and are expected to be repaid by April 2031. Using the prevailing market interest rates at the equivalent loan rates of 1.35% to 1.85% and 0.75%, the fair values of the loans were estimated at \$5,138,164 and \$62,465, respectively, upon initial recognition. Moreover, the differences of \$158,836 and \$535, respectively, between the proceeds and the fair value of the loan, with the benefit deriving from the preferential interest rate loans, had been recognized as deferred revenue recorded under other non-current liabilities. For the years ended December 31, 2023 and 2022, the grant profits of \$11,517 and \$1,700, respectively, which were amortized over the period of loans, were recognized as other income.

(ii) Please refer to note (8) for the information about the Group had provided assets as collateral for part of its long-term borrowings.

(Continued)

(l) Other payables

Details of other payables were as follows:

		December 31, 2023	December 31, 2022
Salaries and bonus payable, employees′ compensation and directors′ remuneration	$	1,234,996	1,366,289
Payable on machinery and equipment		293,466	306,991
Accrued employee benefit liabilities		76,210	55,745
Others		400,515	553,313
	$	2,005,187	2,282,338

The others included professional service fees, commission, repairments and maintenance expense, utilities expense, labor insurance and health insurance, etc.

(m) Provisions

		December 31, 2023	December 31, 2022
Compensation	$	275,502	223,869

The provision for compensation losses was due to product defects. The Group has determined the most likely outcome of the compensation in accordance with the best estimation expenditure required for the obligation to recognize the compensation liabilities.

(n) Lease liabilities

Details of Group′s lease liabilities were as follows:

		December 31, 2023	December 31, 2022
Current	$	26,614	19,947
Non-current	$	121,537	96,523

For the maturity analysis, please refer to note (6)(w).

The amounts recognized in profit or loss were as follows:

		2023	2022
Interest on lease liabilities	$	2,103	1,891
Variable lease payments not included in the measurement of lease liabilities	$	4,377	47,430
Expenses relating to short-term leases	$	8,978	11,986
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$	283	399

(Continued)

The amounts recognized in the statement of cash flows were as follows:

		2023	2022
Total cash outflow for leases	$	40,507	84,208

(i) Real estate leases

The Group leases land, buildings and structures for its factory, staff dormitories, parking lots and office space. The leases typically run for a period of one to twenty years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Group leases office equipment with lease terms of one to three years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some lease payments are based on actual usage in the period.

The Group also leases copying machines and other office equipment and parking space with lease terms of one to three years. These leases are short-term or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(o) Employee benefits

(i) Defined benefit plans

1) Reconciliation of defined benefit obligation at present value and plan assets at fair value of the Company were as follows:

		December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$	(217,910)	(285,368)
Fair value of plan assets		184,995	213,486
Net defined benefit liabilities	$	(32,915)	(71,882)

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for its employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

2) Reconciliation of defined benefit obligations at present value and plan assets at fair value of THEPI were as follows:

		December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$	(69,349)	(54,940)
Fair value of plan assets		34,105	22,363
Net defined benefit liabilities	**$**	**(35,244)**	**(32,577)**

THEPI makes defined benefit plan contributions to the pension fund account at local bank in Philippines. The plans entitle a retired employee to receive retirement benefits based on years of service and average salary prior to retirement.

3) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company′s Bank of Taiwan labor pension and appointed manager retirement fund reserve account balance amounted to $184,995 at the end of the reporting period. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of labor.

The plan assets of THEPI is composed of cash, and is managed by local bank in Philippines. The plan assets balance amounted to $34,105 at the end of the reporting period.

4) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations for the Group were as follows:

		2023	2022
Defined benefit obligation on January 1	$	(340,308)	(474,712)
Current service costs and interest costs		(13,300)	(15,334)
Benefits paid		45,203	83,297
Remeasurements (loss) gain			
-Return on plan assets (excluding current interest income)		31,064	37,162
-Actuarial gain (loss) arising from changes in financial assumptions		(9,712)	30,876
Effect of movements in exchange rates		(206)	(1,597)
Defined benefit obligation on December 31	**$**	**(287,259)**	**(340,308)**

(Continued)

5) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

		2023	2022
Fair value of plan assets on January 1	$	235,849	284,951
Interest income		4,422	2,839
Benefits paid		(45,203)	(83,297)
Remeasurements (loss) gain			
-Return on plan assets (excluding current interest income)		1,773	14,992
Contributions paid by the employer		22,227	16,023
Effect of movements in exchange rates		32	341
Fair value of plan assets on December 31	**$**	**219,100**	**235,849**

6) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

		2023	2022
Current service costs	$	5,597	8,807
Net interest of net liabilities for defined benefit obligations		3,281	3,688
	$	**8,878**	**12,495**
Cost of sales	$	6,729	10,409
Selling expenses		46	130
Administrative expenses		1,986	1,688
Research and development expenses		117	268
	$	**8,878**	**12,495**

7) Remeasurement of the net defined benefit liabilities recognized in other comprehensive income

The Group's remeasurement of the net defined benefit liabilities recognized in other comprehensive income for the years ended December 31, 2023 and 2022, were as follows:

		2023	2022
Accumulated amount on January 1	$	61,539	144,569
Recognized during the period		(23,125)	(83,030)
Accumulated amount on December 31	**$**	**38,414**	**61,539**

(Continued)

8) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2023		**December 31, 2022**	
	The Company	**THEPI**	**The Company**	**THEPI**
Discount rate	1.250%	6.300%	1.250%	7.400%
Future salary increasing rate	3.500%	6.000%	3.500%	6.000%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is $18,335.

The weighted-average lifetime of the defined benefit plan is 9.1 to 14 years.

9) Sensitivity analysis

As of December 31, 2023 and 2022, if the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

A. The Company:

	Impact on the defined benefit obligations	
Actuarial assumption	**Increased**	**Decreased**
December 31, 2023		
Discount rate (Increased or Decreased 0.25%)	$ (3,129)	3,233
Future salary increasing rate (Increased or Decreased 1.00%)	13,150	(11,800)
December 31, 2022		
Discount rate (Increased or Decreased 0.25%)	(4,645)	4,808
Future salary increasing rate (Increased or Decreased 1.00%)	19,612	(17,474)

B. THEPI:

	Impact on the defined benefit obligations	
Actuarial assumption	**Increased 1.00%**	**Decreased 1.00%**
December 31, 2023		
Discount rate	$ (8,791)	10,614
Future salary increasing rate	10,079	(8,536)
December 31, 2022		
Discount rate	(6,908)	8,324
Future salary increasing rate	7,993	(6,768)

(Continued)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plan

The Group allocates 6% of each employee′s monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The pension costs incurred from the contributions to the Bureau of Labor Insurance amounted to $80,958 and $76,517 for the years ended December 31, 2023 and 2022, respectively.

(p) Income Taxes

(i) Income tax expenses

1) The components of income tax expense in the years 2023 and 2022 were as follows:

		2023	2022
Current tax expense			
Current period	$	358,812	816,441
Adjustment for prior periods		(63,617)	(72,986)
		295,195	743,455
Deferred tax expense			
Origination and reversal of temporary differences		(50,656)	4,847
Income tax expense	**$**	**244,539**	**748,302**

2) The amount of income tax expense (income) recognized in other comprehensive income for 2023 and 2022 were as follows:

		2023	2022
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of the defined benefit plans	$	4,625	16,606
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign financial statements		(50)	30,895
	$	**4,575**	**47,501**

(Continued)

3) Reconciliation of income tax and profit before tax for 2023 and 2022 were as follows:

	2023	2022
Profit before income tax	$ 1,395,052	3,889,244
Income tax using the Company's domestic tax rate	279,010	777,849
Effect of tax rates in foreign jurisdiction	2,444	(18,296)
Net investment gains and losses	8,778	8,913
Over provision in prior periods	(63,617)	(72,986)
Others	17,924	52,822
	$ 244,539	**748,302**

(ii) Deferred tax assets and liabilities

The Group has no unrecognized deferred tax assets and liabilities. Changes in the amount of recognized deferred tax assets and liabilities for 2023 and 2022 were as follows:

	Provision for the land value increment tax	Investments income recognized under the equity method	Others	Total
Deferred tax liabilities:				
Balance on January 1, 2023	$ 80,950	53,071	26,697	160,718
Recognized in profit or loss	-	7,739	246	7,985
Balance on December 31, 2023	**$ 80,950**	**60,810**	**26,943**	**168,703**
Balance on January 1, 2022	$ 80,950	7,818	26,171	114,939
Recognized in profit or loss	-	45,253	526	45,779
Balance on December 31, 2022	**$ 80,950**	**53,071**	**26,697**	**160,718**

	Exchange differences on translation	Defined benefit plans	Adjustment of depreciation of fixed assets for tax purposes	Others	Total
Deferred tax assets:					
Balance on January 1, 2023	$ 2,057	17,572	148,624	76,688	244,941
Recognized in profit or loss	-	(1,708)	55,614	4,735	58,641
Recognized in other comprehensive income	50	(4,625)	-	-	(4,575)
Balance on December 31, 2023	**$ 2,107**	**11,239**	**204,238**	**81,423**	**299,007**
Balance on January 1, 2022	$ 32,952	35,602	90,469	92,487	251,510
Recognized in profit or loss	-	(1,424)	58,155	(15,799)	40,932
Recognized in other comprehensive income	(30,895)	(16,606)	-	-	(47,501)
Balance on December 31, 2022	**$ 2,057**	**17,572**	**148,624**	**76,688**	**244,941**

(Continued)

(iii) The Group entities′ income tax returns are calculated and filed separately according to the local tax law and combined filing is not acceptable.

(iv) Income tax assessment

The Company′s and KINGPAK′s income tax returns have been examined and approved by the R.O.C′s tax authorities until year 2021, respectively.

(q) Capital and other equity

(i) Ordinary shares

As of December 31, 2023 and 2022, the number of authorized ordinary shares was $4,000,000, with par value of $10 per share. The total value of authorized ordinary shares amounted to 400,000 thousand shares, of which $200,000 were reserved for the issuance of employee stock options. As of the date, 209,058 thousand and 160,814 thousand of ordinary shares were issued. All issued shares were paid up upon issuance.

For the year ended December 31, 2022, the restricted stocks were cancelled due to certain employees who failed to meet the vesting conditions of $150. All related registration procedures had been completed as of the reporting date.

The annual stockholders′ meeting resolved to conduct a capital reduction by cash amounting to $178,690 on June 8, 2022, whereby 17,869 thousand ordinary shares were cancelled, resulting in the capital to decrease by 10%. The above capital reduction was approved by the regulatory authorities on September 19, 2022, with the base date set on October 14, 2022. The registration procedures have been completed on November 7, 2022.

The Company increased its capital by issuing 48,244 thousand common shares, at the amount of $482,442, recognized as dividends to be distributed, based on a resolution approved during the shareholders′ meeting held on June 6, 2023. And that has been approved by the supervisory authority on June 28, 2023, with the base date set on August 15, 2023. The registration procedures have been completed on August 18, 2023.

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2023	December 31, 2022
Additional paid-in capital	$ 15,059,657	15,059,657
Other	56,219	56,219
	$ 15,115,876	**15,115,876**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring paid-in capital in excess of par value should not exceed 10% of the total common stock outstanding.

(Continued)

(iii) Retained earnings

In accordance with the Company′s Articles of Incorporation amended on June 6, 2023, when allocating the earnings for each fiscal year, the Company must pay tax and make up for the accumulated losses first, also share the remaining profit as follows:

I. Set aside 10% of the earnings as legal reserve. However, when the legal reserve amount equals to the paid-in capital of the Company, it is not subject or such restriction.

II. Set aside or reverse special reserve in accordance with the relevant laws and regulations.

III. Pay dividends or bonuses for an amount not less than 30% of the amount net of the legal reserve and special reserve as stipulated in the preceding paragraph and the cash dividends shall account for at least 50% of the current year's total dividends. The Board of Director shall prepare the earnings distribution proposal for the resolutions of the shareholders′ meeting. However, if the earnings distribution proposal is for the distribution of dividend and bonus in cash entirely or partially, it shall be resolved by the Board of Directors with the attendance of more than two-thirds of the directors and the consent of the majority of attending directors; also, it shall be reported in the shareholders′ meeting.

The Company′s dividend policy is based on the current and future development plans, consideration of the investment environment, capital requirements, domestic and international competition, and the interests of shareholders, etc. The Board of Directors shall prepare a resolution to be approved by the shareholders in a meeting.

If the Company has no loss, the Board of Directors, with two-thirds of the directors present and a majority of the directors present, shall issue all or a portion of the legal reserve and the capital surplus as provided in Paragraph 1, Article 241 of the Company Act to the shareholders in cash in proportion to their original shares and report the same to the shareholders′ meeting.

The Company′s earnings distribution or loss off-setting proposal may be proposed at the close of each half-year.

When the Company allocates its earnings for the first half of the financial year in accordance with the preceding paragraph, it shall first estimate and retain the amounts of taxable contributions, make up its deficits, employee remuneration, and provision for surplus reserve. However, the appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital.

In accordance with the Company′s Articles of Incorporation amended on June 8, 2022, except as stated below, the others are the same as the Company′s Articles of Incorporation before revised on June 8, 2022.

If the Company has no loss, the Board of Directors, with two-thirds of the directors present and a majority of the directors present, shall issue all or a portion of the legal reserve and the capital surplus as provided in Paragraph 1, Article 241 of the Company Act to the shareholders in cash in proportion to their original shares and report the same to the shareholders′ meeting.

The Company′s earnings distribution or loss off-setting proposal may be proposed at the close of each half-year.

(Continued)

When the Company allocates its earnings for the first half of the financial year in accordance with the preceding paragraph, it shall first estimate and retain the amounts of taxable contributions, make up its deficits, employee remuneration, and provision for surplus reserve. However, the appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital.

In accordance with the Company′s Articles of Incorporation before revised on June 8, 2022, the Company′s net earnings shall first be used to pay income taxes and offset the prior years′ deficit. Of the remaining balance, 10% is to be appropriated as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital, and an amount equal to a net debit balance of stockholders′ equity is appropriated as a special reserve. The remaining balance and the accumulated unappropriated earnings of prior years, if any, may be appropriated according to the proposal presented in the annual stockholders′ meeting by the Board of Directors, and be distributed as dividends to stockholders after the approval of the annual stockholders′ meeting. Based on the policy on stock dividends and in accordance with such factors as the development plan, investment environment, capital requirements, competitive environment, and benefits to stockholders, the dividends to be distributed to shareholders shall appropriate 60% or more of the appropriated earnings, and the cash dividends shall not be less than 30% of the total amount of dividends. After considering the actual profit and capital situation, the amount of dividends is determined by the board of directors and approved by the stockholders at their annual meeting.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders′ meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

In accordance with the Company′s Articles of Incorporation amended on June 8, 2022, legal reserve shall be distributed in cash pursuant to a resolution by the Board of Directors, please refer to aforementioned paragraph for the Company′s Articles of Incorporation.

2) Special reserve

By choosing to apply exemptions granted under IFRS 1 "First-time Adoption of International Financial Reporting Standards", the Company shall reclassify its unrealized revaluation gains amounting to $161,156 as retained earnings. According to the Rule No. 1010012865 issued by FSC on April 6, 2012, the company is able to reclassify its net increasing retained earnings as special earnings reserve which resulted from the first-time adoption of the IFRS after the adoption date. When the relevant asset was used, disposed of, reclassified, this special earnings reserve shall be reversed as distributable earnings proportionately. The carrying amount of special earnings reserve both amounted to $33,700 on December 31, 2023 and 2022.

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it shall make supplemental allocation of special reserve for any difference between the amount it has already allocated and the amount of the current-period total net reduction of other shareholders′ equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. A portion of undistributed prior-period earnings shall be reclassified to special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to the net reduction of other shareholders′ equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders′ equity shall qualify for additional distributions.

3) Earnings distribution

Earnings distribution for 2022 and 2021 was approved via the annual meeting of shareholders held on June 6, 2023, and June 8, 2022, respectively. The relevant dividend distributions to shareholders were as follows:

	2022		**2021**	
	Amount per share	**Total amount**	**Amount per share**	**Total amount**
Dividends distributed to ordinary shareholders				
Cash	$ 7.77007957	1,249,536	9.00037872	1,608,214
Shares	3.00	482,442	-	-
Total	**$ 10.77007957**	**1,731,978**	**9.00037872**	**1,608,214**

The amount of cash dividends on the 2023 earnings distribution had been approved during the board meeting held on February 29, 2024, as follows:

	2023	
	Amount per share	**Total amount**
Cash dividends distributed to ordinary shareholders	$ 2.40	**501,739**

The related information about earnings distribution approved by the shareholders′ meeting can be accessed from the Market Observation Post System Website.

(Continued)

(r) Shares-based payment

(i) Employee restricted shares

At the meeting held on May 30, 2019, the KINGPAK′s shareholders adopted a resolution to issue 500 thousand employee restricted shares, with a par value of $10 per share, amounting to $5,000. The terms of issuance and vested requirements of the shares are the same as of the stock exchange effective date, except for the shares which were changed into the Company′s ordinary shares according to the exchange ratio. The terms of the employee restricted shares were as follows:

1) Employees who work for KINGPAK from the issuance dates (the effective date of the share issuance) to the following vested periods, having met KINGPAK′s financial and personal performance, without violating the KINGPAK′s working policy, will receive the vested shares as below:

   a) 1-year service: 30% of the restricted shares will be vested

   b) 2-year service: 30% of the restricted shares will be vested

   c) 3-year service: 40% of the restricted shares will be vested

2) The restricted rights before the vesting period are as follows:

   a) The restricted shares are kept by a trust which is appointed by KINGPAK. Also, employees should comply with all procedures and sign the related documents accordingly.

   b) Except for inheritance, employees may not sell, pledge, transfer, gift, or dispose, by any other means, to third parties.

   c) The rights of restricted share plan for employees, including dividends, bonuses, the distribution rights of legal reserve and capital surplus, the voting rights at the shareholders′ meeting, etc., are the same as those of KINGPAK′s issued ordinary shares except for the new shares which could be subscribed in proportion to their original shareholding. The right of attendance, proposal, speech, voting, etc. of the shareholders are exercised according to the agreement which was entered into by the trust.

   d) Employees may not demand KINGPAK or the trust appointed by KINGPAK to return the restricted shares in any ways.

3) The shares of the employees who fail to meet the vesting conditions will be retrieved and cancelled. The related guidelines on restricted stocks should be complied accordingly if the employees retire, succumb to any unfortunate events, voluntarily resign, have been dismissed or transferred to another post, or abandon their restricted shares.

(Continued)

Information on restricted stock to employee was as follows:

	2022
	Units (thousand)
Outstanding units at beginning period	128
Vested during the year	(113)
Current units forfeited	(15)
Outstanding units at ended period	-

KINGPAK′s new restricted employee shares were all vested in November 2022. As of ended December 31, 2022, the balance of unearned remuneration to employees had been recognized as a result of the restricted share options amounting to $0. For the years ended December 31, 2022, the expenses arising from employee restricted shares options amounted to $4,083.

(s) Earnings per share

(i) Basic earnings per share

The details on the calculation of basic earnings per share for 2023 and 2022 were based on the profit attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding, as follows:

1) Profit attributable to ordinary shareholders of the Company

	2023	2022
Profit attributable to ordinary shareholders of the Company	$ 1,150,513	3,140,942

2) Weighted-average number of ordinary shares (thousands)

	2023	2022
Weighted-average number of ordinary shares	209,058	222,965

	2023	2022
3) Basic earnings per share (NTD)	$ 5.50	14.09

(ii) Diluted earnings per share

The details on the calculation of diluted earnings per share for 2023 and 2022 were based on profit attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding after adjusting the effects of all dilutive potential ordinary shares, as follows:

(Continued)

1) Profit attributable to ordinary shareholders of the Company (diluted)

	2023	2022
Profit attributable to ordinary shareholders of the Company (diluted)	$ 1,150,513	3,140,942

2) Weighted-average number of ordinary shares (diluted) (thousands)

	2023	2022
Weighted-average number of ordinary shares (basic) (thousands)	209,058	222,965
Effect of employee share remuneration (thousands)	825	2,453
Effect of employee restricted shares (thousands)	-	99
Weighted-average number of ordinary shares (diluted) on December 31	209,883	225,517

		2023	2022
3)	Diluted earnings per share (NTD)	$ 5.48	13.93

The above-mentioned weighted average number of outstanding shares is adjusted retroactively according to the stock dividends of common stock.

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

	2023	2022
Primary geographical markets:		
Switzerland	$ 3,126,425	2,748,205
Malaysia	2,180,102	2,037,167
Japan	1,779,113	1,571,138
United States	1,353,069	1,858,753
Singapore	1,166,969	3,230,382
China	711,838	953,478
Others	1,267,393	1,672,468
	$ 11,584,909	14,071,591
Major products:		
Image products	$ 6,070,802	7,642,610
Hybrid modules & specialty packaging	2,675,402	2,654,694
Ceramic metalized substrate	1,994,307	2,829,872
RF module	732,625	732,630
Others	111,773	211,785
	$ 11,584,909	14,071,591

(Continued)

(ii) Contract balances

		December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable	$	2,077,758	2,160,476	2,318,695
Contract assets–image products (recorded under other current assets)		116,078	77,736	69,621
Less: loss allowance		(3,181)	(3,214)	(92,217)
Total	$	2,190,655	2,234,998	2,296,099
Contract liabilities–advance sales receipts	$	187,230	58,361	365,436

For details on accounts receivable and loss allowance, please refer to note (6)(e).

The amounts of revenue recognized for the years ended December 31, 2023 and 2022 that were included in the contract liabilities balance at the beginning of the periods were $41,362 and $25,860, respectively.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(u) Miscellaneous disbursements

Details of miscellaneous disbursements were as follows:

		2023	2022
Losses due to fire incident	$	-	204,090
Net losses on disposals of property, plant and equipment		-	14,497
Impairment losses on assets		336,113	125,602
Other expenses		4,921	2,002
	$	341,034	346,191

(v) Employee compensation and directors′ remuneration

Based on the Company′s Articles of Incorporation amended on June 6, 2023, if the Company makes a profit in a year, no less than 3% shall be set aside as employees′ compensation and no more than 3% shall be set aside as directors′ remuneration. However, if the Company still has accumulated losses, the Company shall retain the amount to offset such losses in advance and then provide for the employees′ compensation and directors′ remuneration in proportion to the aforementioned amounts. The distribution shall be made in the form of cash or stocks for employees, but only in the form of cash for the directors. Employees entitled to receive the said stock or cash may include the employees of the Company′s subordinate companies who meet certain requirements.

(Continued)

Based on the Company′s Articles of Incorporation amended on June 8, 2022, once the Company has an annual profit, it should appropriate 3% or more of the profit to its employees and 3% or less as directors′ remuneration. The Company should offset the prior years′ accumulated deficit before any appropriation of profit then appropriate employee compensation and remuneration of directors at the above rate. Employee compensation shall be paid in cash or stock, and the remuneration of directors shall be paid in cash.

For the years ended December 31, 2023 and 2022, the Company estimated its employee remuneration amounting to $84,000 and $240,000, and directors′ remuneration amounting to $45,300 and $123,000, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors of each period, multiplied by the percentage of remuneration to employees, directors as determined by the management. These remunerations were expensed under operating costs or operating expenses during 2023 and 2022. The differences between the amounts approved in the Board of Directors′ meeting and those recognized in the financial statement, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in the following year. The numbers of shares to be distributed were calculated based on the closing price of the Company′s ordinary shares one day before the date of the meeting of the board of directors.

The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2023 and 2022. Related information would be available at the Market Observation Post System Website.

(w) Financial Instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) The concentration of credit risk

Sales to individual customers constituting over 10% of sales revenue for the years ended December 31, 2023 and 2022, amounted to $6,720,123 and $8,083,299, respectively. In order to reduce the credit risk, the Group monitors the financial conditions of customers regularly. However, the Group usually does not require customers to provide any collateral.

3) Receivables credit risk

For credit risk exposure of accounts receivable, please refer to note (6)(e). Other financial assets at amortized cost, including other receivables and investment in bonds, are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note (4)(g).

The loss allowance of other receivables for the years ended December 31, 2023 and 2022 were as follows:

		Other receivables
Balance on January 1, 2023	$	95
Impairment loss recognized		646
Amounts written off		(730)
Effects of movements in exchange rates		(1)
Balance on December 31, 2023	**$**	**10**
Balance on January 1, 2022	$	423
Impairment loss reversed		(353)
Effects of movements in exchange rates		25
Balance on December 31, 2022	**$**	**95**

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying Amount	**Contractual cash flows**	**Within a year**	**Over a year**
December 31, 2023				
Non-derivative financial liabilities:				
Notes and accounts payable	$ 726,115	(726,115)	(726,115)	-
Other payables	2,005,187	(2,005,187)	(2,005,187)	-
Lease liabilities (including current and non-current portion)	148,151	(174,102)	(29,041)	(145,061)
Guarantee deposits received	3,569	(3,569)	-	(3,569)
Long-term borrowings	5,227,817	(5,360,000)	-	(5,360,000)
Derivative financial liabilities:				
Forward exchange contracts:	723			
Inflow		152,000	152,000	-
Outflow		(152,804)	(152,804)	-
Foreign exchange swaps contracts:	66			
Inflow		216,972	216,972	-
Outflow		(217,039)	(217,039)	-
	$ 8,111,628	**(8,269,844)**	**(2,761,214)**	**(5,508,630)**

(Continued)

	Carrying Amount	Contractual cash flows	Within a year	Over a year
December 31, 2022				
Non-derivative financial liabilities:				
Notes and accounts payable	$ 802,055	(802,055)	(802,055)	-
Other payables	2,282,338	(2,282,338)	(2,282,338)	-
Lease liabilities (including current and non-current portion)	116,470	(142,226)	(21,758)	(120,468)
Guarantee deposits received	3,413	(3,413)	-	(3,413)
Long-term borrowings	5,204,769	(5,360,000)	-	(5,360,000)
Derivative financial liabilities:				
Forward exchange contracts:	57			
Inflow		32,682	32,682	-
Outflow		(32,720)	(32,720)	-
Foreign exchange swaps contracts:	1,333			
Inflow		274,898	274,898	-
Outflow		(276,390)	(276,390)	-
	$ 8,410,435	(8,591,562)	(3,107,681)	(5,483,881)

The Group does not expect that the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to currency risk

The Group's significant exposure to financial assets and liabilities for foreign currency risk were as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 188,193	USD/NTD =30.705	5,778,466	202,923	USD/NTD =30.710	6,231,765
Financial liabilities						
Monetary items						
USD	17,051	USD/NTD =30.705	523,551	30,941	USD/NTD =30.710	950,198
JPY	186,185	JPY/NTD =0.2172	40,439	380,194	JPY/NTD =0.2324	88,357

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, notes and accounts payable and other payables that are denominated in foreign currency. A weakening (strengthening) of 5% of the NTD against USD and JPY for the years ended December 31, 2023 and 2022 would have increased or decreased the net profit before tax as follows. The analysis is performed on the same basis for both periods:

		2023	2022
USD (against the NTD)			
Strengthening 5%	$	262,746	264,078
Weakening 5%		(262,746)	(264,078)
JPY (against the NTD)			
Strengthening 5%		(2,022)	(4,418)
Weakening 5%		2,022	4,418

3) Foreign exchange gains or losses on monetary items

As the Group deals with diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2023 and 2022, the foreign exchange gains, including realized and unrealized portion, amounted to $7,311 and $437,183, respectively.

(iv) Interest rate analysis

The details of financial assets and liabilities exposed to interest rate risk were as follows:

		Carrying amount	
		December 31, 2023	**December 31, 2022**
Variable rate instruments:			
Financial assets	$	1,707,562	3,856,356
Financial liabilities		(5,227,817)	(5,204,769)
	$	**(3,520,255)**	**(1,348,413)**

The exposure to interest rate risk for financial assets and liabilities refers to the management of liquidity risk in this note.

The following sensitivity analysis is based on the exposure to interest rate risk of the non-derivative financial instruments on the reporting date. Regarding the assets and liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents the Group's management assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 0.25%, assuming all other variables remaining constant, the Group ′ s net profit before tax would have decreased or increased by $$8,801 and $$3,371, for the years ended December 31, 2023 and 2022, respectively, which would be mainly resulted from the borrowings, demand deposits and time deposits with variable interest rates.

(v) Fair value

1) The categories and the fair values of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2023				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss (including current and non-current portion)					
Derivative financial assets	$ 55,676	-	55,676	-	55,676
Open-end mutual funds	235,419	235,419	-	-	235,419
Structured deposit	100,226	-	100,226	-	100,226
Structured investments	251,937	-	-	251,937	251,937
Stock listed in domestic markets	184,649	184,649	-	-	184,649
Foreign private funds	249,670	-	-	249,670	249,670
Subtotal	1,077,577				
Financial assets measured at fair value through other comprehensive income					
Stock listed in domestic market–preferred stocks	320,815	320,815	-	-	320,815
Financial assets measured at amortized cost					
Cash and cash equivalents	4,746,867	-	-	-	-
Accounts receivable, net	2,074,577	-	-	-	-
Other receivables	35,488	-	-	-	-
Other current financial assets	32,041	-	-	-	-
Foreign corporate bonds	2,843,331	-	-	-	-
Guarantee deposits paid (recorded under other non-current assets)	17,119	-	-	-	-
Other non-current financial assets	5,405	-	-	-	-
Subtotal	9,754,828				
Total	**$ 11,153,220**				

(Continued)

	December 31, 2023				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value through profit or loss					
Derivative financial liabilities	$ 789	-	789	-	789
Financial liabilities measured at amortized cost					
Notes and accounts payable	726,115	-	-	-	-
Other payables	2,005,187	-	-	-	-
Lease liabilities (including current and non-current portion)	148,151	-	-	-	-
Guarantee deposits received	3,569	-	-	-	-
Long-term borrowings	5,227,817	-	-	-	-
Subtotal	8,110,839				
Total	$ 8,111,628				

	December 31, 2022				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss (including current and non-current portion)					
Open-end mutual funds	$ 232,584	232,584	-	-	232,584
Structured investments	538,189	-	-	538,189	538,189
Stock listed in domestic markets	231,375	231,375	-	-	231,375
Foreign private funds	240,827	-	-	240,827	240,827
Subtotal	1,242,975				
Financial assets measured at fair value through other comprehensive income					
Stock listed in domestic markets – preferred stocks	321,398	321,398	-	-	321,398

(Continued)

	December 31, 2022				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	7,496,769	-	-	-	-
Accounts receivable, net	2,157,262	-	-	-	-
Other receivables	15,750	-	-	-	-
Other current financial assets	31,912	-	-	-	-
Foreign corporate bonds	1,409,013	-	-	-	-
Guarantee deposits paid (recorded under other non-current assets)	26,431	-	-	-	-
Other non-current financial assets	5,405	-	-	-	-
Subtotal	11,142,542				
Total	**$ 12,706,915**				
Financial liabilities measured at fair value through profit or loss					
Derivative financial liabilities	$ 1,390	-	1,390	-	1,390
Financial liabilities measured at amortized cost					
Notes and accounts payable	802,055	-	-	-	-
Other payables	2,282,338	-	-	-	-
Lease liabilities (including current and non-current portion)	116,470	-	-	-	-
Guarantee deposits received	3,413	-	-	-	-
Long-term borrowings	5,204,769	-	-	-	-
Subtotal	8,409,045				
Total	**$ 8,410,435**				

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices. The market prices from the main exchanges and government bond exchanges are the basis of the fair value of the listed company's equity instruments and debt instruments.

(Continued)

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm′s-length basis. If the above conditions are not met, the market is considered inactive. Quoted market prices may not be active if the bid-ask spread is wide, the bid-ask spread has increased significantly, or the volume of trading is low.

The fair values of the Group′s financial instruments in an active market for each category and attribute were as follows:

The fair values of financial assets and financial liabilities with standard terms and conditions traded in active liquid markets are determined with reference to the quoted market prices, including open-end mutual funds and stocks of listed company.

The measurements on fair value of the financial instruments without an active market are determined using the valuation technique or the quoted market price of its competitors. Fair value measured using the valuation technique can be extrapolated from similar financial instruments, discounted cash flow method, or other valuation techniques which include the model used in calculating the observable market data at the consolidated balance sheet date.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on valuation models commonly accepted by market participants such as the discounted cash flow method or option pricing models. The value of a forward exchange contract is usually determined by the forward exchange rate. Structured investments were calculated using the offer price.

3) Transfer between level

There were no transfers between fair value level for the years ended December 31, 2023 and 2022.

4) Reconciliation of Level 3 fair values

	Non derivative financial assets mandatorily measured at fair value through profit or loss
Balance on January 1, 2023	$ 779,016
Total gains and losses	
Recognized in profit or loss	5,092
Purchased	88,242
Disposal	(370,743)
Balance on December 31, 2023	**$ 501,607**
Balance on January 1, 2022	$ 179,221
Total gains and losses	
Recognized in profit or loss	71,391
Purchased	902,982
Disposal	(374,578)
Balance on December 31, 2022	**$ 779,016**

For the years ended December 31, 2023 and 2022, total gains and losses were included in gains (losses) on financial assets (liabilities) at fair value through profit or loss.

5) The quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group′s financial instruments that use Level 3 inputs to measure fair value include 〞financial assets measured at fair value through profit or loss – investment in private funds and structured investments〞 used the Net Asset Value Method.

The quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss－investment in private funds	Net Asset Value Method	• Net Asset Value	Not applicable

The fair value of the structured investments is based on unadjusted quote price of trading partners. Therefore, the quantitative information and sensitivity analysis are not available.

(Continued)

(x) Financial risk management

(i) Overview

The Group has exposures to the following risks from its financial instruments：

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Group′s objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Group minimizes the risk exposure by purchasing derivative financial instruments. The Board of Directors regulated the transaction of derivative and non-derivative financial instruments in accordance with the Group′s procedures for acquisition and disposal of assets. The internal auditors of the Group continually review the amount of the risk exposure in accordance with the Group′s policy and the risk management policies and procedures. The Group has no transactions in the financial instruments (including derivative financial instruments) for the purpose of speculation.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group′s receivables from customers and investment securities.

1) Accounts receivable and other receivables

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group offers standard payment term and shipment term. New customers may transact with the Group only on a prepayment basis.

In order to mitigate account receivable credit risk, the Group constantly assesses the financial status of the customers, and requests the customers to provide guarantee or security if necessary. The Group regularly accesses the collectability of accounts receivable and recognizes allowance for accounts receivable. The impairment losses are always within management′s expectation.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including listed company and unlisted company. In order to avoid the excess of credit limitation of the customer, the Group constantly monitors the status of the customers. The Group will stop trading with the customer who has no credit limits, unless the payment has been paid or approved. Furthermore, credit limits of the customers will be assessed quarterly.

The Group sets the allowance for bad debt account to reflect the estimated losses for accounts receivable, other receivables, and investment.

2) Investment

The credit risk exposure in the bank deposits, fixed income investments and other financial instruments are measured and monitored by the Group′s finance department. Since the Group′s transaction counterparties and contractually obligated counterparties are banks, financial institutes and corporate organizations with good credits, there are no compliance issues, and therefore no significant credit risk.

3) Guarantees

Pursuant to the Group′s policies, it is only permissible to provide financial guarantees to subsidiaries. As of December 31, 2023 and 2022, the Group did not provide any guarantees.

(iv) Liquidity risk

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group′s management supervises the banking facilities and ensures in compliance with the terms of the loan agreements.

The loans and borrowings from the bank form an important source of liquidity for the Group. Please refer to notes (6)(j) and (6)(k) for unused short-term and long-term bank facilities as of December 31, 2023 and 2022.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group′s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group′s entities, which are NTD and USD. The currencies used in these transactions are denominated in EUR, USD, JPY, and PHP.

2) Interest rate risk

Entities in the Group borrow funds with floating interest rates which results to risks of cash flows.

3) Other market price risk

The Group is exposed to equity price risk due to stocks listed in domestic markets and the quoted open-end fund at fair value.

(y) Capital management

The Group maintains the capital based on the current operating characteristics of the industry, future development, and changes in external environment, to assure there is financial resource and operating plan to support working capital, capital expenditures, research & development expense, debt redemption and dividend payment and so on. The management decides the optimized capital by using appropriate debt-to-equity ratio. To maintain a strong capital base, the Group enhances the return on equity by optimizing debt-to-equity ratio. The Group′s debt-to-equity ratio at the end of the reporting date was as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 9,220,975	9,738,739
Total equity	24,441,455	24,523,998
Debt-to-equity ratio	38%	40%

As of the year ended December 31, 2023, there were no changes in the Group′s approach to capital management.

(z) Investing and financing activities not affecting current cash flow

(i) The Group′s investing and financing activities, which did not affect the current cash flow for the years ended December 31, 2023 and 2022, were as the acquisition of its right-of-use assets by lease, please refer to note (6)(h).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Non-cash changes Increase	December 31, 2023
Lease liabilities (including current and non-current portion)	$ 116,470	(24,766)	56,447	148,151
Guarantee deposits received	3,413	156	-	3,569
Long-term borrowings	5,204,769	-	23,048	5,227,817
Total liabilities from financing activities	$ 5,324,652	(24,610)	79,495	5,379,537

	January 1, 2022	Cash flows	Non-cash changes		December 31, 2022
			Increase	Other	
Lease liabilities (including current and non-current portion)	$ 104,847	(22,502)	105,950	(71,825)	116,470
Guarantee deposits received	5,011	(1,598)	-	-	3,413
Long-term borrowings	62,500	5,297,000	-	(154,731)	5,204,769
Total liabilities from financing activities	$ 172,358	5,272,900	105,950	(226,556)	5,324,652

(Continued)

(7) Related-party transactions

(a) Parent company and ultimate controlling company

The Company is the ultimate controlling party of the Group.

(b) Name and relationship with related parties

The followings are related parties that have had transactions with the Group during the periods covered in the consolidated financial statements:

Name of related party	Relationship with the Group
Multi-field	Substantial related party
Yageo Corporation (Yageo)	Same chairman as the Company
Ralec Electronic Corporation (Ralec)	Substantial related party
MAG. LAYERS Scientific Technics Co., Ltd. (MAG. LAYERS)	Substantial related party
Yageo Professional Competition Development Association	Substantial related party
Yageo Foundation	Substantial related party

(c) Significant transaction with related parties

(i) Operating expenses

	2023	2022
Substantial related party	$ 11,000	-

(ii) Property transaction－Purchase of property, plant and equipment

For future expansion, pursuant to the resolution of the Board of Directors held on March 17, 2022, the Group signed the real estate transaction contract with MAG. LAYERS on March 24, 2022. The total price amounted to $130,000. The transfer procedure was completed on June 27, 2022. The aforementioned amount was fully paid.

(iii) Other

For operational needs, THEPI acquired land for $57,713 (PHP 91,110 thousand) from the non-related party in Philippines beginning in 2004, which was recorded as property, plant and equipment. Because the Philippine regulations prohibit foreigners from owning land, therefore, the Group paid for the land, under the title deed of Multi-field to assure the right to the land. THEPI also entered into an agreement with Multi-field to reserve its right to sell or dispose the property.

(Continued)

(d) Transactions with key management personnel

Key management personnel compensation comprised:

		2023	2022
Short-term employee benefits	$	137,877	214,484
Post-employment benefits		762	864
	$	138,639	215,348

(8) Assets pledged as security

The carrying amounts of pledged assets were as follows:

Pledged assets	Subject		December 31, 2023	December 31, 2022
Other current financial assets – time deposits	Credit lines for letters of credit and short-term borrowings and credit lines	$	30,398	30,403
Other non-current financial assets – time deposits	Rental guarantee for the plant in the Hsinchu Science Park, Longtan Dist.		5,000	5,000
〃	Guarantee for cooperative education program		405	405
Property, plant and equipment－land, buildings, machinery and equipment	Long-term and short-term borrowings and credit lines		192,171	506,077
		$	227,974	541,885

(9) Commitments and contingencies

(a) The Group′s unrecognized contractual commitments were as follows:

		December 31, 2023	December 31, 2022
Future payments for the purchase of equipment and construction in progress	$	552,820	2,095,468

(b) The Group contracted with Chung-Lin General Contractors, Ltd. for the construction of the plant in Bade District, Taoyuan City in August 2020. As of December 31, 2023, the payment amounting to $176,000 has not been paid.

(c) The Group′s unused and outstanding letters of credit and the deposit for the Group′s customs duties were as follows:

		December 31, 2023	December 31, 2022
Unused and outstanding letters of credit and the deposit for customs duties	$	36,500	28,800

(Continued)

(10) Losses due to major disasters:

The fire incident occurred on September 26, 2022 resulted in the destruction of certain parts of the building, equipment, and inventory in the Company's Taipei factory, causing the Company to incur repairments and maintenance expenses. In addition, part of the personnel affected by the fire incidents have been transferred to other business premises of the Company to continue their daily operations. The remaining production lines and other factory areas of the Taipei factory remain in normal operation. The damaged buildings and equipment derecognized by the Company amounted to $166,511 and the inventory amounted to $37,579 during 2022. The total estimated losses from the incidents above amounted to $204,090.

For the year ended December 31, 2023, the Company recognized and received insurance claim income amounted to $103,132, which was recorded under other income.

(11) Subsequent events: None.

(12) Other

(a) A summary of employee benefits, depreciation and amortization, categorized by function, is as follows:

By function / By item	2023			2022		
	Cost of sales	**Operating expenses**	**Total**	**Cost of sales**	**Operating expenses**	**Total**
Employee benefits						
Salaries	1,906,163	694,550	2,600,713	2,060,292	907,154	2,967,446
Labor and health insurance	155,078	44,166	199,244	163,060	37,327	200,387
Pension	69,044	20,792	89,836	71,059	17,953	89,012
Other employee benefits	128,642	26,109	154,751	127,128	21,708	148,836
Depreciation	1,213,514	73,097	1,286,611	1,266,906	57,407	1,324,313
Amortization	7,666	122,839	130,505	7,117	119,425	126,542

(13) Other disclosures

(a) Information on significant transactions:

The followings were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the year ended December 31, 2023:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties: None.

(Continued)

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand units/ thousand shares

Name of holder	Name of security: Category	Name of security: name	Relationship with Company	Account tittle	Ending balance: Shares /Units	Ending balance: Carrying amount	Ending balance: Percentage of ownership (%)	Ending balance: Fair value	Highest Percentage of ownership during the year	Note
The Company	Open-end mutual funds	Jin Sun Money Market Fund	None	Current financial assets at fair value through profit or loss	15,433	235,419	-	235,419	-	
The Company	Structed Deposits	President DSU 100% (NTD) principal Guaranteed Note	None	Current financial assets at fair value through profit or loss	-	100,226	-	100,226	-	
The Company	Fund	SMART Growth Fund, L.P. (Note 1)	None	Non-current financial assets at fair value through profit or loss	Note 2	249,670	1.60%	249,670	1.60%	Note 3
The Company	Stock	Shin Kong Financial Holding Co., Ltd.	None	Non-current financial assets at fair value through profit or loss	6,445	184,649	-	184,649	-	
The Company	Stock	Fubon Financial Holding Co., Ltd. Preferred Shares C	None	Non-current financial assets at fair value through other comprehensive income	5,833	320,815	-	320,815	-	
The Company	Stock	eGtran Corporation	None	Non-current financial assets at fair value through other comprehensive income	22	-	-	-	-	
The Company	Bond	Formosa Group Cayman LTD International Bond	None	Non-current financial assets at amortized cost	-	305,207	-	299,849	-	Note 3
The Company	Bond	Nissan Motor Co. Ltd. International Bond	None	Non-current financial assets at amortized cost	-	300,233	-	295,873	-	Note 3
The Company	Bond	TSMC Arizona Corp. International Bond	None	Non-current financial assets at amortized cost	-	144,680	-	141,565	-	Note 3
The Company	Bond	TSMC Global Corp. International Bond (AC27)	None	Non-current financial assets at amortized cost	-	203,325	-	199,996	-	Note 3
The Company	Bond	TSMC Global Corp. International Bond (AF57)	None	Non-current financial assets at amortized cost	-	230,709	-	226,923	-	Note 3
The Company	Bond	JPMorgan Chase & Co. Bond	None	Non-current financial assets at amortized cost	-	307,398	-	309,499	-	Note 3
The Company	Bond	Morgan Stanley Bond	None	Non-current financial assets at amortized cost	-	310,455	-	315,773	-	Note 3
The Company	Bond	HSBC Holdings PLC Bond	None	Non-current financial assets at amortized cost	-	252,007	-	253,185	-	Note 3
The Company	Bond	Mitsubishi UFJ Bond Financial Group Inc. Bond	None	Non-current financial assets at amortized cost	-	210,979	-	211,622	-	Note 3
The Company	Bond	Bank of America Corp. Bond	None	Non-current financial assets at amortized cost	-	304,294	-	306,857	-	Note 3
The Company	Bond	UBS Group AG Bond	None	Non-current financial assets at amortized cost	-	214,092	-	212,661	-	Note 3
The Company	Bond	Citigroup Inc. Bond	None	Non-current financial assets at amortized cost	-	59,952	-	60,903	-	Note 3
The Company	Structured investments	GIANT MANUFACTURING CO., LTD. 1st Unsecured Convertible Bond	None	Non-current financial assets at fair value through profit or loss	-	251,937	-	251,937	-	

Note 1: Wise Road Industry Investment Fund I, L.P. was renamed SMART Growth Fund, L.P. on March 4, 2022.
Note 2: The amount of investment is USD 6,720 thousand.
Note 3: Include foreign exchange losses or gains, net.

(Continued)

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

Unit: thousand units/ thousand shares

Company holding securities	Name of security		Account	Counter-party	Relationship	Beginning Balance		Purchases		Sales				Ending Balance	
	Category	Name				Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Price	Cost	Gain (loss) on disposal	Shares (in thousands)	Amount
The Company	Bond	Bank of America Corp. Bond	Non-current financial assets at amortized cost	-	None	-	-	-	301,203	-	-	-	-	-	304,294 (Note)
The Company	Bond	JPMorgan Chase & Co. Bond	Non-current financial assets at amortized cost	-	None	-	-	-	304,058	-	-	-	-	-	307,398 (Note)
The Company	Bond	Morgan Stanley Bond	Non-current financial assets at amortized cost	-	None	-	-	-	313,860	-	-	-	-	-	310,455 (Note)

Note: The ending balance includes the premium/ discount and foreign gains/ losses on bond investment.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:

Units: In Thousands of New Taiwan Dollars

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party with the Company	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Other
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	Plant	August 31, 2020	3,200,000	Paid 3,024,000	Chung-Lin General Contractors, Ltd.	None	N/A	N/A	N/A	-	Open bid	Extension of the plant	None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Units: In Thousands of New Taiwan Dollars

Name of Company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ (Sale)	Amount	Percentage of total purchases/ (sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/ accounts receivable (payable)	
The Company	THEPI	100% owned subsidiary by the Company	Purchase	1,977,365	41 %	Monthly closing and paid by cash	-	-	Accounts payable (105,301)	(16) %	Note 2
The Company	THEPI	100% owned subsidiary by the Company	Manufacturing fee	374,705	8 %	Monthly closing and paid by cash	-	-	Note 1	- %	Note 2
THEPI	The Company	Parent Company	Sale	(1,977,365)	(84) %	Monthly closing and received by cash	-	-	Accounts receivable 105,301	82 %	Note 2
THEPI	The Company	Parent Company	Manufacturing revenue	(374,705)	(16) %	Monthly closing and received by cash	-	-	Accounts receivable 22,457	18 %	Note 2

Note 1: The other payables amounted to $22,457 as of December 31, 2023.
Note 2: The transactions have been eliminated in the consolidated financial statements.

(Continued)

(viii) Information regarding receivables from related-parties exceeding NT$100 million or 20% of the Company's paid-in capital: None.

(ix) Information regarding trading in derivative financial instruments: Please refer to note (6)(b).

(x) Significant transactions and business relationship between the parent company and its subsidiaries for the year ended December 31, 2023:

				Intercompany transactions			
No. (Note 1)	**Name of company**	**Name of counter-party**	**Nature of relationship (Note 2)**	**Accounts name**	**Amount**	**Trading terms**	**Percentage of the consolidated net revenue or total assets**
1	THEPI	The Company	2	Sale	1,977,365	The sales prices of inter company sales are not significantly different from those of the third parties. The payment term is monthly closing, and the payment is received by cash.	17%
1	THEPI	The Company	2	Manufacturing Revenue	374,705	The sales prices of inter company sales are not significantly different from those of the third parties. The payment term is monthly closing, and the payment is received by cash.	3%
1	THEPI	The Company	2	Accounts Receivable	105,301	The sales prices of inter company sales are not significantly different from those of the third parties. The payment term is monthly closing, and the payment is received by cash.	- %
1	THEPI	The Company	2	Accounts Receivable	22,457	The sales prices of inter company sales are not significantly different from those of the third parties. The payment term is monthly closing, and the payment is received by cash.	- %

Note 1: The numbers filled in as follows:
1. 0 represents the Company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Relationship with the transactions labeled as follows:
1 represents the transactions from the parent company to its subsidiaries.
2 represents the transactions between the subsidiaries and the parent company.
3 represents the transactions between subsidiaries.

(Continued)

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

Unit: thousand dollars/ thousand units

Name of investor	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Highest percentage during the year of Ownership	Net income (losses) of the investee	Share of profit (losses) of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of Ownership	Carrying amount				
The Company	THEPI	Philippines	Sales and manufacturing of RF module, hybrid modules & specialty packaging, ceramic metalized substrate and image products	2,016,853	2,016,853	28,793	100.00%	1,968,369	100%	40,207	39,925	Note

Note：The transactions have been eliminated in the consolidated financial statements.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information: None.

(ii) Limitation on investment in Mainland China: None.

(iii) Significant transactions: None.

(d) Major shareholders: None.

(14) Segment information

(a) General Information

The Group has adjusted its internal organizational structure into a single business unit in 2022, wherein the operation segment focuses on providing the best solutions for process technology. The operational decision maker reviews the operation result regularly to allocate the necessary resources and measures performances. Thus, the Group provides the operational decision maker with segment information for review, which is measured on the same basis as that of the consolidated financial statements. For the years ended December 31, 2023 and 2022, the revenue and operation results to be reported can be referred to the consolidated statement of comprehensive income, wherein the total revenues of the reportable segment amounting to $2,352,070 and $2,122,167 had been deducted from the intersegment revenues for the years ended December 31, 2023 and 2022, respectively.

(Continued)

(b) Product information

Revenue from the external customers of the Group was as follows:

Products	2023	2022
Image products	$ 6,070,802	7,642,610
Hybrid modules & specialty packaging	2,675,402	2,654,694
Ceramic metalized substrate	1,994,307	2,829,872
RF module	732,625	732,630
Others	111,773	211,785
Total	$ 11,584,909	14,071,591

(c) Geographic information

Information on the geographical location of customers and segment assets are based on the geographical location of the assets.

(i) Revenue from external customers:

Country	2023	2022
Switzerland	$ 3,126,425	2,748,205
Malaysia	2,180,102	2,037,167
Japan	1,779,113	1,571,138
United States	1,353,069	1,858,753
Singapore	1,166,969	3,230,382
China	711,838	953,478
Others	1,267,393	1,672,468
Total	$ 11,584,909	14,071,591

(ii) Non-current Assets:

	December 31, 2023	December 31, 2022
Taiwan	$ 19,733,702	18,664,296
Philippines	636,275	636,666
Total	$ 20,369,977	19,300,962

Non-current assets include property, plant and equipment, right of use assets, investment property, intangible assets, guarantee deposits paid and other non-current assets, not including financial instruments and deferred tax assets.

(Continued)

(d) Major customers

Sales to individual customers constituting over 10% of the total revenue in the consolidated statements of comprehensive income are summarized as follows:

		2023	2022
10087	$	3,140,728	2,752,762
10177		1,890,528	1,607,063
10274		1,688,867	1,461,565
10259		354,845	2,261,909
	$	**7,074,968**	**8,083,299**

Independent Auditors′ Report

To the Board of Directors of Tong Hsing Electronic Industries, Ltd.:

Opinion

We have audited the financial statements of Tong Hsing Electronic Industries, Ltd.(“the Company”), which comprise the balance sheet as of December 31, 2023 and 2022, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of 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 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. 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 significance 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 the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we judged shall be presented in the auditors′ report as follows:

1. **Valuation of inventories**

Please refer to Note (4)(g) “Inventories” of the parent company only financial statements for accounting policies; Notes (5)(a) “Valuation of inventories” for accounting assumptions and estimation uncertainty of inventories valuation. Information regarding inventories and related expenses are shown in Note (6)(f) of the parent company only financial statements.

Description of key audit matter:

Due to the impact of product life cycle and industrial competition in electronics industry, the price variability for the inventories of the Company is expected. Therefore, the inventories valuation is one of the key audit matters in our audit.

How the matter was addressed in our audit:

Our principal audit procedures included assessing the reasonasleness of the Company's policies for allowance for inventories valuation and obsolescence losses as well as considering the impact of economic uncertainty, and whether they are in accordance with the related standards. In addition, our audit procedures included inspecting the inventory aging report; analyzing the aging of inventory of each period; as well as testing the interval classification of the inventory aging report and the relevant value of the calculation table of the lower of the cost, and the net realizable value, to assess the reasonasleness of the management′s estimates on the net realizable value for inventories.

2. **Impairment evaluation of intangible assets**

Please refer to Note (4)(l) “intangible assets” and Note (4)(m) “Impairment of non-financial assets” of the parent company only financial statements for the accounting policies related to the impairment of intangible assets; Note (5)(b) for the accounting estimations and assumptions uncertainty for goodwill impairment; Note (6)(j) “intangible assets ” for details related to impairment of intangible assets.

Description of key audit matter:

The Company fully acquired KINGPAK Technology Inc. by stock exchange on June 19, 2020 (the effective date). The reference date of the merger is June 30, 2022. Management periodically assesses if there is any indication of impairment. The amounts of investments are significant, and assessing intangible assets such as goodwill involves complex calculations. Thus, the impairment evaluation of intangible assets is one of the most important evaluations in performing our audit procedures of the Company.

How the matter was addressed in our audit:

Our principal audit procedures included the following:

- Understand and assess the cash-generating unit that the management has identified to impair and any indication of impairment, the reasonableness of the management′s method of measuring the recoverable amount, and the accuracy of management′s past forecasts.
- Evaluate the professional competence, objectivity, experience, and valuation of external experts.
- Assess the appropriateness and correctness of the variables from the external professional′s appraisal pertaining to the testing of the impairment of the cash-generating unit.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with 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 a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease its operations, or has no realistic alternative but to do so.

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

Auditors′ Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

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

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

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

4. Conclude on the appropriateness of management′s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company′s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors′ report to the related disclosures in the 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 auditors′ report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the 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.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period 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 Chien, Szu-Chuan and Wang, I-Wen.

KPMG

Taipei, Taiwan (Republic of China)
February 29, 2024

Notes to Readers

The accompanying parent company only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

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

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

TONG HSING ELECTRONIC INDUSTRIES, LTD.

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note (6)(a))	$ 3,665,739	11	6,444,671	19
1110	Current financial assets at fair value through profit or loss (note (6)(b))	391,321	2	232,584	1
1170	Accounts receivable, net (note (6)(e))	2,074,577	6	2,157,262	6
1200	Other receivables (note (7))	83,198	-	114,405	-
1310	Inventories (note (6)(f))	1,273,122	4	1,503,015	5
1410	Prepayments	82,603	-	99,058	-
1470	Other current assets (note (6)(u))	125,823	-	78,409	-
		7,696,383	23	10,629,404	31
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (note (6)(b))	686,256	2	1,010,391	3
1517	Non-current financial assets at fair value through other comprehensive income (note (6)(c))	320,815	1	321,398	1
1535	Non-current financial assets at amortized cost (note (6)(d))	2,843,331	8	1,409,013	4
1550	Investments accounted for using equity method (note (6)(g))	1,968,369	6	1,937,233	6
1600	Property, plant and equipment (notes (6)(h), (7) and (8))	11,245,337	34	10,085,494	29
1755	Right-of-use assets (note (6)(i))	146,165	-	115,221	-
1760	Investment property, net	28,648	-	-	-
1780	Intangible assets (note (6)(j))	8,275,657	25	8,445,717	25
1840	Deferred tax assets (note (6)(q))	299,007	1	244,941	1
1900	Other non-current assets	37,896	-	21,345	-
1980	Other non-current financial assets (note (8))	5,405	-	5,405	-
		25,856,886	77	23,596,158	69
	Total assets	$ 33,553,269	100	34,225,562	100

	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities:				
2120	Current financial liabilities at fair value through profit or loss (note (6)(b))	$ 789	-	1,390	-
2130	Current contract liabilities (note (6)(u))	187,230	1	58,361	-
2170	Notes and accounts payable	563,290	2	727,506	2
2180	Accounts payable to related parties (note (7))	105,308	-	87,089	-
2200	Other payables (notes (6)(m) and (7))	1,991,334	5	2,267,802	7
2230	Current tax liabilities	221,058	1	570,373	2
2250	Current provisions (note (6)(n))	275,502	1	223,869	1
2280	Current lease liabilities (note (6)(o))	26,614	-	19,947	-
2300	Other current liabilities	39,995	-	50,252	-
		3,411,120	10	4,006,589	12
	Non-Current liabilities:				
2540	Long-term borrowings (note (6)(l))	5,227,817	16	5,204,769	16
2570	Deferred tax liabilities (note (6)(q))	168,703	1	160,718	-
2580	Non-current lease liabilities (note (6)(o))	121,537	-	96,523	-
2600	Other non-current liabilities (note (6)(l))	149,722	-	161,083	-
2640	Non-current net defined benefit liability (note (6)(p))	32,915	-	71,882	-
		5,700,694	17	5,694,975	16
	Total liabilities	9,111,814	27	9,701,564	28
	Equity: (note (6)(r))				
3100	Ordinary shares	2,090,581	6	1,608,139	5
3200	Capital surplus	15,115,876	45	15,115,876	44
3310	Legal reserve	2,150,081	6	1,829,345	5
3320	Special reserve	169,408	1	169,408	-
3350	Unappropriated earnings	4,936,725	15	5,820,426	18
3400	Other equity	(21,216)	-	(19,196)	-
	Total equity	24,441,455	73	24,523,998	72
	Total liabilities and equity	$ 33,553,269	100	34,225,562	100

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

TONG HSING ELECTRONIC INDUSTRIES, LTD.

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	**Sales revenue**	$ 11,776,971	102	12,149,026	101
4170	Less: sales returns and allowances	192,062	2	118,127	1
4100	**Net sales revenue (notes (6)(u) and (7))**	11,584,909	100	12,030,899	100
5110	**Cost of sales (notes (6)(f), (6)(j), (6)(p), (7) and (12))**	8,872,764	77	8,107,044	67
5900	**Gross profit**	2,712,145	23	3,923,855	33
6000	**Operating expenses: (notes (6)(j), (6)(p), (7) and (12))**				
6100	Selling expenses	238,094	2	259,050	2
6200	Administrative expenses	670,331	6	650,642	6
6300	Research and development expenses	402,816	3	273,324	2
6450	Expected credit reversal gains	(33)	-	(88,733)	(1)
		1,311,208	11	1,094,283	9
6900	**Net operating income**	1,400,937	12	2,829,572	24
	Non-operating income and expenses:				
7100	Interest income	192,505	2	55,944	-
7190	Other income (notes (6)(l), (7) and (10))	234,184	2	33,502	-
7230	Foreign exchange gains (losses), net (note (6)(x))	7,781	-	327,807	3
7235	Gains (losses) on current financial assets (liabilities) at fair value through profit or loss, net (note (6)(b))	(54,355)	-	28,067	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	39,925	-	845,660	7
7510	Finance cost－interest expense	(102,880)	(1)	(21,484)	-
7590	Miscellaneous disbursements (notes (6)(h) and (6)(v))	(336,125)	(3)	(345,375)	(3)
		(18,965)	-	924,121	7
7900	**Profit before tax**	1,381,972	12	3,753,693	31
7950	**Less: income tax expenses (note (6)(q))**	231,459	2	612,751	5
	Profit	1,150,513	10	3,140,942	26
	Other comprehensive income: (notes (6)(p) and (6)(q))				
	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Remeasurements of defined benefit plans	30,427	-	59,358	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(583)	-	(29,165)	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	(7,302)	-	18,938	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(4,625)	-	(11,872)	-
		17,917	-	37,259	-
	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(1,487)	-	176,572	2
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	50	-	(30,895)	-
		(1,437)	-	145,677	2
	Other comprehensive income, net	16,480	-	182,936	2
8500	**Comprehensive income**	**$ 1,166,993**	**10**	**3,323,878**	**28**
	Earnings per share (note (6)(t))				
9750	**Basic earnings per share (NT dollars)**	**$**	**5.50**		**14.09**
9850	**Diluted earnings per share (NT dollars)**	**$**	**5.48**		**13.93**

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

TONG HSING ELECTRONIC INDUSTRIES, LTD.

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Other equity				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned employee compensation	Total	Total equity
Balance on January 1, 2022	$ 1,786,979	15,118,420	1,552,352	141,141	4,526,534	6,220,027	(136,291)	583	(6,777)	(142,485)	22,982,941
Net income for the year ended December 31, 2022	-	-	-	-	3,140,942	3,140,942	-	-	-	-	3,140,942
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	66,424	66,424	145,677	(29,165)	-	116,512	182,936
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	3,207,366	3,207,366	145,677	(29,165)	-	116,512	3,323,878
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	276,993	-	(276,993)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	28,267	(28,267)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,608,214)	(1,608,214)	-	-	-	-	(1,608,214)
Capital reduction	(178,690)	-	-	-	-	-	-	-	-	-	(178,690)
Share-based payments	(150)	(2,544)	-	-	-	-	-	-	6,777	6,777	4,083
Balance on December 31, 2022	1,608,139	15,115,876	1,829,345	169,408	5,820,426	7,819,179	9,386	(28,582)	-	(19,196)	24,523,998
Net income for the year ended December 31, 2023	-	-	-	-	1,150,513	1,150,513	-	-	-	-	1,150,513
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	18,500	18,500	(1,437)	(583)	-	(2,020)	16,480
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	1,169,013	1,169,013	(1,437)	(583)	-	(2,020)	1,166,993
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	320,736	-	(320,736)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,249,536)	(1,249,536)	-	-	-	-	(1,249,536)
Stock dividends of ordinary share	482,442	-	-	-	(482,442)	(482,442)	-	-	-	-	-
Balance on December 31, 2023	**$ 2,090,581**	**15,115,876**	**2,150,081**	**169,408**	**4,936,725**	**7,256,214**	**7,949**	**(29,165)**	**-**	**(21,216)**	**24,441,455**

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

TONG HSING ELECTRONIC INDUSTRIES, LTD.

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 (used in) operating activities:		
Profit before tax	$ 1,381,972	3,753,693
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	1,113,034	1,049,881
Amortization expenses	130,505	72,152
Expected credit reversal gains	(33)	(88,733)
Net losses (gains) on financial assets and liabilities at fair value through profit or loss	54,355	(28,067)
Interest expense	102,880	21,484
Interest income	(192,505)	(55,944)
Dividend income	(10,499)	(13,528)
Compensation cost of share-based payment transaction	-	2,583
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(39,925)	(845,660)
(Gains) losses on disposal of property, plant and equipment	(891)	15,250
Impairment loss on non-financial assets	336,113	125,602
Loss due to disasters	-	204,090
Others	389	(79,628)
Total adjustments to reconcile profit (loss)	1,493,423	379,482
Changes in operating assets and liabilities:		
(Increase) decrease in current financial assets and liabilities at fair value through profit or loss	(172,334)	23,861
(Increase) decreasein contract assets	(38,342)	7,885
Decrease in accounts receivable	82,718	305,164
(Increase) decrease in other receivables	52,012	(45,926)
Decrease in inventories	229,893	119,084
(Increase) decreasein prepayments	16,455	(53,487)
(Increase) decreasein other current assets	(9,072)	2,713
Increase (decrease) in current contract liabilities	128,869	(9,728)
Decrease in notes and accounts payable	(145,997)	(210,186)
Decrease in other payables	(261,790)	(99,420)
Increase in provisions and other current liabilities	41,376	62,283
Decrease in net deferred benefit liabilities	(8,540)	(7,121)
	(84,752)	95,122
Cash inflow generated from operations	2,790,643	4,228,297
Interest received	134,193	39,591
Dividends received	10,499	13,528
Interest paid	(79,206)	(14,787)
Income taxes paid	(631,430)	(695,340)
Net cash flows from operating activities	2,224,699	3,571,289
Cash flows from (used in) investing activities:		
Acquisition of non-current financial assets at fair value through profit or loss	(88,242)	(902,982)
Proceeds from disposal of non-current financial assets at fair value through profit or loss	370,743	374,578
Acquisition of non-current financial assets at amortized cost	(1,636,124)	(698,424)
Proceeds from disposal of financial assets at amortised cost	229,480	-
Acquisition of property, plant and equipment	(2,614,283)	(3,043,692)
Proceeds from disposal of property, plant and equipment	37,872	196,132
(Increase) decrease in guarantee deposits paid	9,353	(11,288)
Acquisition of intangible assets	(38,284)	(66,874)
Decrease in other financial assets	-	5,300
Net cash inflows from business combination	-	1,417,156
Net cash flows used in investing activities	(3,729,485)	(2,730,094)
Cash flows from (used in) financing activities:		
Proceeds from long-term borrowings	-	5,297,000
Increase (decrease) in guarantee deposits received	156	(1,598)
Payment of lease liabilities	(24,766)	(19,880)
Cash dividends paid	(1,249,536)	(1,608,214)
Capital reduction by cash	-	(178,690)
Net cash flows from (used in) financing activities	(1,274,146)	3,488,618
Net increase (decrease) in cash and cash equivalents	(2,778,932)	4,329,813
Cash and cash equivalents at beginning of period	6,444,671	2,114,858
Cash and cash equivalents at end of period	**$ 3,665,739**	**6,444,671**

(1) Company history

Tong Hsing Electronic Industries, Ltd. (“the Company”) was incorporated as a company limited by shares on August 11, 1974 and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company′s registered office is 6F, No.83, Yanping S. Rd., Zhongzheng Dist., Taipei City. In accordance with Article 19 of the Business Mergers and Acquisitions Act, the Company merged with its subsidiary, KINGPAK TECHNOLOGY INC. (“KINGPAK”), pursuant to the resolutions of the Board of Directors on March 17, 2022 with the Company as the surviving company, and KINGPAK as the dissolved company. The reference date of the merger is June 30, 2022. The major business activities of the Company are the manufacture and sale of RF module, ceramic metalized substrate, hybrid modules & specialty packaging and image products.

(2) Approval date and procedures of the financial statements

The parent company only financial statements were authorized for issue by the Board of Directors on February 29, 2024.

(3) New standards, amendments and interpretations adopted

(a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2023:

● Amendments to IAS 1 “Disclosure of Accounting Policies”

● Amendments to IAS 8 “Definition of Accounting Estimates”

● Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Company has initially adopted the following new amendment, which do not have a significant impact on its financial statements, from May 23, 2023:

● Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

(Continued)

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies

The material accounting policies presented in the parent company only financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the parent company only financial statements.

(a) Statement of compliance

These parent company only 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”).

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the parent company only financial statements have been prepared on a historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) Financial assets at fair value through other comprehensive income are measured at fair value; and

3) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note (4)(q).

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The parent company only financial statements are presented in New Taiwan Dollars, which is the Company′s functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(Continued)

When the settlement of a monetary receivable from or payable to a foreign operation is neither planed nor likely to occur in the foreseeable future, exchange differences arising form such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Accounts receivable and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An accounts receivable without a significant financing component is initially measured at the transaction price.

(Continued)

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI)-equity investment or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment′s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

(Continued)

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company′s right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g., financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized costs, accounts receivable, other receivables, guarantee deposits paid and other financial assets), equity investments measured at FVOCI and contract assets.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company′s historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

(Continued)

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due or the borrower is unlikely to pay its credit obligations to the Company in full.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade which is considered to be BBB- or higher per Standard & Poor′s, Baa3 or higher per Moody′s or twA or higher per Taiwan Ratings′.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial assets.

At each reporting date, the Company assesses whether financial assets carried at amortized cost is credit-impaired. A financial asset is ‘credit-impaired′ when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred. Evidence that financial assets is credit-impaired includes the following observable data:

• significant financial difficulty of the borrower or issuer;

• a breach of contract such as a default or being more than 90 days past due;

• the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

• it is probable that the borrower will enter bankruptcy or other financial reorganization; or

• the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

(Continued)

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company′s procedures for recovery of amounts due.

5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

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

(Continued)

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted-average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in subsidiaries

When preparing the parent company only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, the amounts of net income, other comprehensive income and equity attributable to shareholders of the Company in the parent company only financial statement are equal to those in the consolidated financial statements.

Changes in the Company′s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(Continued)

(i) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings and structures: 3 ~ 50 years
2) Machinery and equipment: 2 ~11 years
3) Office equipment: 3 ~8 years
4) Leasehold improvements: 2~3 years

(Continued)

5) Building and equipment constitute mainly building, air conditioning equipment, and elevator engineering equipment and its related facilities. Each part depreciates based on its useful life.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a leasee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company′s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- 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:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company′s estimate of the amount expected to be payable under a residual value guarantee; or

(Continued)

- 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
- there is a change of its assessment on whether it will exercise an extension or termination option; or
- 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 Company 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 Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company 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 Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a leasor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

(Continued)

(l) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1)	Computer software	3~5 years
2)	Patents and others	5~20 years
3)	Customer relationship	13.5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset′s recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset′s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(o) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company′s main types of revenue are explained below.

(i) Sale of goods

The Company manufactures and sells electronic components to electronic manufacturers. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer′s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied. For certain image sensors product contracts, the customer controls all of the work in progress as the products are being manufactured. In such case, revenue will be recognized as the products are being manufactured.

The Company often offers trade and volume discounts to its customers. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that is highly probable that a significant reversal will not occur. A contract liability is recognized for expected discounts payable to customers in relation to sales made until the end of the reporting period.

No element of financing is deemed present as the sales of electronic components are made with a credit term of 30 to 90 days, which is consistent with the market practice.

(ii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(p) Government grants

A government grant related to assets is initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; it is then recognized in profit or loss as other income on a systematic basis over the useful life of the asset.

A government grant is recognized in profit or loss in the period in which it becomes receivable as compensation for expenses or losses already incurred, or for the purpose of giving immediate financial support to the Company without future related costs.

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company′s net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(r) Shares-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

(s) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS 37.

(Continued)

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

    1) the same taxable entity; or

    2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

The surtax on undistributed earnings is recorded as current income tax expense in the following year after the resolution to appropriate retained earnings is approved in a stockholders’ meeting.

(t) Business combination

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Company measures any non-controlling interests in the acquiree either at fair value or at the non-controlling interest′s proportionate share of the acquiree′s identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquire′s net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRS Accounting Standards endorsed by the FSC.

(u) Earnings per share

The Company discloses the Company′s basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(v) Operating segments

The Company discloses the operating segments information in the consolidated financial statements. Therefore, the Company does not disclose the operating segments information in the parent company only financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

In preparing the parent company only financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

There are no critical judgments in applying accounting policies that have significant effect on amounts recognized in the parent company only financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of economic uncertainty is as follows:

(a) Valuation of inventories

Inventories are stated at the lower of cost or net realizable value. Due to the impact of product life cycle and industrial competition in electronic industry, which tends to devalue the inventories, the Company evaluates the costs of inventories using the net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific period, therefore, the value of inventories may be variable due to the nature of fast-paced industry. Please refer to note (6)(f) of the parent company only financial statement for inventory valuation.

(b) Impairment of goodwill

The assessment of impairment of goodwill requires the Company to make subjective judgments to identify CGUs, allocate the goodwill to relevant CGUs, and estimate the recoverable amount of relevant CGUs. Any changes in these estimates based on changed economic conditions or business strategies could result in significant adjustments in future years. Please refer to note (6)(j) for further description of the impairment of goodwill.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Petty cash and cash on hand	$ -	50
Checking accounts and demand deposits	1,364,255	3,367,010
Time deposits	2,301,484	3,077,611
	$ 3,665,739	**6,444,671**

Please refer to note (6)(x) for the exchange rate risk, interest rate risk and the sensitivity analysis of the financial assets of the Company.

(b) Financial assets and liabilities at fair value through profit or loss

	December 31, 2023	December 31, 2022
Mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging		
Forward exchange contracts	$ 54,780	-
Foreign exchange swaps contracts	896	-
Non-derivative financial assets		
Open-end mutual funds	235,419	232,584
Structured deposit	100,226	-
Structured investment	251,937	538,189
Stock listed in domestic markets	184,649	231,375
Foreign private funds	249,670	240,827
	$ 1,077,577	**1,242,975**
Current	$ 391,321	232,584
Non-current	686,256	1,010,391
	$ 1,077,577	**1,242,975**

	December 31, 2023	December 31, 2022
Held-for-trading financial liabilities:		
Derivative instruments not used for hedging		
Forward exchange contracts	$ 723	57
Foreign exchange swaps contracts	66	1,333
	$ 789	**1,390**

The Company holds derivative financial instruments to hedge certain foreign exchange risk exposures arising from its operating activities. As of December 31, 2023 and 2022, the following derivative instruments, without the application of hedge accounting, were classified as financial assets mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities:

(Continued)

	December 31, 2023		
	Amount (in thousands)	**Currency**	**Maturity dates**
Derivative financial assets			
Forward exchange contracts:			
Foreign exchange purchased	USD10,000	USD to NTD	2024.02.05
Foreign exchange sold	USD82,500	USD to NTD	2024.01.03~2024.01.12
Foreign exchange swaps contracts:			
Foreign exchange swaps	USD2,000	USD to NTD	2024.01.03
Derivative financial liabilities			
Forward exchange contracts:			
Foreign exchange purchased	USD5,000	USD to NTD	2024.02.02
Foreign exchange swaps contracts:			
Foreign exchange swaps	USD7,000	USD to NTD	2024.01.12

	December 31, 2022		
	Amount (in thousands)	**Currency**	**Maturity dates**
Derivative financial liabilities			
Forward exchange contracts:			
Foreign exchange sold	EUR1,000	EUR to USD	2023.01.13
Foreign exchange swaps contracts:			
Foreign exchange swaps	USD9,000	USD to NTD	2023.01.09

Please refer to note (6)(x) for information relating to the credit risk management of financial instruments.

As of December 31, 2023 and 2022, the Company did not provide any aforementioned financial assets as collaterals for its loans.

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

	December 31, 2023	**December 31, 2022**
Equity investments at fair value through other comprehensive income:		
Stock listed on domestic market - preferred stock	$ 320,815	321,398

(i) The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for the long term for strategic purposes.

(ii) There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments for the years ended December 31, 2023 and 2022.

(Continued)

(iii) For credit risk and market risk, please refer to note (6)(x).

(iv) As of December 31, 2023 and 2022, the Company did not provide any aforementioned financial assets as collaterals for its loans.

(d) Financial assets at amortized cost

	December 31, 2023	December 31, 2022
Foreign corporate bonds	$ 2,843,331	1,409,013

The Company has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

(i) The Company purchased the bond with a face value of USD53,505 thousand and 37,561 thousand for the years ended December 31, 2023 and 2022, with a coupon rates of 1.538%~4.948% and 0.75%~3.522%, respectively.

(ii) Please refer to note (6)(x) for credit risk information.

(iii) As of December 31, 2023 and 2022, the Company did not provide any aforementioned financial assets as collaterals for its loans.

(e) Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable－measured at amortized cost	$ 2,077,758	2,160,476
Less: loss allowance	(3,181)	(3,214)
	$ 2,074,577	2,157,262

The Company applies the simplified approach to provide for its expected credit losses, i.e., the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics of the customer′s ability to pay all due amounts in accordance with contract terms, as well as incorporated forward looking information, including historical credit losses experience and reasonable forecasts of future economic conditions information.

According to the management′s assessment, to reflect the actual operation, the Company modified the basis for evaluating the expected credit losses of accounts receivable in March 2022. According to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors," changing in accounting estimate resulted to increase in the expected credit reversal gains amounted to $85,733 for the year ended December 31, 2022.

(Continued)

The loss allowance was determined as follows:

	December 31, 2023			
Aging interval	**Carrying amount of accounts receivable**		**Weighted-average expected loss rate**	**Loss allowance**
Current	$	2,029,146	-	-
Overdue 1 to 30 days		38,697	-	-
Overdue 31 to 60 days		5,949	10.00%	595
Overdue 61 to 90 days		651	20.00%	130
Overdue 91 to 120 days		1,228	50.00%	614
Overdue 121 to 180 days		1,228	80.00%	983
Overdue 181 to 365 days		859	100.00%	859
	$	2,077,758		3,181

	December 31, 2022			
Aging interval	**Carrying amount of accounts receivable**		**Weighted-average expected loss rate**	**Loss allowance**
Current	$	1,809,940	-	-
Overdue 1 to 30 days		320,008	-	-
Overdue 31 to 60 days		29,020	10.00%	2,902
Overdue 61 to 90 days		1,491	20.00%	298
Overdue 121 to 180 days		17	80.00%	14
	$	2,160,476		3,214

The movements in the allowance for accounts receivable were as follows:

		2023	2022
The beginning of period	$	3,214	91,947
Impairment loss reversed		(33)	(88,733)
The end of period	$	3,181	3,214

As of the reporting date, the Company did not provide any accounts receivable as collaterals for its loans.

(Continued)

(f) Inventories

		December 3 2023	December 3 2022
Finished goods	$	396,996	380,043
Semi-finished goods		85,935	128,148
Work in progress		203,945	259,762
Raw materials		510,007	624,761
Indirect materials		76,239	110,301
	$	1,273,122	1,503,015

(i) The details of the costs of sales for the years ended December 31, 2023 and 2022 of the Company were as follows:

		2023	2022
Cost of sales and expense	$	8,778,571	8,054,975
Current operating cost for write-downs on inventories valuation and obsolescence		94,193	52,069
	$	8,872,764	8,107,044

(ii) For the year ended December 31, 2022, the derecognition of inventories by the Company due to fire incidents amounting to $37,579 was recognized under miscellaneous disbursements; please refer to note (10) for details.

(iii) As of December 31, 2023 and 2022, the Company did not provide any inventories as collateral for its loans.

(g) Investments accounted for using equity method

		December 31, 2023	December 31, 2022
Subsidiaries	$	1,968,369	1,937,233

(i) Please refer to the consolidated financial statement for the year ended December 31, 2023.

(ii) As of December 31, 2023 and 2022, the Company did not provide any investments accounted for using equity method as collaterals for its loans.

(iii) Merger with subsidiaries

1) The Company fully acquired KINGPAK by stock exchange on June 19, 2020. The board of directors of the Company approved to conduct the short-form merger with KINGPAK on March 17, 2022. The Company is the surviving company, and KINGPAK is the dissolved company. The reference date of the merger is set on June 30, 2022.

(Continued)

2) On the reference date of the merger, the carrying amounts of assets and liabilities of KINGPAK were as follows :

Cash and cash equivalents	$	1,417,156
Accounts receivable, net		633,425
Other receivables		6,330
Other current financial assets		5,300
Inventories		488,956
Current contract assets		47,618
Other current assets		7,673
Non-current financial assets at fair value through other comprehensive income		145,285
Non-current financial assets at amortized cost		420,651
Property, plant and equipment (note (6)(h))		1,844,036
Right-of-use assets (note (6)(i))		6,954
Intangible assets (note (6)(j))		8,392,043
Non-current deferred tax asset (note (6)(q))		36,774
Net defined benefit assets (note (6)(p))		9,866
Guarantee deposits paid		5,772
Other non-current assets		1,054
Notes and accounts payable		(350,720)
Current contract liabilities		(38,519)
Current tax liabilities		(209,492)
Accrued expenses and other current liabilities		(652,341)
Lease liabilities (current and non-current)		(7,009)
Current provisions		(133,349)
Other non-current liabilities		(1,598)
Total identifiable net assets acquired	**$**	**12,075,865**

(Continued)

(h) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Company for the years ended December 31, 2023 and 2022, were as follows:

	Land	Buildings and structures	Machinery and equipment	Office equipment	Leasehold improvements	Unfinished construction and equipment under acceptance	Total
Cost or deemed cost:							
Balance on January 1, 2023	$ 2,426,916	2,633,684	3,748,535	155,328	25,179	4,495,175	13,484,817
Additions	-	601,110	821,659	165,482	125	1,010,602	2,598,978
Disposals	-	(70,307)	(515,168)	(38,744)	-	-	(624,219)
Transferred in (out)	(28,648)	2,103,078	426,177	78,550	-	(2,609,603)	(30,446)
Balance on December 31, 2023	**$ 2,398,268**	**5,267,565**	**4,481,203**	**360,616**	**25,304**	**2,896,174**	**15,429,130**
Balance on January 1, 2022	$ 1,793,148	2,260,315	3,093,700	127,498	-	1,764,854	9,039,515
Acquisition through merger	543,768	396,866	1,156,755	14,853	-	249,037	2,361,279
Additions	90,000	98,350	411,353	36,206	25,179	2,525,276	3,186,364
Disposals	-	(122,897)	(945,940)	(33,315)	-	-	(1,102,152)
Transferred in (out)	-	1,050	32,667	10,086	-	(43,992)	(189)
Balance on December 31, 2022	**$ 2,426,916**	**2,633,684**	**3,748,535**	**155,328**	**25,179**	**4,495,175**	**13,484,817**
Depreciation and impairment loss:							
Balance on January 1, 2023	$ -	861,057	2,454,593	80,009	3,664	-	3,399,323
Depreciation	-	185,770	844,219	48,633	8,909	-	1,087,531
Impairment loss	-	58,842	225,335	-	-	-	284,177
Disposals	-	(70,307)	(478,187)	(38,744)	-	-	(587,238)
Transferred in (out)	-	544	(544)	-	-	-	-
Balance on December 31, 2023	**$ -**	**1,035,906**	**3,045,416**	**89,898**	**12,573**	**-**	**4,183,793**
Balance on January 1, 2022	$ -	567,868	1,823,516	60,442	-	-	2,451,826
Acquisition through merger	-	95,178	416,201	5,864	-	-	517,243
Depreciation	-	152,292	828,212	44,743	3,664	-	1,028,911
Impairment loss	-	99,425	26,059	118	-	-	125,602
Disposals	-	(53,706)	(639,395)	(31,158)	-	-	(724,259)
Balance on December 31, 2022	**$ -**	**861,057**	**2,454,593**	**80,009**	**3,664**	**-**	**3,399,323**
Carrying amount:							
Balance on December 31, 2023	**$ 2,398,268**	**4,231,659**	**1,435,787**	**270,718**	**12,731**	**2,896,174**	**11,245,337**
Balance on January 1, 2022	**$ 1,793,148**	**1,692,447**	**1,270,184**	**67,056**	**-**	**1,764,854**	**6,587,689**
Balance on December 31, 2022	**$ 2,426,916**	**1,772,627**	**1,293,942**	**75,319**	**21,515**	**4,495,175**	**10,085,494**

The Company contracted with Chung-Lin General Contractors, LTD. for the construction of the plant in Bade District, Taoyuan City in August 2020. The total amount of contract is $3,200,000. As of December 31, 2023 and 2022, the amount of $3,024,000 and $2,688,000 had been paid, respectively.

For the year ended December 31, 2022, the carrying amount of certain buildings and structures, machinery and equipment, as well as office equipment, derecognized by the Company amounting to $166,511, due to the fire incidents, and was recognized under miscellaneous disbursements. Please refer to note (10) for details.

(Continued)

For the year ended December 31, 2022, the Company considered certain buildings and structures, machinery and equipment, as well as office equipment, as impaired, resulting in the recoverable amount to be lower than the carrying value by $125,602. The loss is recognized as impairment loss under miscellaneous disbursements.

For the year ended December 31, 2023, due to indication of impairment in some product line, the Company tested the impairment of CGUs, and the recoverable amount is based on its value in use to assess the impairment. The value in use is determined by the estimated cash flow of the Company's financial forecast for the next five years and is calculated at the discount rate before tax of 13.53% and 12.78% on June 30, and December 31, 2023 to reflect the specific industry risk of the relevant CGUs, respectively. The Company tested the impairment of CGUs and estimated recoverable amount was lower than their carrying amount. Accordingly, buildings and structures impairment losses of $58,842, equipment impairment losses of $225,335 and goodwill impairment losses of $51,936 were recognized and accounted for under miscellaneous disbursements, respectively.

As of December 31, 2023 and 2022, the Company had provided property, plant and equipment as collateral for its loans. Please refer to note (8) for details.

(i) Right-of-use assets

The Company leases many assets including land, staff dormitories and office equipment. Information about leases for which the Company as a lessee is presented below:

	Land	Buildings and structures	Office equipment	Total
Cost:				
Balance on January 1, 2023	$ 89,922	47,010	18,445	155,377
Additions	-	40,407	16,040	56,447
Deductions	(9,926)	(21,756)	(4,611)	(36,293)
Balance on December 31, 2023	$ 79,996	65,661	29,874	175,531
Balance on January 1, 2022	$ 74,694	22,901	14,855	112,450
Acquisition through merger	9,926	-	5,814	15,740
Additions	79,996	25,254	700	105,950
Deductions	(74,694)	(1,145)	(2,924)	(78,763)
Balance on December 31, 2022	$ 89,922	47,010	18,445	155,377
Accumulated depreciation:				
Balance on January 1, 2023	$ 9,353	21,718	9,085	40,156
Depreciation	4,654	15,795	5,054	25,503
Deductions	(9,926)	(21,756)	(4,611)	(36,293)
Balance on December 31, 2023	$ 4,081	15,757	9,528	29,366
Balance on January 1, 2022	$ 3,761	9,104	5,675	18,540
Acquisition through merger	6,066	-	2,720	8,786
Depreciation	4,004	13,759	3,208	20,971
Deductions	(4,478)	(1,145)	(2,518)	(8,141)
Balance on December 31, 2022	$ 9,353	21,718	9,085	40,156

(Continued)

		Land	Buildings and structures	Office equipment	Total
Carrying amount:					
Balance on December 31, 2023	$	75,915	49,904	20,346	146,165
Balance on January 1, 2022	$	70,933	13,797	9,180	93,910
Balance on December 31, 2022	$	80,569	25,292	9,360	115,221

(j) Intangible Assets

(i) The cost, amortization and impairment of the intangible assets of the Company were as follows:

		Goodwill	Patents and others	Cost of computer software	Customer relationship	Total
Cost:						
Balance on January 1, 2023	$	7,448,612	927,444	90,559	363,700	8,830,315
Additions		-	-	12,381	-	12,381
Disposals		-	(4,715)	(11,377)	-	(16,092)
Balance on December 31, 2023	$	7,448,612	922,729	91,563	363,700	8,826,604
Balance on January 1, 2022	$	51,936	25,462	20,336	41,776	139,510
Acquisition through merger		7,396,676	932,002	16,921	363,700	8,709,299
Additions		-	-	67,928	-	67,928
Disposals		-	(30,020)	(14,626)	(41,776)	(86,422)
Balance on December 31, 2022	$	7,448,612	927,444	90,559	363,700	8,830,315
Amortization and impairment loss:						
Balance on January 1, 2023	$	-	287,499	28,849	68,250	384,598
Amortization for the year		-	79,825	22,392	28,288	130,505
Disposals		-	(4,715)	(11,377)	-	(16,092)
Impairment loss		51,936	-	-	-	51,936
Balance on December 31, 2023	$	51,936	362,609	39,864	96,538	550,947
Balance on January 1, 2022	$	-	25,462	14,374	41,776	81,612
Acquisition through merger		-	253,666	8,810	54,780	317,256
Amortization for the year		-	38,391	20,291	13,470	72,152
Disposals		-	(30,020)	(14,626)	(41,776)	(86,422)
Balance on December 31, 2022	$	-	287,499	28,849	68,250	384,598
Carrying amount:						
Balance on December 31, 2023	$	7,396,676	560,120	51,699	267,162	8,275,657
Balance on January 1, 2022	$	51,936	-	5,962	-	57,898
Balance on December 31, 2023	$	7,448,612	639,945	61,710	295,450	8,445,717

(Continued)

(ii) Amortization recognized

For the years ended December 31, 2023 and 2022, the amortization of intangible assets in the statement of comprehensive income were as follows:

		2023	2022
Cost of sales	$	7,666	6,904
Operating expenses	$	122,839	65,248

(iii) Test of goodwill impairment

The Company obtained control over Impac Technology Co., Ltd. and KINGPAK in previous year. The cost of investment exceeds the fair value of identifiable net assets is recognized as goodwill. The goodwill recognized for the aforesaid transaction were $51,936 and $7,396,676, respectively. According to IAS 36, goodwill acquired in a business combination is tested for impairment at least annually. For the purposes of impairment testing, goodwill is allocated to each of the acquirer′s CGUs, that are expected to benefit from the synergies of the combination. Therefore, goodwill is tested for impairment by comparing the recoverable amount of BU3 and BU4 with its carrying amount to determine whether an impairment loss should be recognized.

The recoverable amount of the CGU BU3 is determined based on the value in use, which was calculated based on the cash flow forecast from the financial bugdets covering the future period, and the Compnay used the annual discount rates of 12.78% and 14.55%, respectively, in its impairment test for the years ended December 31, 2023 and 2022. The discount rate was estimated based on the weighted average cost of capital. Based on the result of impairment test, the recoverable amounts of the CGU BU3 determined by the value in use was higher than the carrying amounts of goodwill as of December 31, 2022. Therefore, the Compnay did not recognize any impairment loss on goodwill. As of June 30, 2023, the Company has estimated the recoverable amount of the CGU BU3 to be lower than their carrying amount due to indication of impairment in some of its product line, resulting in an impairment loss of $51,936, the impairment loss was fully allocated to goodwill and recognized as miscellaneous disbursements in Statements of Comprehensive Income. Please refer to note (6)(h) for other related information.

The recoverable amount of the CGU BU4 is determined based on the value in use, which was calculated based on the cash flow forecast from the financial bugdets covering the future period, and the Company used the annual discount rates of 11.59% and 10.46%, respectively, in its impairment test for the years ended December 31, 2023 and 2022. The discount rate was estimated based on the weighted average cost of capital. Based on the result of impairment test, the recoverable amounts of the CGU BU4 determined by the value in use were both higher than the carrying amounts of goodwill as of December 31, 2023 and 2022.

(iv) Collateral

As of December 31, 2023 and 2022, the Company did not provide intangible assets as collaterals for its loans.

(k) Short-term borrowings

Details of short-term borrowings were as follows:

		December 31, 2023	December 31, 2022
Comprehensvie secured bank loans	$	-	-
Unused short-term credit lines	$	7,277,600	5,563,150

Please refer to note (8) for the information about the Company had provided assets as collateral for part of its borrowings and credit lines.

(l) Long-term borrowings

Details of long-term borrowings were as follows:

		December 31, 2023	December 31, 2022
Unsecured loans	$	5,360,000	5,360,000
Less: Discounts on government grants		(132,183)	(155,231)
	$	5,227,817	5,204,769
Unused long-term credit lines	$	3,700,000	3,200,000
Range of interest rates		1.35%~1.55%	1.225%~1.425%
Expiration		2026 to 2031	2026 to 2031

(i) For the years ended December 31, 2022 and 2021, the preferential interest rate loans of $5,297,000 and $63,000, respectively, received by the Company from the government′s "Action Plan for Accelerating Investment of Rooted Taiwanese Enterprises", were used in capital expenditure and operating turnover, and are expected to be repaid by April 2031. Using the prevailing market interest rates at the equivalent loan rates of 1.35% to 1.85% and 0.75%, the fair values of the loans were estimated at $5,138,164 and $62,465, respectively, upon initial recognition. Moreover, the differences of $158,836 and $535, respectively, between the proceeds and the fair value of the loan, with the benefit deriving from the preferential interest rate loans, had been recognized as deferred revenue recorded under other non-current liabilities. For the years ended December 31, 2023 and 2022, the grant profits of $11,517 and $1,700, respectively, which were amortized over the period of loans, were recognized as other income.

(ii) Please refer to note (8) for the information about the Company had provided assets as collateral for part of its long-term borrowings.

(Continued)

(m) Other payables

Details of other payables were as follows:

	December 31, 2023	December 31, 2022
Salaries and bonus payable, employees′ compensation and directors′ remuneration	$ 1,221,246	1,354,703
Payable on machinery and equipment	290,515	305,820
Accrued employee benefit liabilities	76,210	55,745
Payable on consumables	59,631	71,393
Others	343,732	480,141
	$ 1,991,334	2,267,802

The others included professional service fees, commission, repairments and maintenance expense, utilities expense, labor insurance and health insurance, etc.

(n) Provision

	December 31, 2023	December 31, 2022
Compensation	$ 275,502	223,869

The provision for compensation losses was due to product defects. The Company has determined the most likely outcome of the compensation in accordance with the best estimation expenditure required for the obligation to recognize the compensation liabilities.

(o) Lease liabilities

Details of Company′s lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	$ 26,614	19,947
Non-current	$ 121,537	96,523

For the maturity analysis, please refer to note (6)(x).

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest on lease liabilities	$ 2,103	1,850
Variable lease payments not included in the measurement of lease liabilities	$ 4,377	47,430
Expenses relating to short-term leases	$ 3,049	5,768
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 283	226

(Continued)

The amounts recognized in the statement of cash flow were as follows:

		2023	2022
Total cash outflow for leases	$	34,578	75,154

(i) Real estate leases

The Company leases land, buildings and structures for its factory, staff dormitories, parking lots and office space. The leases typically run for a period of one to twenty years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Company leases office equipment with lease terms of one to three years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases payments are based on actual usage in the period.

The Company also leases copying machines and other office equipment and parking space with lease terms of one to three years. These leases are short-term or leases of low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(p) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan assets at fair value of the Company were as follows:

		December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$	(217,910)	(285,368)
Fair value of plan assets		184,995	213,486
Net defined benefit liabilities	$	(32,915)	(71,882)

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for its employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

(Continued)

The Company's Bank of Taiwan labor pension and appointed manager retirement fund reserve account balance amounted to $184,995 at the end of the reporting period. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations for the Company were as follows:

		2023	2022
Defined benefit obligation on January 1	$	(285,368)	(374,059)
Acquisition through merger		-	(30,994)
Current service costs and interest costs		(5,246)	(5,906)
Benefits paid		43,888	82,200
Remeasurement (loss) gain			
-Return on plan assets (excluding current interest income)		28,816	33,605
-Actuarial gain (loss) arising from change in financial assumptions		-	9,786
Defined benefit obligation on December 31	**$**	**(217,910)**	**(285,368)**

3) Movements of defined benefit plan assests

The movements in the present value of the defined benefit plan assets for the Company were as follows:

		2023	2022
Fair value of plan assets on January 1	$	213,486	225,832
Acquisition through merger		-	40,860
Interest income		2,738	1,886
Benefits paid		(43,888)	(82,200)
Remeasurements (loss) gain			
-Return on plan assets (excluding current interest income)		1,611	15,967
Contributions paid by the employer		11,048	11,141
Fair value of plan assets on December 31	**$**	**184,995**	**213,486**

(Continued)

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

		2023	2022
Current service costs	$	1,679	3,014
Net interest of net liabilities for defined benefit obligations		829	1,006
	$	**2,508**	**4,020**
Cost of sales	$	796	2,507
Selling expenses		22	91
Administrative expenses		1,573	1,154
Research and development expenses		117	268
	$	**2,508**	**4,020**

5) Remeasurement of the net defined benefit liabilities recognized in other comprehensive income

The Company′s remeasurement of the net defined benefit liabilities recognized in other comprehensive income for the years ended December 31, 2023 and 2022, were as follows:

		2023	2022
Accumulated amount on January 1	$	102,647	162,005
Recognized during the period		(30,427)	(59,358)
Accumulated amount on December 31	**$**	**72,220**	**102,647**

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.250%	1.250%
Future salary increasing rate	3.500%	3.500%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $11,048. The weighted-average lifetime of the defined benefit plan is 9.1 years.

(Continued)

7) Sensitivity analysis

As of December 31, 2023 and 2022, if the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

		Impact on the defined benefit obligations	
		Increased	**Decreased**
December 31, 2023			
Discount rate (Increased or Decreased 0.25%)	$	(3,129)	3,233
Future salary increasing rate (Increased or Decreased 1.00%)		13,150	(11,800)

	Impact on the defined benefit obligations	
	Increased	**Decreased**
December 31, 2022		
Discount rate (Increased or Decreased 0.25%)	(4,645)	4,808
Future salary increasing rate (Increased or Decreased 1.00%)	19,612	(17,474)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plan

The Company allocates 6% of each employee′s monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The pension costs incurred from the contribution to the Bureau of Labor Insurance amounted to $80,958 and $64,144 for the years ended December 31, 2023 and 2022, respectively.

(Continued)

(q) Income Taxes

(i) Income tax expenses

1) The components of income tax expense in the years 2023 and 2022 were as follows:

		2023	2022
Current tax expense			
Current period	$	345,732	647,585
Adjustment for prior periods		(63,617)	(23,621)
		282,115	623,964
Deferred tax expense			
Origination and reversal of temporary differences		(50,656)	(11,213)
Income tax expense	**$**	**231,459**	**612,751**

2) The amounts of income tax expense (income) recognized in other comprehensive income for 2023 and 2022 were as follows:

		2023	2022
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of the defined benefit plans	$	6,382	11,872
Share of other comprehensive income of associates and joint ventures accounted for using equity method		(1,757)	4,734
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign financial statements		(50)	30,895
	$	**4,575**	**47,501**

3) Reconciliation of income tax and profit before tax for 2023 and 2022 were as follows:

		2023	2022
Profit before income tax	$	1,381,972	3,753,693
Income tax using the Company′s domestic tax rate		276,394	750,739
Net investment gains and losses		8,778	(115,174)
Over provision in prior periods		(63,617)	(23,621)
Others		9,904	807
	$	**231,459**	**612,751**

(Continued)

(ii) Deferred tax assets and liabilities

The Company has no unrecognized deferred tax assets and liabilities. Changes in the amount of recognized deferred tax assets and liabilities for 2023 and 2022 were as follows:

	Provision for the land value increment tax	Investments income recognized under the equity method	Others	Total
Deferred tax liabilities:				
Balance on January 1, 2023	$ 80,950	53,071	26,697	160,718
Recognized in profit or loss	-	7,739	246	7,985
Balance on December 31, 2023	**$ 80,950**	**60,810**	**26,943**	**168,703**
Balance on January 1, 2022	$ 80,950	7,818	26,171	114,939
Recognized in profit or loss	-	45,253	526	45,779
Balance on December 31, 2022	**$ 80,950**	**53,071**	**26,697**	**160,718**

	Exchange differences on translation	Defined benefit plans	Adjustment of depreciation of fixed assets for tax purposes	Others	Total
Deferred tax assets:					
Balance on January 1, 2023	$ 2,057	27,632	148,624	66,628	244,941
Recognized in profit or loss	-	(1,708)	55,614	4,735	58,641
Recognized in other comprehensive income	50	(6,382)	-	1,757	(4,575)
Balance on December 31, 2023	**$ 2,107**	**19,542**	**204,238**	**73,120**	**299,007**
Balance on January 1, 2022	$ 32,952	40,928	90,469	34,327	198,676
Acquisition through merger	-	-	-	36,774	36,774
Recognized in profit or loss	-	(1,424)	58,155	261	56,992
Recognized in other comprehensive income	(30,895)	(11,872)	-	(4,734)	(47,501)
Balance on December 31, 2022	**$ 2,057**	**27,632**	**148,624**	**66,628**	**244,941**

(iii) Income tax assessment

The Company′s income tax returns have been examined and approved by the R.O.C′s tax authorities until year 2021.

(r) Capital and other equity

(i) Ordinary shares

As of December 31, 2023 and 2022, the number of authorized ordinary shares was $4,000,000, with par value of $10 per share. The total value of authorized ordinary shares amounted to 400,000 thousand shares, of which $200,000 were reserved for the issuance of employee stock options. As of the date, 209,058 thousand and 160,814 thousand of ordinary shares were issued. All issued shares were paid up upon issuance.

For the year ended Deceember 31, 2022, the restricted stocks were cancelled due to certain employees who failed to meet the vesting conditions of $150. All related registration procedures had been completed as of the reporting date.

The annual stockholders' meeting resolved to conduct a capital reduction by cash amounting to $178,690 on June 8, 2022, whereby 17,869 thousand ordinary shares were cancelled, resulting in the capital to decrease by 10%. The above capital reduction was approved by the regulatory authorities on September 19, 2022, with the base date set on October 14, 2022. The registration procedures have been completed on November 7, 2022.

The Company increased its capital by issuing 48,244 thousand common shares, at the amount of $482,442, recognized as dividends to be distributed, based on a resolution approved during the shareholders' meeting held on June 6, 2023. And that has been approved by the supervisory authority on June 28, 2023, with the base date set on August 15, 2023. The registration procedures have been completed on August 18, 2023.

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2023	December 31, 2022
Additional paid-in capital	$ 15,059,657	15,059,657
Other	56,219	56,219
	$ 15,115,876	15,115,876

According to the R.O.C Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring paid-in capital in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

In accordance with the Company's Articles of Incorporation amended on June 6, 2023, when allocating the earnings for each fiscal year, the Company must pay tax and make up for the accumulated losses first, also share the remaining profit as follows:

1) Set aside 10% of the earnings as legal reserve. However, when the legal reserve amount equals to the paid-in capital of the Company, it is not subject or such restriction.

2) Set aside or reverse special reserve in accordance with the relevant laws and regulations.

(Continued)

3) Pay dividends or bonuses for an amount not less than 30% of the amount net of the legal reserve and special reserve as stipulated in the preceding paragraph and the cash dividends shall account for at least 50% of the current year's total dividends. The Board of Director shall prepare the earnings distribution proposal for the resolutions of the shareholders′ meeting. However, if the earnings distribution proposal is for the distribution of dividend and bonus in cash entirely or partially, it shall be resolved by the Board of Directors with the attendance of more than two-thirds of the directors and the consent of the majority of attending directors; also, it shall be reported in the shareholders′ meeting.

The Company′s dividend policy is based on the current and future development plans, consideration of the investment environment, capital requirements, domestic and international competition, and the interests of shareholders, etc. The Board of Directors shall prepare a resolution to be approved by the shareholders in a meeting.

If the Company has no loss, the Board of Directors, with two-thirds of the directors present and a majority of the directors present, shall issue all or a portion of the legal reserve and the capital surplus as provided in Paragraph 1, Article 241 of the Company Act to the shareholders in cash in proportion to their original shares and report the same to the shareholders′ meeting.

The Company′s earnings distribution or loss off setting proposal may be proposed at the close of each half year.

When the Company allocates its earnings for the first half of the financial year in accordance with the preceding paragraph, it shall first estimate and retain the amounts of taxable contributions, make up its deficits, employee remuneration, and provision for surplus reserve. However, the appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital.

In accordance with the Company′s Articles of Incorporation amended on June 8, 2022, except as stated below, the others are the same as the Company′s Articles of Incorporation before revised on June 8, 2022.

If the Company has no loss, the Board of Directors, with two thirds of the directors present and a majority of the directors present, shall issue all or a portion of the legal reserve and the capital surplus as provided in Paragraph 1, Article 241 of the Company Act to the shareholders in cash in proportion to their original shares and report the same to the shareholders′ meeting.

The Company′s earnings distribution or loss off setting proposal may be proposed at the close of each half year.

When the Company allocates its earnings for the first half of the financial year in accordance with the preceding paragraph, it shall first estimate and retain the amounts of taxable contributions, make up its deficits, employee remuneration, and provision for surplus reserve. However, the appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital.

In accordance with the Company′s Articles of Incorporation before revised on June 8, 2022, the Company′s net earnings shall first be used to pay income taxes and offset the prior years′ deficit. Of the remaining balance, 10% is to be appropriated as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital, and an amount equal to a net debit balance of stockholders′equity is appropriated as a special reserve. The remaining balance and the accumulated unappropriated earnings of prior years, if any, may be appropriated according to the proposal presented in the annual stockholders′meeting by the Board of Directors, and be distributed as dividends to stockholders after the approval of the annual stockholders′ meeting. Based on the policy on stock dividends and in accordance with such factors as the development plan, investment environment, capital requirements, competitive environment, and benefits to stockholders, the dividends to be distributed to shareholders shall appropriate 60% or more of the appropriated earnings, and the cash dividends shall not be less than 30% of the total amount of dividends. After considering the actual profit and capital situation, the amount of dividends is determined by the board of directors and approved by the stockholders at their annual meeting.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders′ meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

In accordance with the Company′s Articles of Incorporation amended on June 8, 2022, legal reserve shall be distributed in cash pursuant to a resolution by the Board of Directors, please refer to aforementioned paragraph for the Company′s Articles of Incorporation.

2) Special reserve

By choosing to apply exemptions granted under IFRS 1 "First-time Adoption of International Financial Report Standards", the Company shall reclassify its unrealizedo a re revaluation gains amounting to $161,156 as retained earnings. According to the Rule No. 1010012865 issued by FSC on April 6, 2012, the company is able to reclassify its net increasing retained earnings as special earnings reserve which resulted from the first-time adoption of the IFRS after the adoption date. When the relevant asset was used, disposed of, reclassified, this special earnings reserve shall be reversed as distributable earnings proportionately. The carrying amount of special earnings reserve both amounted to $33,700 on December 31, 2023 and 2022.

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it shall make supplemental allocation of special reserve for any difference between the amount it has already allocated and the amount of the current-period total net reduction of other shareholders′ equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. A portion of undistributed prior-period earnings shall be reclassified to special earnings reserve (and does not qualify for earnings distribution)

(Continued)

to account for cumulative changes to the net reduction of other shareholders′ equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders′ equity shall qualify for additional distributions.

3) Earnings distribution

Earnings distribution for 2022 and 2021 was approved via the annual meeting of shareholders held on June 6, 2023, and June 8, 2022, respectively. The relevant dividend distributions to shareholders were as follows:

	2022		2021	
	Amount per share	**Total amount**	**Amount per share**	**Total amount**
Dividends distributed to ordinary shareholders				
Cash	$ 7.77007957	1,249,536	9.00037872	1,608,214
Shares	3.00	482,442	-	-
Total	**$ 10.77007957**	**1,731,978**	**9.00037872**	**1,608,214**

The amount of cash dividends on the 2023 earnings distribution had been approved during the board meeting held on February 29, 2024, as follows:

	2023	
	Amount per share	**Total amount**
Cash dividends distributed to ordinary shareholders	**$ 2.40**	**501,739**

The related information about earnings distribution approved by the shareholders′ meeting can be accessed from the Market Observation Post System Website.

(s) Shares-based payment

(i) Employee restricted shares

At the meeting held on May 30, 2019, the KINGPAK′s shareholders adopted a resolution to issue 500 thousand employee restricted shares, with a par value of $10 per share, amounting to $5,000. The terms of issuance and vested requirements of the shares are the same as of the stock exchange effective date, except for the shares which were changed into the Company′s ordinary shares according to the exchange ratio. The terms of the employee restricted shares were as follows:

1) Employees who work for KINGPAK from the issuance dates (the effective date of the share issuance) to the following vested periods, having met KINGPAK′s financial and personal performance, without violating the KINGPAK′s working policy, will receive the vested shares as below:

a) 1-year service: 30% of the restricted shares will be vested

(Continued)

b) 2-year service: 30% of the restricted shares will be vested

c) 3-year service: 40% of the restricted shares will be vested

2) The restricted rights before the vesting period are as follows:

a) The restricted shares are kept by a trust which is appointed by KINGPAK. Also, employees should comply with all procedures and sign the related documents accordingly.

b) Except for inheritance, employees may not sell, pledge, transfer, gift, or dispose, by any other means, to third parties.

c) The rights of restricted share plan for employees, including dividends, bonuses, the distribution rights of legal reserve and capital surplus, the voting rights at the shareholders′ meeting, etc., are the same as those of KINGPAK′s issued ordinary shares except for the new shares which could be subscribed in proportion to their original shareholding. The right of attendance, proposal, speech, voting, etc. of the shareholders are exercised according to the agreement which was entered into by the trust.

d) Employees may not demand KINGPAK or the trust appointed by KINGPAK to return the restricted shares in any ways.

3) The shares of the employees who fail to meet the vesting conditions will be retrieved and cancelled. The related guidelines on restricted stocks should be complied accordingly if the employees retire, succumb to any unfortunate events, voluntarily resign, have been dismissed or transferred to another post, or abandon their restricted shares.

Information on restricted stock to employee was as follows:

	2022 Units (thousand)
Outstanding units at beginning period	128
Vested during the year	(113)
Current units forfeited	(15)
Outstanding units at ended period	-

KINGPAK′s new restricted employee shares were all vested in November 2022. As of ended Deceember 31, 2022, the balance of nearned remuneration to employees had been recognized as a result of the restricted share options amounting to $0. For the years ended December 31, 2022, the expenses arising from employee restricted shares options amounted to $4,083. For the six months ended June 30, 2022, recognized as a share of profit (loss) of subsidiaries, associates, and joint ventures accounted for using equity method. For the six months ended December 31, 2022, recognized as operating expense.

(Continued)

(t) Earnings per share

(i) Basic earnings per share

The details on the calculation of basic earnings per share for 2023 and 2022 were based on the profit attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding, as follows:

1) Profit attributable to ordinary shareholders of the Company

	2023	2022
Profit attributable to ordinary shareholders of the Company	$ 1,150,513	3,140,942

2) Weighted-average number of ordinary shares (thousands)

	2023	2022
Weighted-average number of ordinary shares	209,058	222,965

	2023	2022
3) Basic earnings per share (NTD)	$ 5.50	14.09

(ii) Diluted earnings per share

The details on the calculation of diluted earnings per share for 2023 and 2022 were based on profit attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding after adjusting the effects of all dilutive potential ordinary shares, as follows:

1) Profit attributable to ordinary shareholders of the Company (diluted)

	2023	2022
Profit attributable to ordinary shareholders of the Company (diluted)	$ 1,150,513	3,140,942

2) Weighted-average number of ordinary shares (diluted) (thousands)

	2023	2022
Weighted-average number of ordinary shares (basic) (thousands)	209,058	222,965
Effect of employee share remuneration (thousands)	825	2,453
Effect of employee restricted shares (thousands)	-	99
Weighted-average number of ordinary shares (diluted) on December 31	209,883	225,517

(Continued)

		2023	2022
3)	Diluted earnings per share (NTD)	$ 5.48	13.93

The above-mentioned weighted average number of outstanding shares is adjusted retroactively according to the stock dividends of common stock.

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

	2023	2022
Primary geographical markets:		
Switzerland	$ 3,126,425	1,565,567
Malaysia	2,180,102	2,037,167
Japan	1,779,113	927,840
United States	1,353,069	1,850,668
Singapore	1,166,969	3,075,623
China	711,838	953,307
Others	1,267,393	1,620,727
	$ 11,584,909	12,030,899
Major products:		
Image products	$ 6,070,802	5,599,881
Hybrid modules & specialty packaging	2,675,402	2,654,693
Ceramic metalized substrate	1,994,307	2,829,873
RF module	732,625	732,630
Others	111,773	213,822
	$ 11,584,909	12,030,899

(ii) Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable (including related parties)	$ 2,077,758	2,160,476	1,832,215
Contract assets－image products (recorded under other current assets)	116,078	77,736	38,003
Less: loss allowance	(3,181)	(3,214)	(91,947)
Total	$ 2,190,655	2,234,998	1,778,271
Contract liabilities - advance sales receipts	$ 187,230	58,361	329,820

For details on accounts receivable and loss allowance, please refer to note (6)(e).

The amounts of revenue recognized for the years ended December 31, 2023 and 2022 that were included in the contract liabilities balance at the beginning of the periods were $41,362 and $6,749, respectively.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(v) Miscellaneous disbursements

Details of miscellaneous disbursements were as follows:

	2023	2022
Losses due to fire incident	$ -	204,090
Net losses on disposals of property, plant and equipment	-	15,250
Impairment losses on assets	336,113	125,602
Other expenses	12	433
	$ 336,125	345,375

(w) Employee compensation and directors′ remuneration

Based on the Company′s Articles of Incorporation amended on June 6, 2023, if the Company makes a profit in a year, no less than 3% shall be set aside as employees′ compensation and no more than 3% shall be set aside as directors′ remuneration. However, if the Company still has accumulated losses, the Company shall retain the amount to offset such losses in advance and then provide for the employees′ compensation and directors′ remuneration in proportion to the aforementioned amounts. The distribution shall be made in the form of cash or stocks for employees, but only in the form of cash for the directors. Employees entitled to receive the said stock or cash may include the employees of the Company′s subordinate companies who meet certain requirements.

Based on the Company′ s Articles of Incorporation amended on June 8, 2022, once the Company has an annual profit, it should appropriate 3% or more of the profit to its employees and 3% or less as directors′ remuneration. The Company should offset the prior years′ accumulated deficit before any appropriation of profit then appropriate employee compensation and remuneration of directors at the above rate. Employee compensation shall be paid in cash or stock, and the remuneration of directors shall be paid in cash.

For the years ended December 31, 2023 and 2022, the Company estimated its employee remuneration amounting to $84,000 and $240,000, and directors' remuneration amounting to $45,300 and $123,000, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors of each period, multiplied by the percentage of remuneration to employees, directors as determined by the management. These remunerations were expensed under operating costs or operating expenses during 2023 and 2022. The differences between the amounts approved in the Board of Directors′ meeting and those recognized in the financial statement, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in the following year. The numbers of shares to be distributed were calculated based on the closing price of the Company′s ordinary shares one day before the date of the meeting of the board of directors.

(Continued)

The amounts, as stated in the parent company only financial statements, are identical to those of the actual distributions for 2023 and 2022. Related information would be available at the Market Observation Post System Website.

(x) Financial Instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) The concentration of credit risk

Sales to individual customers constituting over 10% of sales revenue for the years ended December 31, 2023 and 2022, amounted to $6,720,123 and $5,343,064, respectively. In order to reduce the credit risk, the Company monitors the financial conditions of customers regularly. However, the Company usually does not require customers to provide any collateral.

3) Receivables credit risk

For credit risk exposure of accounts receivable, please refer to note (6)(e). Other financial assets at amortized cost, including other receivables and investment in bonds, are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note (4)(f).

There were no changes on the loss allowance of other receivables for the years ended December 31, 2023 and 2022.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying Amount	Contractual cash flows	Within a year	Over a year
December 31, 2023				
Non-derivative financial liabilities:				
Notes and accounts payable	$ 563,290	(563,290)	(563,290)	-
Accounts payable to related parties	105,308	(105,308)	(105,308)	-
Other payables	1,991,334	(1,991,334)	(1,991,334)	-
Lease liabilities (including current and non-current portion)	148,151	(174,102)	(29,041)	(145,061)
Guarantee deposits received	3,569	(3,569)	-	(3,569)
Long-term borrowings	5,227,817	(5,360,000)	-	(5,360,000)

(Continued)

	Carrying Amount	Contractual cash flows	Within a year	Over a year
Derivative financial liabilities:				
Forward exchange contracts:	723			
Inflow		152,000	152,000	-
Outflow		(152,804)	(152,804)	-
Foreign exchange swaps contracts:	66			
Inflow		216,972	216,972	-
Outflow		(217,039)	(217,039)	-
	$ 8,040,258	(8,198,474)	(2,689,844)	(5,508,630)
December 31, 2022				
Non-derivative financial liabilities:				
Notes and accounts payable	$ 727,506	(727,506)	(727,506)	-
Accounts payable to related parties	87,089	(87,089)	(87,089)	-
Other payables	2,267,802	(2,267,802)	(2,267,802)	-
Lease liabilities (including current and non-current portion)	116,470	(142,226)	(21,758)	(120,468)
Guarantee deposits received	3,413	(3,413)	-	(3,413)
Long-term borrowings	5,204,769	(5,360,000)	-	(5,360,000)
Derivative financial liabilities:				
Forward exchange contracts:	57			
Inflow		32,682	32,682	-
Outflow		(32,720)	(32,720)	-
Foreign exchange swaps contracts:	1,333			
Inflow		274,898	274,898	-
Outflow		(276,390)	(276,390)	-
	$ 8,408,439	(8,589,566)	(3,105,685)	(5,483,881)

The Company does not expect that the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(Continued)

(iii) Currency risk

1) Exposure to currency risk

The Company's significant exposure to financial assets and liabilities for foreign currency risk were as follows:

	December 31, 2023				December 31, 2022		
		Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets							
Monetary items							
USD	$	188,193	USD/NTD =30.705	5,778,466	167,235	USD/NTD =30.710	5,135,787
Financial liabilities							
Monetary items							
USD		17,051	USD/NTD =30.705	523,551	24,591	USD/NTD =30.710	755,190
JPY		186,185	JPY/NTD =0.2172	40,439	380,194	JPY/NTD =0.2324	88,357

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, notes and accounts payable and other payables that are denominated in foreign currency. A weakening (strengthening) of 5% of the NTD against USD and JPY for the years ended December 31, 2023 and 2022 would have increased or decreased the net profit before tax as follows. The analysis is performed on the same basis for both periods:

		2023	2022
USD (against the NTD)			
Strengthening 5%	$	262,746	219,030
Weakening 5%		(262,746)	(219,030)
JPY (against the NTD)			
Strengthening 5%		(2,022)	(4,418)
Weakening 5%		2,022	4,418

3) Foreign exchange gains or losses on monetary items

As the Company deals with diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2023 and 2022, the foreign exchange gains, including realized and unrealized portion, amounted to $7,781 and $327,807, respectively.

(Continued)

(iv) Interest rate analysis

The details of financial assets and liabilities exposed to interest rate risk were as follows:

		Carrying amount	
		December 31, 2023	**December 31, 2022**
Variable rate instruments:			
Financial assets	$	1,370,849	3,362,446
Financial liabilities		(5,227,817)	(5,204,769)
	$	**(3,856,968)**	**(1,842,323)**

The exposure to interest rate risk for financial assets and liabilities refers to the management of liquidity risk in this note.

The following sensitivity analysis is based on the exposure to interest rate risk of the non-derivative financial instruments on the reporting date. Regarding the assets and liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents the Company′s management assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 0.25%, assuming all other variables remaining constant, the Company′s net profit before tax would have decreased or increased by $9,642 and $4,606, for the years ended December 31, 2023 and 2022, respectively, which would be mainly resulted from the borrowings , demand deposits and time deposits with variable interest rates.

(v) Fair value

1) The categories and the fair values of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss is measured on a recurring basis. The carrying amount and fair value of the Company′s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities disclosure of fair value information is not required:

(Continued)

	December 31, 2023				
		Fair value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets mandatorily measured at fair value through profit or loss (including current and non-current portion)					
Derivative financial assets	$ 55,676	-	55,676	-	55,676
Open-end mutual funds	235,419	235,419	-	-	235,419
Structured deposits	100,226	-	100,226	-	100,226
Structured investments	251,937	-	-	251,937	251,937
Stock listed in domestic markets	184,649	184,649	-	-	184,649
Foreign private funds	249,670	-	-	249,670	249,670
Subtotal	1,077,577				
Financial assets measured at fair value through other comprehensive income					
Stock listed in domestic market —preferred stocks	320,815	320,815	-	-	320,815
Financial assets measured at amortized cost					
Cash and cash equivalents	3,665,739	-	-	-	-
Accounts receivable, net	2,074,577	-	-	-	-
Other receivables	39,880	-	-	-	-
Foreign corporate bonds	2,843,331	-	-	-	-
Guarantee deposits paid (recorded under other non-current assets)	11,992	-	-	-	-
Other non-current financial assets	5,405	-	-	-	-
Subtotal	8,640,924				
Total	**$ 10,039,316**				
Financial liabilities measured at fair value through profit or loss					
Derivative financial liabilities	$ 789	-	789	-	789
Financial liabilities measured at amortized cost					
Notes and accounts payable	563,290	-	-	-	-
Accounts payable to related parties	105,308	-	-	-	-
Other payables	1,991,334	-	-	-	-
Lease liabilities (including current and non-current portion)	148,151	-	-	-	-
Guarantee deposits received	3,569	-	-	-	-
Long-term borrowings	5,227,817	-	-	-	-
Subtotal	8,039,469				
Total	**$ 8,040,258**				

(Continued)

	December 31, 2022				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss (including current and non-current portion)					
Open-end mutual funds	$ 232,584	232,584	-	-	232,584
Structured investment	538,189	-	-	538,189	538,189
Stock listed in domestic markets	231,375	231,375	-	-	231,375
Foreign privated funds	240,827	-	-	240,827	240,827
Subtotal	1,242,975				
Financial assets measured at fair value through other comprehensive income					
Stock listed in domestic market— preferred stocks	321,398	321,398	-	-	321,398
Financial assets measured at amortized cost					
Cash and cash equivalents	6,444,671	-	-	-	-
Accounts receivable, net	2,157,262	-	-	-	-
Other receivables	59,610	-	-	-	-
Foreign corporate bonds	1,409,013	-	-	-	-
Guarantee deposits paid (recorded under other non-current assets)	21,345	-	-	-	-
Other non-current financial assets	5,405	-	-	-	-
Subtotal	10,097,306				
Total	$ 11,661,679				
Financial liabilities measured at fair value through profit or loss					
Derivative financial liabilities	$ 1,390		1,390		1,390
Financial liabilities measured at amortized cost					
Notes and accounts payable	727,506	-	-	-	-
Accounts payables to related parties	87,089	-	-	-	-
Other payables	2,267,802	-	-	-	-
Lease liabilities (including current and non-current portion)	116,470	-	-	-	-
Guarantee deposits received	3,413	-	-	-	-
Long-term borrowings	5,204,769	-	-	-	-
Total	$ 8,408,439				

(Continued)

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices. The market prices from the main exchanges and government bond exchanges are the basis of the fair value of the listed company′s equity instruments and debt instruments.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm′s-length basis. If the above conditions are not met, the market is considered inactive. Quoted market prices may not be active if the bid-ask spread is wide, the bid-ask spread has increased significantly, or the volume of trading is low.

The fair values of the Company′s financial instruments in an active market for each category and attribute were as follows:

The fair values of financial assets and financial liabilities with standard terms and conditions traded in active liquid markets are determined with reference to the quoted market prices, including open-end mutual funds and stocks of listed company.

The measurements on fair value of the financial instruments without an active market are determined using the valuation technique or the quoted market price of its competitors. Fair value measured using the valuation technique can be extrapolated from similar financial instruments, discounted cash flow method, or other valuation techniques which include the model used in calculating the observable market data at the consolidated balance sheet date.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on valuation models commonly accepted by market participants such as the discounted cash flow method or option pricing models. The value of a forward exchange contract is usually determined by the forward exchange rate. Structured investments were calculated using the offer price.

3) Transfer between level

There were no transfers between fair value level for the years ended December 31, 2023 and 2022.

(Continued)

4) Reconciliation of Level 3 fair values

		Non derivative financial assets mandatorily measured at fair value through profit or loss
Balance on January 1, 2023	$	779,016
Total gains and losses		
Recognized in profit or loss		5,092
Purchased		88,242
Disposal		(370,743)
Balance on December 31, 2023	**$**	**501,607**
Balance on January 1, 2022	$	179,221
Total gains and losses		
Recognized in profit or loss		71,391
Purchased		902,982
Disposal		(374,578)
Balance on December 31, 2022	**$**	**779,016**

For the years ended December 31, 2023 and 2022, total gains and losses were included in gains (losses) on financial assets (liabilities) at fair value through profit or loss.

5) The quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company′s financial instruments that use Level 3 inputs to measure fair value include "financial assets measured at fair value through profit or loss – investment in private funds and structured investment" used the Net Asset Value Method.

The quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss－investment in private funds	Net Asset Value Method	• Net Asset Value	Not applicable

The fair value of the structured investments is based on unadjusted quote price of trading partners. Therefore, the quantitative information and sensitivity analysis are not available.

(Continued)

(y) Financial risk management

(i) Overview

The Company has exposures to the following risks from its financial instruments：

1) Credit risk

2) Liquidity risk

3) Market risk

The following, likewise discusses the Company′s objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying parent company only financial statements.

(ii) Structure of risk management

The Company minimizes the risk exposure by purchasing derivative financial instruments. The Board of Directors regulated the transaction of derivative and non-derivative financial instruments in accordance with the Company′s procedures for acquisition and disposal of assets. The internal auditors of the Company continually review the amount of the risk exposure in accordance with the Company′s policy and the risk management policies and procedures. The Company has no transactions in the financial instruments (including derivative financial instruments) for the purpose of speculation.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company′s receivables from customers and investment securities.

1) Accounts receivable and other receivables

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company offers standard payment term and shipment term. New customers may transact with the Company only on a prepayment basis.

In order to mitigate account receivable credit risk, the Company constantly assesses the financial status of the customers, and requests the customers to provide guarantee or security if necessary. The Company regularly accesses the collectability of accounts receivable and recognizes allowance for accounts receivable. The impairment losses are always within management′s expectation.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including listed company and unlisted company. In order to avoid the excess of credit limitation of the customer, the Company constantly monitors the status of the customers. The Company will stop trading with the customer who has no credit limits, unless the payment has been paid or approved. Furthermore, credit limits of the customers will be assessed quarterly.

The Company sets the allowance for bad debt account to reflect the estimated losses for accounts receivable, other receivables, and investment.

2) Investment

The credit risk exposure in the bank deposits, fixed income investments and other financial instruments are measured and monitored by the Company′s finance department. Since the Company′s transaction counterparties and contractually obligated counterparties are banks, financial institutes and corporate organizations with good credits, there are no compliance issues, and therefore no significant credit risk.

3) Guarantees

Pursuant to the Company′s policies, it is only permissible to provide financial guarantees to subsidiaries. As of December 31, 2023 and 2022, the Company did not provide any guarantees.

(iv) Liquidity risk

The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company′s management supervises the banking facilities and ensures in compliance with the terms of the loan agreements.

The loans and borrowings from the bank form an important source of liquidity for the Company. Please refer to notes (6)(k) and (6)(l) for unused short-term and long-term bank facilities as of December 31, 2023 and 2022.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company′s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currencies. The Company's functional currency is NTD. The currencies used in these transactions are denominated in EUR, USD, and JPY.

(Continued)

2) Interest rate risk

The Company borrows funds with floating interest rates which results to risks of cash flows.

3) Other market price risk

The Company is exposed to equity price risk due to stocks listed in domestic markets and the quoted open-end fund at fair value.

(z) Capital management

The Company maintains the capital based on the current operating characteristics of the industry, future development, and changes in external environment, to assure there is financial resource and operating plan to support working capital, capital expenditures, research & development expense, debt redemption and dividend payment and so on. The management decides the optimized capital by using appropriate debt-to-equity ratio. To maintain a strong capital base, the Company enhances the return on equity by optimizing debt-to-equity ratio. The Company′s debt-to-equity ratio at the end of the reporting date was as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 9,111,814	9,701,564
Total equity	24,441,455	24,523,998
Debt-to-equity ratio	37%	40%

As of the year ended December 31, 2023, there were no changes in the Company′s approach to capital management.

(aa) Investing and financing activities not affecting current cash flow

(i) The Company′s investing and financing activities, which did not affect the current cash flow for the years ended December 31, 2023 and 2022, were as the acquisition of its right-of-use assets by lease, please refer to note (6)(i).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Non-cash changes Increase	December 31, 2023
Lease liabilities (including current and non-current portion)	$ 116,470	(24,766)	56,447	148,151
Guarantee deposits received	3,413	156	-	3,569
Long-term borrowings	5,204,769	-	23,048	5,227,817
Total liabilities from financing activities	$ 5,324,652	(24,610)	79,495	5,379,537

(Continued)

	January 1, 2022	Cash flows	Non-cash changes: Acquisition through merger	Non-cash changes: Increase	Non-cash changes: Other	December 31, 2022
Lease liabilities (including current and non-current portion)	$ 95,217	(19,880)	7,009	105,950	(71,826)	116,470
Guarantee deposits received	3,413	-	-	-	-	3,413
Long-term borrowings	62,500	5,297,000	-	-	(154,731)	5,204,769
Total liabilities from financing activities	$ 161,130	5,277,120	7,009	105,950	(226,557)	5,324,652

(7) Related-party transactions

(a) Name and relationship with related parties

The followings are related parties that have had transactions with the Company during the periods covered in the financial statements.

Name of related party	Relationship with the Company
Tong Hsing Electronics Phils. Inc. (THEPI)	Subsidiary
KINGPAK Technology Inc. (KINGPAK) (Note)	Subsidiary
Yageo Corporation (Yageo)	Same chairman as the Company
Ralec Electronic Corporation (Ralec)	Substantial related party
MAG. LAYERS Scientific Technics Co., Ltd. (MAG. LAYERS)	Substantial related party
Yageo Professional Competition Development Association	Substantial related party
Yageo Foundation	Substantial related party

Note: After the acquisition through merger pursuant to the resolutions of the Board of Directors on March 17, 2022, the Company merged with KINGPAK as the dissolved company in June , 2022.

(b) Significant transaction with related parties

(i) Sales

The amounts of significant sales by the Company to related parties were as follow:

	2023	2022
Subsidiary	$ -	1,932

Sales prices for related parties were not significantly different from those of other customers.

(Continued)

(ii) Manufacturing fee

After the Company sold raw materials to THEPI for manufacturing, THEPI will directly transport the products to the customers of the Company. During 2023 and 2022, the manufacturing fee amounted to $374,705 and $525,540, respectively. The term is a monthly payment by cash.

(iii) Purchase of goods from related parties

The amounts of significant purchase transactions between the Company and related parties were as follows:

	2023	2022
THEPI	$ 1,977,365	1,596,627
Other related parties	32	75
	$ 1,977,397	**1,596,702**

The purchase prices from related parties were not significantly different from those offered by other vendors. The payment terms were monthly closing, which were not significantly different from the payment terms given by other vendors.

(iv) Payable to related parties

The payables to related parties were as follows:

Account	Related party categories	December 31, 2023	December 31, 2022
Accounts payable	Subsidiaries	$ 105,301	87,089
Accounts payable	Other related parties	7	-
		$ 105,308	**87,089**
Payable on manufacturing (under other payables)	Subsidiaries	**$ 22,457**	**17,742**

(v) Operating expenses

Related party categories	2023	2022
Substantial related party	**$ 11,000**	**-**

(Continued)

(vi) Property transactions

The disposals of property, plant and equipment to related parties were as follows:

	2023		2022	
Related party categories	**Disposal price**	**Gain (loss) from disposal**	**Disposal price**	**Gain (loss) from disposal**
Subsidiaries	$ 37,160	-	184,891	-

The purchases price of property, plant and equipment from related parties were as follows:

	2023	2022
Related party categories	**Acquisition price**	**Acquisition price**
Substantial related party	$ -	130,000

For future expansion, pursuant to the resolution of the Board of Directors held on March 17, 2022, the Company signed the real estate transaction contract with MAG. LAYERS on March 24, 2022. The total price amounted to $130,000. The transfer procedure was completed on June 27, 2022. As of December 31, 2022, the aforementioned amount was fully paid.

(vii) Other receivables

The receivables due from related parties were as follows:

Account	**Related party categories**	**December 31, 2023**	**December 31, 2022**
Other receivable	Subsidiaries	$ 7,288	46,240

(viii) Lease

The Company has sub-leased offices to subsidiary from December 2020 to June 2022. For the year ended December 31, 2022, the rental income amounting to $143, which was recognized under other income, and the aforementioned amount was fully received.

(c) Transactions with key management personnel

	2023	2022
Short-term employee benefits	$ 137,877	214,484
Post-employment benefits	762	864
	$ 138,639	215,348

(Continued)

(8) Assets pledged as security

The carrying amounts of pledged assets were as follows:

Pledged assets	Subject	December 31, 2023	December 31, 2022
Other non-current financial assets – time deposits	Rental guarantee for the plant in the Hsinchu Science Park, Longtan Dist.	$ 5,000	5,000
〃	Guarantee for cooperative education program	405	405
Property, plant and equipment －land, buildings, machinery and equipment	Long-term and short-term borrowings and credit lines	192,171	506,077
		$ 197,576	511,482

(9) Commitments and contingencies

(a) The Company′s unrecognized contractual commitments were as follows:

	December 31, 2023	December 31, 2022
Future payments for the purchase of equipment and construction in progress	$ 552,820	2,095,468

(b) The Company contracted with Chung-Lin General Contractors, Ltd. for the construction of the plant in Bade District, Taoyuan City in August, 2020. As of December 31, 2023, the payment amounting to $176,000 has not been paid.

(c) The Company′s unused and outstanding letters of credit and the deposit for the Company′s customs duties were as follows:

	December 31, 2023	December 31, 2022
Unused and outstanding letters of credit and the deposit for customs duties	$ 36,500	28,800

(Continued)

(10) Losses due to major disasters:

The fire incident occurred on September 26, 2022 resulted in the destruction of certain parts of the building, equipment, and inventory in the Company′s Taipei factory, causing the Company to incur repairments and maintenance expenses. In addition, part of the personnel affected by the fire incidents have been transferred to other business premises of the Company to continue their daily operations. The remaining production lines and other factory areas of the Taipei factory remain in normal operation. The damaged buildings and equipment derecognized by the Company amounted to $166,511 and the inventory amounted to $37,579 during 2022. The total estimated losses from the incidents above amounted to $204,090.

For the year ended December 31, 2023, the Company recognized and received insurance claim income amounted to $103,132, which was recorded under other income.

(11) Subsequent Events: None.

(12) Other

(a) A summary of employee benefits, depreciation and amortization categorized by function, is as follows:

By function / By item	2023			2022		
	Cost of sales	**Operating expenses**	**Total**	**Cost of sales**	**Operating expenses**	**Total**
Employee benefits						
Salaries	1,765,375	628,798	2,394,173	1,585,549	702,750	2,288,299
Labor and health insurance	155,078	44,166	199,244	138,720	33,394	172,114
Pension	63,111	20,355	83,466	52,237	15,927	68,164
Remuneration of directors	-	45,300	45,300	-	123,000	123,000
Other employee benefits	84,572	22,323	106,895	75,217	15,715	90,932
Depreciation	1,055,216	57,818	1,113,034	1,012,822	37,059	1,049,881
Amortization	7,666	122,839	130,505	6,904	65,248	72,152

For the years ended December 31, 2023 and 2022, the information on the number of employees and employee benefit expense of the Company were as follows:

	2023	**2022**
Number of employees	**2,564**	**2,792**
Number of directors (non-employees)	**8**	**8**
Average employee benefit expense	**$ 1,089**	**941**
Average employee salary expense	**$ 937**	**822**
Percentage of change in average employee salary expense	**13.99%**	**(7.43)%**
Supervisor′s remuneration	**$ -**	**-**

(Continued)

The Company's compensation policy (including directors, managers, and employees) was as follows:

(i) Compensation of Directors: The Directors' compensation is stipulated according to the Directors' and Managers' Remuneration Policy and the Company's Articles of Incorporation. Compensation of Directors includes professional service fees and remuneration which is determined in accordance with the year ended earning distribution.

(ii) Remuneration of Managers: The managers' remuneration is determined in accordance with the Directors and Managers' Remuneration Policy and the Company's Articles of Incorporation. Remuneration to Managers includes salary and employee remuneration, which are determined by Company's operating performance and personal performance.

(iii) Salary of employees: The employees' salaries are stipulated according to the New Employees' Salary Standard, Management Measures for Employee Salary and Measures for Issuance of Performance Bonus. The salary of employee includes salary, bonus, and employee remuneration which are determined by Company's operating performance and personal performance.

(iv) Remuneration of employees: According to the Company's Articles, the Company made an earnings distribution which should be approved by salary and compensation committee and Board of Director. Remunerations were paid within authorized limits after approved by the chairman.

(13) Other disclosures

(a) Information on significant transactions:

The followings were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company for the year ended December 31, 2023:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties: None.

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand units/ thousand shares

Name of holder	Name of security: Category	Name of security: name	Relationship with Company	Account tittle	Ending balance: Shares /Units	Ending balance: Carrying amount	Ending balance: Percentage of ownership (%)	Ending balance: Fair value	Note
The Company	Open-end mutual funds	Jin Sun Money Market Fund	None	Current financial assets at fair value through profit or loss	15,433	235,419	-	235,419	
The Company	Structed Deposits	President DSU 100% (NTD) principal Guaranteed Note	None	Current financial assets at fair value through profit or loss	-	100,226	-	100,226	
The Company	Fund	SMART Growth Fund, L.P. (Note 1)	None	Non-current financial assets at fair value through profit or loss	Note 2	249,670	1.60%	249,670	Note 3
The Company	Stock	Shin Kong Financial Holding Co., Ltd.	None	Non-current financial assets at fair value through profit or loss	6,445	184,649	-	184,649	
The Company	Stock	Fubon Financial Holding Co., Ltd. Preferred Shares C	None	Non-current financial assets at fair value through other comprehensive income	5,833	320,815	-	320,815	
The Company	Stock	eGtran Corporation	None	Non-current financial assets at fair value through other comprehensive income	22	-	-	-	
The Company	Bond	Formosa Group Cayman LTD International Bond	None	Non-current financial assets at amortized cost	-	305,207	-	299,849	Note 3
The Company	Bond	Nissan Motor Co. Ltd. International Bond	None	Non-current financial assets at amortized cost	-	300,233	-	295,873	Note 3
The Company	Bond	TSMC Arizona Corp. International Bond	None	Non-current financial assets at amortized cost	-	144,680	-	141,565	Note 3
The Company	Bond	TSMC Global Corp. International Bond (AC27)	None	Non-current financial assets at amortized cost	-	203,325	-	199,996	Note 3
The Company	Bond	TSMC Global Corp. International Bond (AF57)	None	Non-current financial assets at amortized cost	-	230,709	-	226,923	Note 3
The Company	Bond	JPMorgan Chase & Co. Bond	None	Non-current financial assets at amortized cost	-	307,398	-	309,499	Note 3
The Company	Bond	Morgan Stanley Bond	None	Non-current financial assets at amortized cost	-	310,455	-	315,773	Note 3
The Company	Bond	HSBC Holdings PLC Bond	None	Non-current financial assets at amortized cost	-	252,007	-	253,185	Note 3
The Company	Bond	Mitsubishi UFJ Bond Financial Group Inc. Bond	None	Non-current financial assets at amortized cost	-	210,979	-	211,622	Note 3
The Company	Bond	Bank of America Corp. Bond	None	Non-current financial assets at amortized cost	-	304,294	-	306,857	Note 3
The Company	Bond	UBS Group AG Bond	None	Non-current financial assets at amortized cost	-	214,092	-	212,661	Note 3
The Company	Bond	Citigroup Inc. Bond	None	Non-current financial assets at amortized cost	-	59,952	-	60,903	Note 3
The Company	Structured investments	GIANT MANUFACTURING CO., LTD. 1st Unsecured Convertible Bond	None	Non-current financial assets at fair value through profit or loss	-	251,937	-	251,937	

Note 1: Wise Road Industry Investment Fund I, L.P. was renamed SMART Growth Fund, L.P. on March 4, 2022.
Note 2: The amount of investment is USD 6,720 thousand.
Note 3: Include foreign exchange losses or gains, net.

(Continued)

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

Unit: thousand units/ thousand shares

Company holding securities	Name of security		Account	Counter-party	Relationship	Beginning Balance		Purchases		Sales				Ending Balance	
	Category	Name				Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Price	Cost	Gain (loss) on disposal	Shares (in thousands)	Amount
The Company	Bond	Bank of America Corp. Bond	Non-current financial assets at amortized cost	-	None	-	-	-	301,203	-	-	-	-	-	304,294 (Note)
The Company	Bond	JPMorgan Chase & Co. Bond	Non-current financial assets at amortized cost	-	None	-	-	-	304,058	-	-	-	-	-	307,398 (Note)
The Company	Bond	Morgan Stanley Bond	Non-current financial assets at amortized cost	-	None	-	-	-	313,860	-	-	-	-	-	310,455 (Note)

Note: The ending balance includes the premium/ discount and foreign gains/ losses on bond investment.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:

Units: In Thousands of New Taiwan Dollars

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party with the Company	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Other
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	Plant	August 31, 2020	3,200,000	Paid 3,024,000	Chung-Lin General Contractors, Ltd.	None	N/A	N/A	N/A	-	Open bid	Extension of the plant	None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Units: In Thousands of New Taiwan Dollars

Name of Company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ (Sale)	Amount	Percentage of total purchases/ (sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/ accounts receivable (payable)	
The Company	THEPI	100% owned subsidiary by the Company	Purchase	1,977,365	41 %	Monthly closing and paid by cash	-	-	Accounts payable (105,301)	(16) %	
The Company	THEPI	100% owned subsidiary by the Company	Manufacturing fee	374,705	8 %	Monthly closing and paid by cash	-	-	Note 1	- %	
THEPI	The Company	Parent Company	Sale	(1,977,365)	(84) %	Monthly closing and received by cash	-	-	Accounts receivable 105,301	82 %	
THEPI	The Company	Parent Company	Manufacturing revenue	(374,705)	(16) %	Monthly closing and received by cash	-	-	Accounts receivable 22,457	18 %	

Note 1: The other payables amounted to $22,457 as of December 31, 2023.

(Continued)

(viii) Information regarding receivables from related-parties exceeding NT$100 million or 20% of the Company′s paid-in capital: None.

(ix) Information regarding trading in derivative financial instruments: Please refer to note (6)(b).

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

Unit: thousand dollars/ thousand units

Name of investor	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of the investee	Share of profit (losses) of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of Ownership	Carrying amount			
The Company	THEPI	Philippines	Sales and manufacturing of RF module, hybrid modules & specialty packaging, ceramic metalized substrate and image products	2,016,853	2,016,853	28,793	100.00%	1,968,369	40,207	39,925	

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information: None.

(ii) Limitation on investment in Mainland China: None.

(iii) Significant transactions: None.

(d) Major shareholders: None.

(14) Segment information

Please refer to the consolidated financial statements for the year ended December 31, 2023.

TONG HSING ELECTRONIC INDUSTRIES, LTD.

STATEMENT OF CASH AND CASH EQUIVALENTS

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Checking accounts		$ 2,698
Demand deposits	NTD	602,317
	Foreign currency (USD 22,223 thousand and others)	759,240
Time deposits	NTD (due in 2024.01~2024.09, and the interest rate is 1.1%~1.565%)	2,253,887
	Foreign currency (CNY11,000 thousand, due in 2024.03 and the interest rate is 3.318%.)	47,597
Total		**$ 3,665,739**

Note: The exchange rate is 30.705 NTD for 1 USD and 4.327 NTD for 1 CNY.

STATEMENT OF ACCOUNTS RECEIVABLE

Customer name	Description	Amount
Accounts receivable:		
10086	Sales of non-related parties	$ 397,621
10273	〃	325,506
10179	〃	253,308
10172	〃	173,936
10019	〃	168,842
10174	〃	116,122
Other (Note)		642,423
		2,077,758
Less: loss allowance		(3,181)
Total		**$ 2,074,577**

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

TONG HSING ELECTRONIC INDUSTRIES, LTD.

STATEMENT OF INVENTORIES

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item		Cost	Net Realizable Value
Finished goods	$	396,996	462,570
Semi-finished goods		85,935	111,763
Work in progress		203,945	286,713
Raw and indirect materials		586,246	586,246
	$	**1,273,122**	**1,447,292**

TONG HSING ELECTRONIC INDUSTRIES, LTD.

STATEMENT OF CHANGES IN IN
ACCOUNTED FOR USING EQUITY METHOD

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars; thousands of shares)

	Beginning Balance		Increase (Decrease)		Share of other comprehensive income of subsidiaries, associates and joint venture accounted for using equity method	Share of profit (losses) of investee for using equity method	Exchange differences on translation of foreign financial statements	Ending Balance			2023.12.31 Net Assets Value
Name of investee	Shares	Amount	Shares	Amount				Shares	Percentage of ownership	Amount	
THEPI	28,793	$ 1,937,233	-	-	(7,302)	39,925	(1,487)	28,793	100.00%	1,968,369	1,984,348

Note: The Company did not provide any investments accounted for using equity method as collateral for its loans.

TONG HSING ELECTRONIC INDUSTRIES, LTD.

STATEMENT OF CHANGES IN PROPERTY, PLANT A EQUIPMENT

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Please refer to Note (6)(h).

STATEMENT OF NOTES AND ACCOUNTS PAYABLE

December 31, 2023

Vendor Name	Description	Amount
Notes payable (Note)	Operating expense of non-related parties	$ 186
Accounts payable:		
Unimicron Technology Corp.	Operating expense of non-related parties	88,443
TAIWAN MARUWA COMPANY LIMITED	〃	53,653
HERMOSA OPTICS INC.	〃	46,368
COMPEQ MANUFACTURING CO., LTD.	〃	33,814
Others (Note).	〃	340,826
Subtotal		563,104
Total		**$ 563,290**

Note: The amount of individual client included in others does not exceed 5% of the account balance.

TONG HSING ELECTRONIC INDUSTRIES, LTD.

STATEMENT OF LONG-TERM BORROWINGS

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Creditor	Loan Commitment	Amount: Loan within 1 year	Amount: Loan more than 1 year	Deferred revenue	Contract Period	Amount	Rate	Collaterals or Pledged Assets
Mega International Commercial bank	$ 1,260,000	-	1,260,000	(28,343)	2021.04 to 2028.04	1,231,657	Note	None
Hua Nan Commercial bank	2,000,000	-	2,000,000	(11,889)	2021.04 to 2026.04	1,988,111	〃	〃
Chang Hwa Commercial bank	2,100,000	-	2,100,000	(91,951)	2021.04 to 2031.04	2,008,049	〃	〃
	$ 5,360,000	-	5,360,000	(132,183)		5,227,817		

Note: The interest rate of the long-term borrowings are 1.35%~1.55%.

STATEMENT OF OPERATING REVENUE

For the year ended December 31, 2023

Item	Amount
Image products	$ 6,070,802
Hybrid modules & specialty packaging	2,675,402
Ceramic metalized substrate	1,994,307
RF module	732,625
Others	111,773
Net operating revenue	$ 11,584,909

TONG HSING ELECTRONIC INDUSTRIES, LTD.

STATEMENT OF OPERATING COSTS

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Raw materials and indirect materials, beginning of the year	$ 767,439
Plus: Purchases	2,204,051
Less: Raw materials and indirect materials, end of the year	(655,174)
Transferred to operating expense	(111,943)
Scraps	(13,217)
Sold	(126,482)
Raw materials and indirect materials used	2,064,674
Direct labor	915,055
Manufacturing expenses	3,575,408
Total Manufacturing costs	6,555,137
Plus: Work-in-process, beginning of the year	335,886
Less: Work-in-process, end of the year	(221,317)
Cost of finished goods	6,669,706
Plus: Finished goods and semi-finished goods, beginning of the year	537,567
Purchases	2,245,179
Less: Finished goods and semi-finished goods, end of the year	(514,943)
Scraps	(39,422)
Transferred to operating expense	(330,174)
Costs of sales of finished goods and semi-finished goods	8,567,913
Cost of material sold	126,482
Allowance for inventory scrapping	52,639
Allowance for inventory valuation and obsolescence loss	41,554
Others	84,176
Cost of sales	**$ 8,872,764**

TONG HSING ELECTRONIC INDUSTRIES, LTD.

STATEMENT OF OPERATING EXPENSES

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Selling expenses	Administrative expenses	Research and development expenses
Salaries	$ 119,650	345,772	163,376
Amortization expenses	28,355	11,784	82,700
Depreciation expenses	2,439	44,376	11,003
Insurance expenses	15,348	29,254	12,185
Consumables expenses	252	601	24,800
Sample expenses	15,151	-	8,864
Commission expenses	20,382	-	-
Others	36,517	238,544	99,888
Total	**$ 238,094**	**670,331**	**402,816**

Note: The amount of individual item included in others does not exceed 5% of the account balance.

TONG HSING ELECTRONIC INDUSTRIES, LTD.

Chairman: Tie-Min Chen