

Stock Code 3311



Silitech Technology Corporation

2023 Annual Report

(Translation)

(This English translation is prepared in accordance with the Chinese version and is for reference only. If there is any inconsistency between the Chinese version and this translation, the Chinese version shall prevail.)

Printed on April 30, 2024

Taiwan Stock Exchange Market Observation Post System: mops.twse.com.tw

Silitech annual report is available at www.silitech.com

Spokesperson: Wei-Lin Chen, CFO

Acting Spokesperson: Ronnie Chen, Manager

Tel: (02) 2623-2666

Fax: (02) 2623-5987

e-mail: spokesperson@silitech.com

Corporate Headquarters & Tamsui Factory

73, Kuirou Shan Rd., Tamsui District, New Taipei City 251, Taiwan, R.O.C.

Tel: (02) 2623-2666

Stock Transfer Agent

Agency Department of Yuanta Securities Co., Ltd.

B1, No. 210, Sec. 3, Chengde Rd., Datong Dist., Taipei City

Website: www.yuanta.com.tw

Tel: (02) 2586-5859

Auditors

Yen-Chun Chen and Meng-Chieh Chiu

Deloitte & Touche

20F., No. 100, Songren Rd., Xinyi Dist., Taipei City

Website: www.deloitte.com.tw

Tel: (02) 2725-9988

**Name of Any Exchanges Where the Company's Securities Are Traded
Offshore and Information:** None.

Corporate Website: www.silitech.com

Table of Contents

1

Letter to Shareholders

2

Company Profile

2.1 Date of Incorporation

2.2 Company History

3

Corporate Governance Report

3.1 Company Organization

3.2 Information on Board Directors, President, Vice Presidents, Assistant Vice Presidents and the Heads of Various Divisions and Branches

3.3 Remuneration of Directors & Managers in the Most Recent Year

3.4 Implementation of Corporate Governance

3.5 Information on Attesting CPA Professional Fees

3.6 Information on Replacement of CPAs

3.7 Where the Company's Chairman, President, Financial or Accounting Head Has in the Most Recent Year Held a Position at the Accounting Firm of its CPA or at an Affiliated Enterprise of Such Accounting Firm

3.8 Any Transfer and Pledge of Shares of the Directors, Managers and Shareholders Holding More Than 10% of the Company's Shares

3.9 Information on Relationships amongst the Top Ten Shareholders and Their Relationships with Spouses or Relatives within the Second Degree of Kinship

3.10 The Total Number of Shares of the Same Investee Held by the Company, Its Directors, Managers and Which the Company Controls Directly or Indirectly, with the Aggregate Shareholding Percentages

4

Fundraising Overview

4.1 Capital and Shares

4.2 Issuance of Corporate Bonds

4.3 Issuance of Preferred Shares

4.4 Issuance of Global Depositary Receipts

4.5 Status of Employee Stock Option Plan or Restricted Stock

4.6 Status of New Share Issuance in Connection with Mergers and Acquisitions

4.7 Financing Plans and Implementation

5

Operational Highlights

- 5.1 Business Activities
- 5.2 Market Analysis and Overview
- 5.3 Workforce Structure
- 5.4 Disbursements for Environmental Protection
- 5.5 Labor Relations
- 5.6 Cyber Security Management
- 5.7 Material Contracts

6

Financial Highlights and Analysis

- 6.1 Financial Highlights & Auditors' Opinions
- 6.2 Financial Analysis
- 6.3 Audit Committee's Review Report
- 6.4 Consolidated Financial Statements for the Most Recent Years
- 6.5 Financial Statements for the Most Recent Years
- 6.6 Financial Difficulties and Impacts

7

Financial Status, Operating Results and Risk Management

- 7.1 Financial Status
- 7.2 Operating Results
- 7.3 Cash Flow
- 7.4 Major Capital Expenditures and Impact on Financial and Business
- 7.5 Long-term Investment Policy
- 7.6 Risk Management
- 7.7 Other Important Matters

8

Special Notes

- 8.1 Affiliates Information
- 8.2 Private Placements Securities
- 8.3 The Company's Common Shares Acquired, Disposed of and Held by Subsidiaries
- 8.4 Other Necessary Supplement

9

Any Events Had Significant Impacts on Shareholders' Right or Security Prices as Stated in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act

Letter to Shareholders

Dear Shareholders,

In 2023, Silitech confronted challenges such as geopolitics, high inflation, low growth and rapid changes in customer demand. On the operational side, the Company continued to optimize operating capabilities, further improve our flexibility, expand production capacity and maintain ongoing transformation; on the product side, the Company focused on Automotive Components and Mechanical Integration products, and strived to enhance competitive advantages in automotive, 5G and other fields to expand business momentum.

1.1 Operating Results of Previous Year

In 2023, the Company's consolidated revenue was NT\$2.084 billion, a 2.9% increase from the previous year (NT\$2.025 billion). The Automotive Components accounted for 57.1% share of total revenue, and the main products are automotive interior components; the Mechanical Integration contributed a 42.9% share of the total revenue, and the main products are wearable products, smart lock modules, netcom optical mechanism components, mobile phone keypads and gaming console products. An overview of the operations of each factory in 2023: Silitech Taiwan factory took advantage of MIT, continued to deepen customer relationships and provide value-added products. In the face of high fluctuations in customer demand, operation adaptability of Taiwan factory has further improved; Due to lower economic growth in China and sluggish demand for consumer products, Shenzhen Xurong factory has been transforming to application products of automotive and new energy vehicles; Malaysia factory's long-term orders were quite stable, and some customers requested additional shipments. Production and manufacturing have also adjusted and cooperated timely, so the operation has grown; In September, Iwatsu Malaysia Sembilan factory was acquired to increase production capacity and diversification of manufacturing processes. In 2023, the gross margin was 15.8%, a decrease of 0.7pp year-over-year, and the operating profit of NT\$80.62 million, the result was net profit after tax of NT\$119 million and the earning per share was NT\$1.75.

Summing investments in R&D, Silitech not only evaluated possibilities for investing in new technologies, but also used new materials and new processes combined with core technologies to continuously enhance our core competitiveness. Following the pulse of automotive industry and the transformation of manufacturing technology, Silitech enhanced the competitiveness in automotive components market; and actively developed components that integrate optical, mechanical and electronic elements, as well as cross-industry applications to satisfy customer demand and align with market trends. In 2023, the Company's R&D expenditures amounted to NT\$39.94 million, accounting for 1.9% of total revenue.

1.2 Summary of Business Plan for Current Year

1.2.1 Business Plan

The Company will continue its management philosophy focusing on customer experience, product quality, and technological advancement. Within the Company's corporate culture characterized by "integrity, respect, innovation, expertise, and excellence," all employee and management team continue using the spirit of organizational learning and teamwork to improve responsiveness and product competitiveness, to focus on intensifying and extending our core technologies and skills

based on developing and producing precision components to offer customers design and service that bring high added value. Through synergy brought by integration of production, sales and research, they robustly promote our developmental goals in terms of income and profit growth.

1.2.2 Development Strategy

Looking forward to 2024, in the face of factors such as slow global economic growth and still high geopolitical risks, Silitech will adjust its global layout thinking and expand business momentum. Silitech will continue its dedication to cross-industry application transformation, deepen customer relationships, participate in and provide early-stage R&D and design of automotive HMI products, and use new materials and new processes combined with core technologies, to enhance product competitiveness and facilitate the application development of Automotive Components and Mechanical Integration products; Silitech will make full use of the advantages of each factory. Silitech has been deeply involved in and optimistic about the Southeast Asian market for a long time and acquired Malaysia Sembilan factory recently. Taiwan factory has the advantages of MIT and Shenzhen Xurong factory has local service advantages for needs in China. Therefore, increasing production capacity, diversifying product manufacturing processes and dispersing capacity in different regions to meet customer needs; Silitech will plan “focused” capital expenditures to respond to long-term strategic needs, focus capital expenditures on innovative products, new manufacturing processes and automation equipment, efficiently use capital expenditures and fully utilize its benefits; Silitech will optimize the management of supply chain, use the group's global resources, take advantages of the group's procurement advantages, and provide regional customers with flexible logistics services to further enhance cost advantages of Silitech.

1.3 Effect of External Competition, Legal Environment and Overall Business Environment

1.3.1 Effect of Overall Business Environment

In the latest economic forecast, IMF raised its economic growth forecast for 2024 from 2.9% to 3.1%, which is still lower than the long-term average of 3.8% between 2000 and 2019. It is expected that turmoil in the Middle East and the Red Sea crisis may cause damage to the global supply chain, thereby raising inflation, and may also delay the pace of interest rate cuts by major central banks. The forecast of Chung-Hua Institution for Economic Research estimates that Taiwan's economic growth rate will be 3.10% in 2024, with the growth trend slowing down quarter by quarter due to base period factors.

1.3.2 Effect of External Competition and Legal Environment

The Company refers to the GRI criteria, stakeholder feedback and consolidation of assessment information from various departments to assess significant ESG (environmental, social, corporate governance) issues. Environmental issues such as environmental impact and management/green production, and social issues such as Labor-employer relationship/occupational safety and health, corporate governance issues such as socio-economic and regulatory compliance/strengthening the role of directors/stakeholder communication, etc. Through assessment of significant ESG issues, the Company will establish relevant risk management policies or strategies, implement corporate social responsibility and corporate governance norms, steadily promote the company's development goals, and thereby create common prosperity for shareholders, employees, customers, and suppliers.

Chairman: Yu-Heng Chiao

Company Profile

2.1 Date of Incorporation: 2001/10/26

2.2 Company History:

- 1978 – Established Silitek Rubber Corporation.
- 1983 – Renamed as Silitek Corporation and began to produce Auto Parts.
- 1990 – Tamsui Factory won the FORD Q1 Global Quality Excellence Award.
- 1991 – Started to produce OA products.
- 1993 – Started to produce mobile phone keypads and introduced the “customer-oriented” business management model.
- 1994 – Tamsui Factory obtained ISO 9002 Certification.
- 1995 – Malaysia Factory won the FORD Q1 Global Quality Excellence Award and obtained ISO 9002 Certification.
- 1996 – Shenzhen Xurong Factory obtained ISO 9002 Certification.
- 1997 – Tamsui Factory and Malaysia Factory obtained QS-9000 Certification.
- 1998 – Malaysia Factory obtained ISO 14001 Certification.
- 1999 – Won the Chrysler Best Supplier Award.
– Shenzhen Xurong Factory obtained QS-9000 Certification.
- 2001 – Established Silitech Technology Corporation with a paid-up capital of NT\$ 1 million. Due to cash injection, the paid-up capital was increased to NT\$300 million in November.
- 2002 – In July, due to cash reduction, the paid-up capital was decreased to NT\$ 150 million.
– Accepted all assets, liabilities and operations generated by the Rubber Division of Silitek Corporation on October 1. The paid-up capital was increased to NT\$ 450 million.
- 2003 – Due to recapitalization from earnings, employee bonus and capital surplus, the paid-in capital was increased to NT\$ 780,600 thousand.
– Shenzhen Xurong Factory won the outstanding contribution unit of export processing zone in Shajing Town.
- 2004 – Listed on the Taiwan Stock Exchange approved by the FSC in March.
– Established Changsu Factory; established Magnesium and Aluminum BU in Tamsui Factory.
– Due to recapitalization from earnings and employee bonus, the paid-in capital was increased to NT\$ 911,465 thousand.
– Won the Gold Trade Award of the Excellent Exporter of the Ministry of Economic Affairs.
– Won the BenQ and Shin-Etsu Best Supplier Award.
- 2005 – Due to recapitalization from earnings and employee bonus, the paid-in capital was increased to NT\$ 1,135,578 thousand.
– Established Silitech Technology (Suzhou) Co., Ltd.
– Won the Arima Best Supplier Award.

- 2006 – Due to recapitalization from earnings and employee bonus, the paid-in capital was increased to NT\$ 1,348,299,720.
– Won the Motorola and Arima Best Supplier Award.
- 2007 – Due to recapitalization from earnings and employee bonus, the paid-in capital was increased to NT\$ 1,507,301,590.
– Won the Arima Best Supplier Award.
- 2008 – Due to recapitalization from earnings and employee bonus, the paid-in capital was increased to NT\$ 1,713,770,160.
– Won the Samsung Quality Award.
- 2009 – Due to recapitalization from earnings and employee bonus, the paid-in capital was increased to NT\$ 1,759,437,740.
– Won the German iF Material Award 2009.
- 2010 – Due to recapitalization from earnings and employee bonus, the paid-in capital was increased to NT\$ 1,792,225,880.
- 2011 – Due to recapitalization from earnings and employee bonus, the paid-in capital was increased to NT\$ 1,829,552,870. In December, the treasury shares were canceled and the paid-in capital was reduced to NT\$ 1,809,552,870.
- 2012 – Due to recapitalization from earnings and employee bonus, the paid-in capital was increased to NT\$ 1,845,642,830.
- 2013 – Due to recapitalization from earnings and employee bonus, the paid-in capital was increased to NT\$ 1,877,057,500.
- 2014 – Due to recapitalization from earnings and employee bonus, the paid-in capital was increased to NT\$ 1,893,838,160.
- 2015 – Entered the automotive glass industry and started to produce curved glass related products.
- 2016 – Shenzhen Xurong Factory obtained ISO 5001 Energy Management System Certification.
- 2018 – The treasury shares were canceled and the paid-in capital was reduced to NT\$ 1,793,838,160.
– Shenzhen Xurong Factory obtained ISO 14001 Certification.
– Shenzhen Xurong Factory obtained TS16949 Certification for automotive products.
– Disposed of the land use right and factory buildings of Suzhou Factory to enhance the efficiency of assets.
– Entered the key component industry of smart home and produced related products.
- 2019 – Won the Best Quality Excellence Award for Asian suppliers from the Bosch Groups.
– Capital reduction by cash refund and the paid-in capital was reduced to NT\$ 600,000,000.
- 2020 – Walsin Technology Corporation held 15% of the share capital and two seats directors of Silitech.
- 2021 – Issued common shares for cash by private placement and the paid-in capital was increased to NT\$680,000,000.

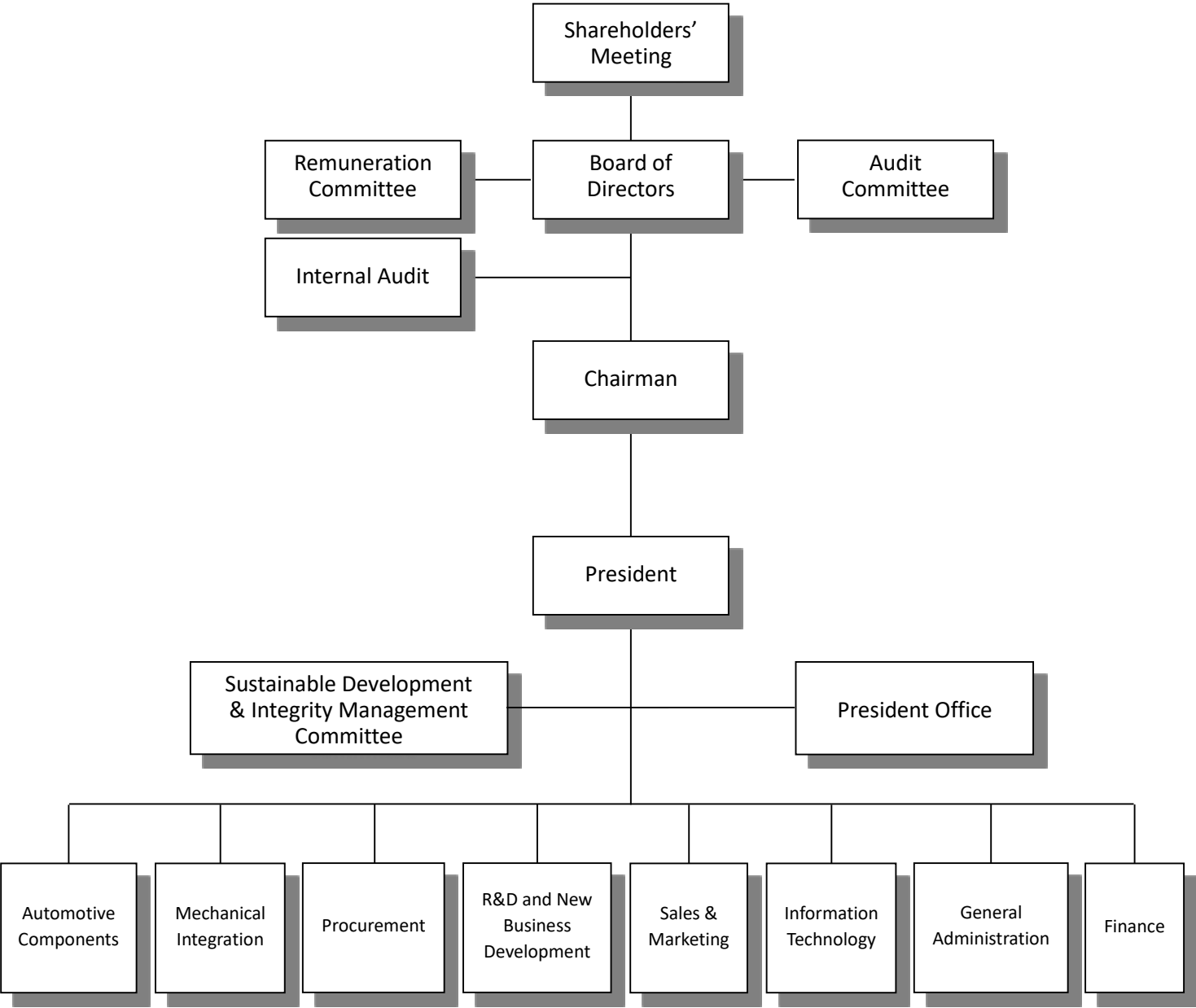
2022 – Won the Outstanding Supplier Award from Gentex.

2023 – Acquired Iwatsu Malaysia factory.

Corporate Governance Report

3.1 Company Organization

3.1.1 Organization Chart



3.1.2 Major Corporate Functions

Major Department	Functions
Internal Audit	<ul style="list-style-type: none"> ♦ Evaluating the deficiencies of the internal audit system and the efficiency of corporate operation. Preparing and submitting the audit reports to the board of directors. Providing improving advice in due time to sustain a proper internal audit system. Implementing the Internal Audit System effectively and assisting management team to perform its duties faithfully. Assisting departments in risk evaluation and self-check.
President Office	<ul style="list-style-type: none"> ♦ Assisting the President to supervise and manage business performance, strategic planning and achieve company operational goals.
Finance	<ul style="list-style-type: none"> ♦ Providing professional financial services to assist the Company to enhance its management performance; formulating strict risk control to implement financial supervision continuously and effectively. ♦ Implementing and managing related matters regarding financial, accounting, tax, analysis and evaluation of management reports, and budgeting plans. ♦ Promulgating the Company's financial, accounting and corporate information. Handling corporate governance related matters according to the laws.
General Administration	<ul style="list-style-type: none"> ♦ Integrating the Company's worldwide Legal and HR affairs. ♦ Legal: In charge of formulation, review, assistance and negotiation of various contracts. Providing legal information related to the Company's operations. Coordinating the intellectual property, patents, copyrights, trademarks, business secrets and technology licenses of the Company. ♦ Human Resources: Planning and implementing the Company's human resources, staff communication, education and training, general affairs and other related matters.
Information Technology	<ul style="list-style-type: none"> ♦ Planning and managing computer information and other related matters of the Company. ♦ Implementing various cyber security measures and inspections according to the Company's cyber security policies.
Sales & Marketing	<ul style="list-style-type: none"> ♦ Based on the extension of core technologies or expansion of core channels, planning marketing strategy and product sales.
R&D and New Business Development	<ul style="list-style-type: none"> ♦ By the extension of core technologies or expansion of core channels, investing and developing high value-added product lines to expand the development in forward-looking industries and product areas.
Procurement	<ul style="list-style-type: none"> ♦ Integrating and in charge of the Company's worldwide procurement affairs.
Mechanical Integration	<ul style="list-style-type: none"> ♦ Extending the use of light, mechanics, electronics, materials and core technologies to develop optical and mechanical components. Expanding and extending the application of forward-looking industries.
Automotive Components	<ul style="list-style-type: none"> ♦ Based in Malaysia, serving customers in the European and American automotive markets and providing a complete product line for interior decoration mechanical components and keypad components.

3.2 Information On Board Directors, President, Vice Presidents, Assistant Vice Presidents and the Heads of Various Divisions and Branches

3.2.1 Information on Board Directors

As of 2024/4/6

Title	Nationality or Registration Country	Name	Gender Age	Date Elected	Term	Date First Elected (Note 1)	Shareholding When Elected		Current Shareholding		Shares Currently Held by Spouse and Underage Children		Shares Held in Name of Others		Key Education/Work Experience	Other Current Positions Within the Company	Other Officer, Director or Supervisor Who Are Spouse or Relative within Second Degree			Note 2
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relationship	
Chairman	R.O.C.	Yu-Heng Chiao	Male 61-70	2021/7/9	3 years	2020/8/31	0	0%	10,000	0.01%	0	0%	0	0%	MBA, Golden Gate University, USA Vice Chairman, Walsin Lihwa Corporation	Note 3	None	None	None	None
Director	R.O.C.	Walsin Technology Corporation Representative	Female 51-60	2021/7/9	3 years	2020/8/31	17,000,000	25.00%	17,000,000	25.00%	0	0%	0	0%	MBA, University of East Anglia, UK Manager, Director of Walsin Technology Corporation	Note 4	None	None	None	None
	R.O.C.	Chin-Hui Chen				2020/8/31	0	0%	0	0%	0	0%	0	0%						
Director	R.O.C.	Lite-On Technology Corporation Representative	Male 51-60	2021/7/9	3 years	2001/10/24	11,322,003	16.65%	11,707,548	17.21%	0	0%	0	0%	International Business Program Attendance, NTU-FUDAN EMBA Electrical Engineering, University of South California, USA Special Assistant to Chairman & Vice Chairman, LITEON CEO, LITEON Smart Life and Applications Business Group General Manager, LITEON Shanghai Operational Center CEO, LITEON New Mechanical Competence Business Group General Manager, LITEON Mechanical Competence Business Group General Manager, LITEON Networking Access Business Unit General Manager, China Bridge Express Trading Co., Ltd	Note 5	None	None	None	None
	R.O.C.	Tom Soong				2021/7/9	0	0%	0	0%	0	0%	0	0%						
Director	R.O.C.	Lite-On Technology Corporation Representative	Male 61-70	2021/7/9	3 years	2001/10/24	11,322,003	16.65%	11,707,548	17.21%	0	0%	0	0%	Department of Industrial Management, Lughwa University of Science and Technology CEO, Lite-On Technology Corp. Power Conversion Business Group General Manager, Lite-On Technology Corp. Power Conversion Business Group Director, NB Business Unit, Lite-On Technology Corp. Power Conversion Business Group	Note 6	None	None	None	None
	R.O.C.	Anson Chiu				2020/3/31	0	0%	0	0%	0	0%	0	0%						

Title	Nationality or Registration Country	Name	Gender Age	Date Elected	Term	Date First Elected (Note 1)	Shareholding When Elected		Current Shareholding		Shares Currently Held by Spouse and Underage Children		Shares Held in Name of Others		Key Education/Work Experience	Other Current Positions Within the Company	Other Officer, Director or Supervisor Who Are Spouse or Relative within Second Degree			Note 2
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relationship	
Independent Director	R.O.C.	Tien-Chun Tsai	Male 51-60	2021/7/9	3 years	2021/7/9	0	0%	0	0%	0	0%	0	0%	EMBA, Peking University Guanghua Master of Accounting, National Taiwan University Independent Director, Wellstech optical Co., Ltd CFO, Nature Beauty Group Financial Dept. Manager, Yulon Motor Co., Ltd. AVP, Ta-Yung Shin Yeh Co., Ltd. Head of 13th Auditing Department, Deloitte & Touche CPA Firm	Note 7	None	None	None	None
Independent Director	R.O.C.	Ben Chi	Male 61-70	2021/7/9	3 years	2021/7/9	0	0%	0	0%	0	0%	0	0%	Electrical Engineering, National Taipei University of Technology Supervisor, representative of HannsTouch Solution Incorporated General Manager of Cable BG, Walsin Lihwa Corporation Chairman and General Manager, Hannspree (Shanghai), Inc. Deputy General Manager, InfoVision Optoelectronics (Kunshan) Co., Ltd. COO, Hannspree Inc. Deputy General Manager, Hannstar Display Corp. General Manager, Walsin Development Ltd. General Manager, Joint Venture Wuhan Walsin Wire & Cable Co., Ltd. Deputy General Manager, PT. INTAI INDUSTRIES	Note 8	None	None	None	None
Independent Director	R.O.C.	Te-Chen Chiu	Male 51-60	2021/7/9	3 years	2010/6/14	0	0%	0	0%	0	0%	0	0%	MBA, National Cheng-Chi University Vice Chairman, Taiwan Life Insurance Co., Ltd.	Note 9	None	None	None	None

Note 1: Anson Chiu served as the Company's director from March 31, 2020 to July 14, 2020 and from July 09, 2021 until now.

Note 2: Where the Chairman of the Board of Directors and the President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the number of independent director seats, and more than half of all directors must not concurrently serve as employees or managers) must be disclosed.

Below notes of other positions of the Company or other companies only display public offering companies and important subsidiaries thereof.

Note 3: (Chairman, Yu-Heng Chiao)

Chairman and CEO, HannStar Board Corporation, Global Brands Manufacture Ltd. and Walton Advanced Engineering, Inc.

Chairman, Walsin Technology Corporation, Prosperity Dielectrics Co., Ltd., Info-Tek Corporation and Silitech Technology Corporation.

Vice Chairman and CSO of Career Technology (MFG.) Co., Ltd.

Director, Walsin Lihwa Corporation.

Director, representative of Inpaq Technology Co., Ltd.

Note 4: (Director, Chin-Hui Chen)

Director, representative of Silitech Technology Corporation.

Assistant Vice President of Walsin Technology Corporation.

Note 5: (Director, Tom Soong)

Chairman and Corporate Sustainability Development Division Chief Sustainability Officer (CSO), Lite-On Technology Corporation.

Director, Co-tech Development Corporation, Lite-On Singapore Pte. Ltd., Lite-On China Holding Co. Ltd. and Lite-On Electronics Company Limited.

Director, representative of Silitech Technology Corporation.

Note 6: (Director, Anson Chiu)

Director, Lite-On Singapore Pte. Ltd., Lite-On China Holding Co. Ltd. and Lite-On Electronics Company Limited.

Director, representative of Silitech Technology Corporation and Dragonjet Corp.

Director, representative and President of Lite-On Technology Corporation.

Note 7: (Independent Director, Tien-Chun Tsai)

Independent Director, Silitech Technology Corporation.

Note 8: (Independent Director, Ben Chi)

Independent Director, Silitech Technology Corporation.

Note 9: (Independent Director, Te-Chen Chiu)

Independent Director, Silitech Technology Corporation.

Director, Elan Microelectronics Corporation and Sinbon Electronics Co., Ltd.

Director, representative of Depo Auto Parts Industrial Co., Ltd. and Amicom Electronics Corporation.

3.2.2 Major Shareholders of the Institutional Shareholders

Name of Institutional Shareholder	Major Shareholders	Shareholdings
Walsin Technology Corporation (as of 2024/4/15)	Walsin Lihwa Corporation	18.30%
	HannStar Board Corporation	7.88%
	Global Brands Manufacture Ltd.	3.53%
	Walton Advanced Engineering, Inc.	2.75%
	Yu-Heng Chiao	2.65%
	Maybank Kim Eng Securities Sdn. Bhd. Investment Account under the Custody of Citibank Taiwan Ltd.	2.33%
	Giga Investment Corp.	1.37%
	Chin-Xin Investment Co., Ltd.	1.28%
	Tsai Yi Corporation	1.11%
	Winbond Electronics Corporation	1.09%
Lite-On Technology Corporation (as of 2023/8/18)	Labor Pension fund	3.82%
	Ta Rong Investment Co., Ltd.	3.61%
	Raymond Soong	3.35%
	Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF	3.34%
	Ming-Hsing Investment Co., Ltd.	2.56%
	Yuantan/P-shares Taiwan Dividend Plus ETF	2.46%
	Ta-Sung Investment Co., Ltd.	1.99%
	Lite-On Technology Corporation (Treasury shares)	1.69%
	Fuh Hwa Securities Investment Trust Co., Ltd. Managed for Fubon Life Insurance Discretionary Account	1.30%
	Barclays Capital Securities Limited Barclays Capital Securities Limited SBL/PB(MTA)	1.26%

3.2.3 Major Shareholders of the Company's Major Institutional Shareholders

Name of Institutional Shareholder	Major Shareholders	Shareholdings
Walsin Lihwa Corporation (as of 2024/3/19)	Chin-Xin Investment Co., Ltd.	6.15%
	Winbond Electronics Corporation	6.14%
	Teco Electric & Machinery Co., Ltd.	5.22%
	LGT Bank (Singapore) Investment Account under the Custody of Business Department, Standard Chartered Bank (Taiwan) Ltd.	4.54%
	Rong Jiang Co., Ltd.	4.27%
	Yuanta/P-shares Taiwan Dividend Plus ETF	3.31%
	Patricia Chiao	2.71%
	Huali Investment Corp.A	2.65%
	Chunghwa Post Co., Ltd.	1.89%
	Yu-Heng Chiao	1.62%
HannStar Board Corporation (as of 2024/4/20)	Walsin Technology Corporation	20.32%
	Walsin Lihwa Corporation	12.06%
	Career Technology (Mfg.) Co., Ltd.	5.44%
	Fuh Hwa Taiwan Technology Dividend Highlight ETF	4.54%
	Yuanta Taiwan Value High Dividend ETF	4.09%
	Chin-Xin Investment Co. Ltd.	3.55%
	Yu-Heng Chiao	2.19%
	Pai-Yung Hong	1.91%
	Yuanta Taiwan High Dividend Low Volatility ETF	1.68%
	Xing Xing Investment Co., Ltd.	1.64%
Global Brands Manufacture Ltd. (as of 2024/4/20)	HannStar Board Corporation	40.65%
	Fuh Hwa Taiwan Technology Dividend Highlight ETF	4.58%
	Yuanta Taiwan Value High Dividend ETF	3.40%
	Yuanta Taiwan High Dividend Low Volatility ETF	1.54%
	Yu-Heng Chiao	1.15%
	Mitsubishi UFJ Morgan Stanley Securities Trading Account under the Custody of HSBC	0.88%
	Min-Hui Liao	0.82%
	Ji-Cheng Investment Co., Ltd.	0.71%
	Chi-Fu Chiu	0.68%
	Vanguard Emerging Markets Stock Index Fund Investment Account under the Custody of JPMorgan Chase Bank	0.66%

Walton Advanced Engineering, Inc. (as of 2024/4/8)	Walsin Lihwa Corporation	21.17%
	Winbond Electronics Corporation	9.67%
	Prosperity Dielectrics Co., Ltd.	6.16%
	Walsin Technology Corporation	6.16%
	HannStar Board Corporation	2.85%
	Yu-Heng Chiao	1.97%
	JP Morgan Securities Co. Ltd. Investment Account under the Custody of JP Morgan Chase Bank N.A. Taipei Branch	0.98%
	UBS Europe SE Investment Account under the Custody of Citibank Taiwan	0.94%
	Yu-Lon Chiao	0.94%
	ACWI Trust Investment Fund Account under the Custody of Business Department, Standard Chartered Bank (Taiwan) Ltd.	0.68%
Giga Investment Corp. (as of 2024/3/31)	Giga-Byte Technology Co., Ltd.	100.00%
Chin-Xin Investment Co., Ltd. (as of 2024/4/17)	Winbond Electronics Corporation	37.69%
	Walsin Lihwa Corporation	36.99%
	Huali Investment Corp.	4.43%
	Yu-Cheng Chiao	3.14%
	Yu-Lon Chiao	3.14%
	Yu-Heng Chiao	3.14%
	Yu-Chi Chiao	3.14%
	Walsin Technology Corporation	1.86%
	HannStar Board Corporation	1.34%
	Prosperity Dielectrics Co., Ltd.	0.72%
Tsai Yi Corporation (as of 2024/4/15)	Walsin Lihwa Corporation	33.97%
	Walsin Technology Corporation	26.62%
	Chin-Xin Investment Co., Ltd.	8.23%
	Global Brands Manufacture Ltd.	6.83%
	Ching An Investment Corporation	3.95%
	Jung Yang Investment Corporation	3.85%
	Prosperity Dielectrics Co., Ltd.	3.36%
	Walton Advanced Engineering, Inc.	3.35%
	Hannstar Board Corporation	2.91%
	Hannstar Display Corporation	2.00%
Winbond Electronics Corporation (as of 2024/3/11)	Walsin Lihwa Corporation	21.99%
	Chin-Xin Investment Co., Ltd.	6.22%
	LGT Bank (Singapore) Investment Account under the Custody of Business Department, Standard Chartered Bank (Taiwan) Ltd.	1.85%

	Labor Pension Fund	1.68%
	Yu-Cheng Chiao	1.64%
	Cathay Life Insurance Co., Ltd.	1.29%
	Norges Bank Investment Account under the Custody of Citibank Taiwan	1.04%
	JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.01%
	Vanguard Total International Stock Index Fund Investment Account, a series of Vanguard Star Funds, under the Custody of JPMorgan Chase Bank N.A., Taipei Branch	
	Pai-Yung Hong	0.98%
Ta-Song Investment Co., Ltd. (as of 2024/2/29)	Vanguard Emerging Markets Stock Index Fund Investment Account under the Custody of JPMorgan Chase Bank N.A., Taipei Branch	0.94%
	Tom Soong	43.66%
	Guangxing Investment Co., Ltd.	56.34%

3.2.4 Professional Qualifications of Directors and Independence of Independent Directors

As of 2024/4/6

Qualification Name	Professional Qualifications and Experience (Note 1)	Eligibility of Independent Status	Number of Other Public Companies in Which the Director also Serves Concurrently as an Independent Director
Yu-Heng Chiao	Extensive and diversified experience in corporate management and leadership.	Not an independent director.	0
Walsin Technology Corporation Representative Chin-Hui Chen	Extensive experience in human resource strategic planning, corporate organization analysis, and salary and performance management.		0
Lite-On Technology Corporation Representative Tom Soong	Extensively experienced in talent selection and corporate management.		0
Lite-On Technology Corporation Representative Anson Chiu	Abundant experience in the Asian semiconductor industry.		0
Tien-Chun Tsai	Well versed in financial, accounting and corporate governance fields, with professional qualifications as CPA in ROC and CFA in USA.	All independent directors are in compliance with Article 3 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", please refer to Note 2 for details	0
Ben Chi	Extensive industry experience and strategic planning skills.		0
Te-Chen Chiu	Well versed in industry analysis and business management fields.		0

Note 1: (1) None of the provisions in Article 30 of the Company Law is applicable to the directors.

(2) All independent directors have more than 20 years of work experience in commercial, legal, financing, accounting, or necessary for the corporate business.

(3) For the education/work experience and position of directors, please refer to Section 3.2.1 for Information on Board Directors.

Note 2: Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies:

(1) The person, the spouse, and relative within the second degree of kinship, who not an employee, director or supervisor of the Company or the affiliates of the Company.

(2) The person, the spouse, and underage children, who not hold more than 1% of the shares or who is among the top-10 natural person shareholders.

(3) Not a manager listed in (1) or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship or closer to anyone listed in (2).

(4) Not a director or supervisor of the Company or the affiliates of the Company.

(5) Have not received compensation for providing commercial, legal, financial or accounting services to the Company or its affiliates in the last two years.

3.2.5 Diversity and Independence of the Board of Directors

◆ Board Diversity

The members of the board of directors should generally possess the knowledge, skills and experience necessary to perform their duties. In order to achieve the ideal goals of corporate governance, the board of directors should have the following capabilities:

1. Ability to make sound business judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to manage a business.
4. Ability to handle crisis management.
5. Knowledge of the industry.
6. International market perspective.
7. Leadership ability.
8. Decision-making ability.

Based on the Company's medium- and long-term development strategy and effectiveness of resolution function of the board, the Company has stated explicitly its board diversity policy in the Corporate Governance Best Practice Principles. The implementation status of current directors: Mr. Yu-Heng Chiao, Ms. Chin-Hui Chen, Mr. Tom Soong and Mr. Anson Chiu are experts in leadership, business judgment, business management, crisis management, and have industry knowledge and international market perspective; Mr. Tien-Chun Tsai is good at financial, accounting and corporate governance fields; Mr. Ben Chi has extensive industry experience; Mr. Te-Chen Chiu is good at industry analysis and business management.

The current board of directors is composed of seven directors, including four directors and three independent directors. None of the directors is employee; independent directors account for 43%; one independent director's tenure is over 9 years, and two independent directors' tenure is less than 3 years; three directors are between 61 and 70 years old, and four directors are between 51 and 60 years old. The current seven directors include one female director, representing 14% of total directors.

The specific management goals and achievement of the board members diversity policy:

1. Management goal: Having different professional backgrounds or work experience.

Achievement: All directors have work experiences required for the Company's business. As for professional fields, 57% of all directors have both business and corporate management background, 29% of all directors have electrical engineering background, and 14% of all directors have Industrial management background.

2. Management goal: The ages and qualifications of the board members are diversified, more than one third of the board seats are under 60 years old (inclusive).

Achievement: There are currently 7 directors, of which 4 directors are under the age of 60 (inclusive), representing 57% of total directors.

Diversity achievement as follows:

Diversity Items Name	Gender	Age		Independent Directors' Tenure		Professional Background	Ability to Make Sound Business Judgments	Ability to Perform Accounting and Financial Analysis	Ability to Manage a Business	Ability to Handle Crisis Management	Knowledge of the Industry	International Market Perspective	Leadership Ability	Decision- Making Ability
		51 60	61 70	Less than 3 Years	Over 9 Years									
Yu-Heng Chiao	Male		v			Corporate management	v	v	v	v	v	v	v	v
Chin-Hui Chen	Female	v				Business management	v	v	v	v	v	v	v	v
Tom Soong	Male	v				Electrical engineering	v		v	v	v	v	v	v
Anson Chiu	Male		v			Industrial management	v		v	v	v	v	v	v
Tien-Chun Tsai	Male	v		v		Corporate management	v	v	v	v	v	v	v	v
Ben Chi	Male		v	v		Electrical engineering	v		v	v	v	v	v	v
Te-Chen Chiu	Male	v			v	Corporate management	v	v	v	v	v	v	v	v

◆ **Board Independence**

In accordance with the Articles of Incorporation, the members of board shall include a minimum of three independent directors, and the number of independent directors shall not be less than the minimum of one-fifth of the total number of director seats. The current board of directors is composed of seven directors, including three independent directors representing 43% of total directors. The terms of two independent directors are no more than three terms. All independent directors exercise their powers objectively and review the management and control of the Company's existing or potential risks, etc., so as to supervise the effective implementation of the Company's internal control and improve the Company's business development and corporate governance operations. There are no director who are spouses or relatives within the second degree of kinship among the directors of the Company, and complies with the provisions of Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act.

In accordance with the Rules for evaluating board of directors and functional committee performance, the Company evaluate the structure of the Board, and the contribution, profession and independence of individual directors regularly in order to ensure there are new viewpoints and forward-looking guidance.

3.2.6 Information on President, Vice Presidents, Assistant Vice Presidents and the Heads of Various Divisions and Branches

As of 2024/4/6

Title	Nationality	Name	Gender	Date Appointed	Shares Held		Shares Held by Spouse and Underage Children		Shares Held in Name of Others		Key Education/Work Experience	Other Current Positions Within the Company	Other Officer, Director or Supervisor Who Are Spouse or Relative within Second Degree			Note 1
					Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relationship	
President	R.O.C.	Areta Hsu	Female	2021/1/1	101,000	0.15%	0	0%	0	0%	EMBA, China Europe International Business School Hospitality Management, Cesar Ritz Colleges Switzerland Marketing Diploma, UC Berkeley, USA Director of Sales & Marketing, Info-Tek Corporation	Note 2	None	None	None	None
CFO / Financial Officer / Corporate Governance Officer	R.O.C.	Wei-Lin Chen	Female	2020/10/27	17,000	0.03%	0	0%	0	0%	MBA, George Washington University, USA Finance Manager, Silitech Technology Corporation Treasury Officer, Bank of Boston Taipei Branch	Note 3	None	None	None	None
Accounting Officer	R.O.C.	Ronnie Chen	Male	2020/10/27	0	0%	0	0%	0	0%	IMBA, TamKang University Accounting Assistant Manager, Silitech Technology Corporation Accounting Specialist, Lite-On Technology Corporation	None	None	None	None	None

Note 1: Where the President or person of an equivalent post (the highest level manager) and Chairman of the Board of Directors are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the number of independent director seats, and more than half of all directors must not concurrently serve as employees or managers) must be disclosed.

Below notes of other positions of the Company or other companies only display public offering companies and important subsidiaries thereof.

Note 2: Director of Silitech (BVI) Holding Ltd., Silitech (Bermuda) Holding Ltd. and Silitech Technology Corporation Sdn. Bhd.; Taiwan operations president of Info-Tek Corporation.

Note 3: Director of Silitech (BVI) Holding Ltd., Silitech (Bermuda) Holding Ltd. and Silitech Technology Corporation Sdn. Bhd.

3.3 Remuneration of Directors & Managers in the Most Recent Year

3.3.1 Remuneration of Directors and Independent Directors

Unit: NT\$ thousands

Title	Name	Directors Remuneration								Total Remuneration (A+B+C+D) and Ratio of Total Remuneration to Net Income		Remuneration Earned by a Director Who is an Employee of the Company or of the Company's Consolidated Entities								Total Remuneration (A+B+C+D+E+F+G) and Ratio of Total Remuneration to Net Income		Remuneration from Ventures Other than Subsidiaries or from the Parent Company
		Base Compensation (A)		Severance Pay and Pensions (B)		Compensation to Directors (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay and Pensions (F)		Employees' Compensation (G)						
		The Company	All Companies In Financial Statements	The Company	All Companies In Financial Statements	The Company	All Companies In Financial Statements	The Company	All Companies In Financial Statements	The Company	All Companies In Financial Statements	The Company	All Companies In Financial Statements	The Company	All Companies In Financial Statements	The Company		All Companies In Financial Statements		The Company	All Companies In Financial Statements	
																Cash	Stocks	Cash	Stock			
Chairman	Yu-Heng Chiao	2,000	2,000	0	0	2,744	2,744	75	75	Amount 4,819	Amount 4,819	0	0	0	0	0	0	0	0	Amount 4,819	Amount 4,819	None
Juristic-person Director	Walsin Technology Corporation																					
Director	Walsin Technology Corporation Representative Chin-Hui Chen																					
Juristic-person Director	Lite-On Technology Corporation																					
Director	Lite-On Technology Corporation Representative Tom Soong																					
Director	Lite-On Technology Corporation Representative Anson Chiu																					
Independent Director	Tien-Chun Tsai	1,800	1,800	0	0	0	0	190	190	Amount 1,990	Amount 1,990	0	0	0	0	0	0	0	0	Amount 1,990	Amount 1,990	None
Independent Director	Ben Chi																					
Independent Director	Te-Chen Chiu																					

Remark:

- Independent Directors' remuneration policies, procedures, standards and structure, as well as the linkage to responsibilities, risks and time spent:
According to Article 12-5 of the Articles of Incorporation, remuneration to directors shall be duly determined by the Board of Directors with reference to the level of their participation in the business operations and the values of their contributions, as well as the level prevalent in fellow firms at home and abroad. The Company may establish a separate but reasonable set of remuneration rules for independent directors. According to Article 15 of the Articles of Incorporation, the Company shall allocate the Directors' compensation no more than 3% from the profit before tax. In addition, the Company executes related operations according to "Rules for Evaluating Board of Directors and Functional Committee Performance" and "Procedures for Directors' Remuneration".
- Except as disclosed in the above chart, remuneration to directors received due to the services provided to all companies listed in the financial statements (such as acting as advisors of parent companies/all companies /investees listed in the financial statements who are not an employee thereof) in the most recent year: None.

Range of Remuneration to Directors

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities
NT\$0 ~ NT\$999,999	Walsin Technology Corporation, Chin-Hui Chen, Tom Soong, Anson Chiu, Tien-Chun Tsai, Ben Chi, Te-Chen Chiu	Walsin Technology Corporation, Chin-Hui Chen, Tom Soong, Anson Chiu, Tien-Chun Tsai, Ben Chi, Te-Chen Chiu	Walsin Technology Corporation, Chin-Hui Chen, Tom Soong, Anson Chiu, Tien-Chun Tsai, Ben Chi, Te-Chen Chiu	Walsin Technology Corporation, Chin-Hui Chen, Tom Soong, Anson Chiu, Tien-Chun Tsai, Ben Chi, Te-Chen Chiu
NT\$1,000,000 ~ NT\$1,999,999	Lite-On Technology Corporation	Lite-On Technology Corporation	Lite-On Technology Corporation	Lite-On Technology Corporation
NT\$2,000,000 ~ NT\$3,499,999	Yu-Heng Chiao	Yu-Heng Chiao	Yu-Heng Chiao	Yu-Heng Chiao
NT\$3,500,000 ~ NT\$4,999,999				
NT\$5,000,000 ~ NT\$9,999,999				
NT\$10,000,000 ~ NT\$14,999,999				
NT\$15,000,000 ~ NT\$29,999,999				
NT\$30,000,000 ~ NT\$49,999,999				
NT\$50,000,000 ~ NT\$99,999,999				
Over NT\$100,000,000				
Total	NT\$6,809 thousand	NT\$6,809 thousand	NT\$6,809 thousand	NT\$6,809 thousand

*The remuneration content disclosed in this Table differs from the income concept of the Income Tax Act; therefore, this Table acts as a form of information disclosure and does not serve for the purpose of taxation.

3.3.2 Remuneration of Supervisors: Not Applicable. (The Company has set up Audit Committee.)

3.3.3 Remuneration of President and Vice President

Unit: NT\$ thousands

Unit: NT\$ thousands														
Title	Name	Salary (A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Total Remuneration (A+B+C+D) and Ratio of Total Remuneration to Net Income		Remuneration from Ventures other than Subsidiaries or from the Parent Company
		The Company	All Companies In Financial Statements	The Company	All Companies In Financial Statements	The Company	All Companies In Financial Statements	The Company		All Companies In Financial Statements		The Company	All Companies In Financial Statements	
								Cash	Stock	Cash	Stock			
President Areta Hsu		1,346	1,346	0	0	1,737	1,737	300	0	300	0	Amount 3,383 Ratio 2.84%	Amount 3,383 Ratio 2.84%	None

*The remuneration content disclosed in this Table differs from the income concept of the Income Tax Act; therefore, this Table acts as a form of information disclosure and does not serve for the purpose of taxation.

3.3.4 Distribution of Employees' Compensation to Managers

Unit: NT\$ thousands

	Title	Name	Stock	Cash	Total	Ratio of Total Amount to Net Income
Managers	President	Areta Hsu	0	715	715	0.60%
	CFO / Financial Officer / Corporate Governance Officer	Wei-Lin Chen				
	Accounting Officer	Ronnie Chen				

3.3.5 Analysis of the ratio of total remunerations for Directors, President and vice presidents to Net Income (Loss) in the last two years and description of the policy, standards and packages of remunerations, procedure for making such decision and relation to business performance:

- ♦ Analysis of the ratio of total remunerations for Directors, President and vice presidents to Net Income (Loss) in the last two years:

	Ratio of Total Amount to Net Income (Loss)			
	2022		2023	
	The Company	All Companies In Financial Statements	The Company	All Companies In Financial Statements
Directors	5.89%	5.89%	5.71%	5.71%
President & Vice Presidents	3.40%	3.40%	2.84%	2.84%

♦ **Description of the policy, standards and packages of remunerations, procedure for making such decision and relation to business performance and future risk:**

1. Policy, standards and packages of remunerations

The Board of Directors will resolve the director's remunerations by considering the value of the director's participation and contribution to the Company's operations, and also referring to the domestic and international industry standards. In accordance with Article 15 of the Articles of Incorporation, after the Company reserved a sufficient amount from profit to offset its accumulated losses, the Company shall allocate the directors' compensation no more than 3% from the profit (before tax) of each fiscal year and it shall only be distributed by cash. The Company periodically assesses the remunerations of the directors in accordance with the Rules for Evaluating Board of Directors and Functional Committee Performance. The internal evaluation items include alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education and internal control. In addition, the Company appoints an external independent professional institution to evaluation and issue the report. Relevant performance evaluations and remuneration rationality are resolved by the Remuneration Committee and the Board of Directors.

Remuneration to Manger is handled in accordance with the Company's Regulations for Remuneration Management, reference to the achievement of the Company's annual planned operating performance goals, such as revenue, profit, the results achieved by project and participation in sustainable management. And in accordance with Article 15 of the Articles of Incorporation, the Company shall allocate employees' compensation from 2%~10% from the profit of each fiscal year.

2. Procedure for making remuneration decision

In order to assess the compensation of the directors and managers periodically, the determination of an individual director's remuneration shall be based on the evaluation results of his or her performance in accordance with the Rules for Evaluating Board of Directors and Functional Committee Performance, Procedures for Directors' Remuneration and Regulations for Remuneration Management; and shall be linked to company business performance indicators.

Performance measurement scope includes financial indicators (operating profit and including but not limited to the achievement rate of quantitative operating indicators) and non-financial indicators (operational risk management, internal control management, quality and environmental management, project execution and sustainable management).

Director- and manager-relevant performance appraisal and remuneration rationality are

evaluated and resolved by the Remuneration Committee and the Board of Directors every year, reference to the domestic and international industry standards, the extent of the Company's overall operational participation, contribution value, personal performance achievement rate and future risks. The remuneration system of directors and manager will be reviewed in a timely manner based on actual operating conditions and relevant laws and regulations, and provide reasonable remuneration.

The actual distribution amount for directors and managers in 2023 has been resolved by the Remuneration Committee and the Board of Directors.

3. Relation to business performance and future risk

The Company's policy and standards of remunerations are based on overall operating status, performance achievement rate and contribution in order to enhance the effectiveness of the board and management team. Also referring to the domestic and international industry standards to ensure that the Company's management remuneration is competitive in the industry to retain outstanding management talent.

The performance of manager is combined with risk control to ensure that possible risk within the scope of responsibility can be managed and prevented.

3.4 Implementation of Corporate Governance

3.4.1 Operation of Board of Directors:

- ♦ The Board of Directors totally held 10 (A) meetings in the most recent year (up to the date of publication of the annual report). The attendance records for Directors are as follows:

Title	Name	Attended in Person (B)	Attended by Proxy	Attendance Percentage (%) 【B/A】	Remarks
Chairman	Yu-Heng Chiao	10	0	100	None
Director	Walsin Technology Corporation Representative Chin-Hui Chen	9	1	90	None
Director	Lite-On Technology Corporation Representative Tom Soong	1	9	10	None
Director	Lite-On Technology Corporation Representative Anson Chiu	9	1	90	None
Independent Director	Tien-Chun Tsai	10	0	100	None
Independent Director	Ben Chi	10	0	100	None
Independent Director	Te-Chen Chiu	9	1	90	None

Other details that need to be recorded in meeting minutes:

- In the event of the occurrence of any of the following scenarios with the operation of the Board of Directors, the dates of meetings, session number, resolution, opinions of all Independent Directors and the Company's subsequent action in response to these opinions shall be clearly stated:
 - Matters and items stipulated in Article 14-3 of the Securities and Exchange Act: The Company has set up the Audit Committee; please refer to "3.4.2 Operation of the Audit Committee".
 - In addition to the foregoing, there were other matters to be resolved by directors' board meetings about which an independent director expressed objections or reservations that had been included in records or stated in writing: No such situation.
- Director recusals due to conflicts of interests totaled: 5 times.
 - 8th Term 12th Meeting: Discussion of the donation to PSA Charitable Foundation. Due to personal interest relation, Mr. Yu-Heng Chiao and Ms. Chin-Hui Chen recused in the discussion and did not participate in discussion and voting.
 - 8th Term 12th Meeting: Discussion of the Bonus of Chairman for 2022. Due to personal interest relation, Mr. Yu-Heng Chiao recused in the discussion and did not participate in discussion and voting.
 - 8th Term 13th Meeting: Discussion of releasing of directors from non-competition restrictions. Due to personal interest relation, Mr. Yu-Heng Chiao and Ms. Chin-Hui Chen recused in the discussion and did not participate in discussion and voting.
 - 8th Term 16th Meeting: Discussion of resolution of 5th Term 12th Remuneration Committee. Due to personal interest relation, Mr. Yu-Heng Chiao recused in the discussion and did not participate in discussion and voting.
 - 8th Term 17th Meeting: Discussion of the donation to PSA Charitable Foundation. Due to personal interest relation, Mr. Yu-Heng Chiao and Ms. Chin-Hui Chen recused in the discussion and did not participate in discussion and voting.
- Evaluation of achievement of enhancing the Board's performance (e.g. establishing an Audit Committee

and increasing information transparency):

- (1) The Company has formulated the “Regulation and Procedure for Board of Directors Meetings” of the Company in accordance with the “Regulations Governing Procedure for Board of Directors Meetings of Public Companies” to comply with the requirements. The Company discloses attendance records for directors on Market Observation Post System and the major resolutions of the Board of Directors on the Company website.
- (2) The Company has set up the Audit Committee with the main duties in accordance with Article 14-5 of the Securities Exchange Act. The Audit Committee also reviews the first, second and third quarter financial statements to implement the transparency of information disclosure.
- (3) The Company also appoints independent directors as members of the Remuneration Committee. The main responsibilities are to evaluate the remuneration policies and systems of the directors and managers in a professional and objective position and make recommendations to the Board of Directors for decision-making.
- (4) The Company has formulated the “Rules for Evaluating Board of Directors and Functional Committee Performance”, conducted regular internal board performance evaluations every year since 2018, and appointed an independent external agency to carry out external board evaluations every 3 years. The performance evaluation results will be used as a reference for the selection or nomination of directors as well as determining their individual remuneration. The results of internal evaluation for the 2023 board of directors were reported at the board meeting in February, 2024, and disclosed on the Company's website.

◆ The Execution Status of Board of Directors Evaluation

Cycle of Evaluation	Period of Evaluation	Scope of Evaluation	Method of Evaluation	Indexes and Scoring Criteria
Once a year	2023/01/01~ 2023/12/31	Performance evaluation of Board of Directors	Internal evaluation of the Board of Directors	1. Participation in the operation of the Company. 2. Improvement of the quality of the Board of Directors' decision making. 3. Composition and structure of the Board of Directors. 4. Election and continuing education of the directors. 5. Internal control.
		Performance evaluation of Functional Committee (Audit Committee / Remuneration Committee)	Internal evaluation of Functional Committee (Audit Committee / Remuneration Committee)	1. Participation in the operation of the Company. 2. Awareness of the duties of the functional committee. 3. Improvement of quality of decisions made by the functional committee. 4. Makeup of the functional committee and election of its members. 5. Internal control.
		Performance evaluation of individual directors	Self-evaluation by individual board members	1. Familiarity with the goals and missions of the Company. 2. Awareness of the duties of a director. 3. Participation in the operation of the Company. 4. Management of internal relationship and communication. 5. The director's professionalism and continuing education. 6. Internal control.

3.4.2 Operation of the Audit Committee:

- ♦ The Audit Committee totally held 8 (A) meetings in the most recent year (up to the date of publication of the annual report). The attendance records for Independent Director are as follows:

Title	Name	Attended in Person (B)	Attended by Proxy	Attendance Percentage (%) 【B/A】	Remarks
Independent Director	Tien-Chun Tsai	8	0	100	None
Independent Director	Ben Chi	8	0	100	None
Independent Director	Te-Chen Chiu	7	1	88	None

Other matters that need to be recorded in meeting minutes:

1. If any of the following circumstances occurs during the operation of the Audit Committee, the meeting date, meeting number, the proposal contents, contents of independent directors' objection, reservation or major suggestion, the resolution of the Audit Committee and the Company's handling of the Audit Committee's opinions shall be clearly described.

(1) Items listed in Article 14-5 of the Securities and Exchange Act:

Audit Committee	Proposals	Contents of Independent Directors' Objection, Reservation or Major Suggestion	Resolution of Audit Committee	Company's Handling of Audit Committee Member's Opinion
4 th Term 9 th Meeting 2023.02.23	1. Approval for the 2022 consolidated financial statements and financial statements. 2. Assessment of independence and suitability of the certified public accountants. 3. Approval for the Company's 2022 declaration of internal control system. 4. Approval for the donation to PSA Charitable Foundation.	None	Proposal passed by the Audit Committee.	1~3: Directors approved the proposal unanimously. 4: Mr. Yu-Heng Chiao and Ms. Chin-Hui Chen recused in the discussion and did not participate in discussion and voting. All other directors approved the proposal unanimously.
4 th Term 10 th Meeting 2023.05.02	1. Approval for the first quarter of 2023 consolidated financial statements. 2. Approval for the 2023 remuneration of the CPAs. 3. Adoption of the Proposal for appropriation of 2022 earnings.	None	Proposal passed by the Audit Committee.	Directors approved the proposal unanimously.

Audit Committee	Proposals	Contents of Independent Directors' Objection, Reservation or Major Suggestion	Resolution of Audit Committee	Company's Handling of Audit Committee Member's Opinion
4 th Term 11 th Meeting 2023.08.10	1. Approval for the second quarter of 2023 consolidated financial statements.	None	Proposal passed by the Audit Committee.	Directors approved the proposal unanimously.
4 th Term 12 th Meeting 2023.10.31	1. Approval for the third quarter of 2023 consolidated financial statements. 2. Approval for 2024 annual audit plan.	None	Proposal passed by the Audit Committee.	Directors approved the proposal unanimously.
4 th Term 13 th Meeting 2024.02.22	1. Approval for the 2023 consolidated financial statements and financial statements. 2. Appointment of certified public accountants and assessment of their independence and suitability with Audit Quality Indicators (AQI). 3. Approval for the Company's 2023 declaration of internal control system. 4. Approval for the donation to PSA Charitable Foundation.	None	Proposal passed by the Audit Committee.	1~3: Directors approved the proposal unanimously. 4: Mr. Yu-Heng Chiao and Ms. Chin-Hui Chen recused in the discussion and did not participate in discussion and voting. All other directors approved the proposal unanimously.
4 th Term 14 th Meeting 2024.03.27	1. Adoption of the Proposal for appropriation of 2023 earnings. 2. Appointment of Chief Internal Auditor. 3. Amendment to "Audit Committee Charter."	None	Proposal passed by the Audit Committee.	Directors approved the proposal unanimously.
4 th Term 16 th Meeting 2024.04.23	1. Approval for the first quarter of 2024 consolidated financial statements.	None	Proposal passed by the Audit Committee.	Directors approved the proposal unanimously.

(2) Except for the foregoing items, the items that were not approved by the Audit Committee but were resolved by more than two-thirds of all directors: No such situation.

(3) Main function of the Audit Committee

A. According to Article 3 of "Audit Committee Charter", the main function of the Audit Committee is to supervise the following matters:

- a. Fair presentation of the financial reports of the Company.
- b. The appointment (and dismissal), independence, and performance of certificated public accountants of the Company.

- c. The effective implementation of the internal control system of the Company.
- d. Compliance with relevant laws and regulations by the Company.
- e. Management of the existing or potential risks of the Company.
- B. The Audit Committee totally held 8 meetings in the most recent year (up to the date of publication of the annual report), the main review proposals are as follows.
 - a. Review of financial statements and accounting policy
 - Submit of Audit Committee's Review Report on 2024.02.22: The Board of Directors has prepared and submitted to Audit Committee, the 2023 Business Report and Financial Statements. The Financial Statements have been duly audited by Certified Public Accountants Yen-Chun Chen and Meng-Chieh Chiu of Deloitte & Touche. The above Business Report and Financial Statements have been examined and determined to be correct by the undersigned.
 - Review the quarterly financial statements.
 - b. Internal control system and procedures
 - Review of the declaration of internal control system.
 - Review of annual audit plan.
 - Review of amendment to "Audit Committee Charter."
 - c. Matters in which a director is an interested party
 - Review of the donation to PSA Charitable Foundation on 2023.02.23 and 2024.02.22.
 - d. Assessment of independence and suitability of the Certified Public Accountants.
 - Review of independence: Certified Public Accountants Yen-Chun Chen and Meng-Chieh Chiu and their audit team are in compliance with Article 10 of The Norm of Professional Ethics for Certified Public Accountants of R.O.C. and the accountant relevant laws.
 - Review of suitability: In addition to many years of auditing services, the two CPAs are familiar with the technology industry, understand the industry trends and are responsible for the certifying services of a number of TWSE/TPEX listed companies.
 - Review of appointment of Deloitte & Touche as the Certified Public Accountants of the Company with Audit Quality Indicators (AQI) on 2024.02.22.
 - e. The appointment or discharge of a financial, accounting, or chief internal auditor.
 - Review of appointment of Chief Internal Auditor on 2024.03.27.
 - f. Audit Committee performance evaluation
 - Audit Committee completed the 2023 performance self-evaluation survey in January 2024 and reported the results on 2024.02.22.
- 2. Independent Director recusals due to conflicts of interests totaled: No such situation.
- 3. Communication between independent directors, the chief internal auditor and CPAs (which should include major events, methods, results, etc. as regards the Company's financial and business conditions):
 - (1) Communication matters between independent directors, chief internal auditor and CPAs:
 - A. Chief internal auditor shall report to the Audit Committee regarding the formulation and amendments of internal control system.
 - B. Chief internal auditor shall report to the Audit Committee regarding the implementation and results of the annual self-inspection per year.
 - C. Chief internal auditor shall report to the Audit Committee regarding annual audit plan and execution results quarterly.
 - D. Chief internal auditor shall report to the Audit Committee regarding the findings of each audit operation and the follow-ups to the improvement.

- E. Chief internal auditor shall provide to the Audit Committee regarding the formulation and amendments of relevant regulations.
 - F. Chief internal auditor shall report on the implementation and results of the audit project assigned by the Audit Committee.
 - G. Chief internal auditor shall report and communicate with independent directors individually on the latest internal audit report before Audit Committee. (Meeting at least once a quarter)
 - H. CPAs will report on the results of the quarterly or annual financial reports and the legislation or changes of the relevant laws and regulations in the quarterly audit committee meeting.
 - I. Independent directors, chief internal auditor and CPAs may communicate independently anytime if necessary.
- (2) Communication between independent directors and the chief internal auditor in the most recent year (up to the date of publication of the annual report):
- A. To report and communicate with independent directors individually on the latest internal audit report before Audit Committee.
 - B. To report and communicate with the Audit Committee individually on internal control actions of the Company and subsidiaries by email/con-call each month.

Date	Communication Highlights	Results
2023.02.23	1. Internal audit report. 2. 2022 declaration of internal control system.	There are no comments at this meeting.
2023.05.02	Internal audit report.	There are no comments at this meeting.
2023.08.10	Internal audit report.	There are no comments at this meeting.
2023.10.31	1. Internal audit report. 2. 2024 annual audit plan.	There are no comments at this meeting.
2023.01.01~ 2023.12.31	12 audit and follow-up reports were sent to the Audit Committee for review. The Convener of the Audit Committee gave advice on each audit report. Internal audit executed and reported in accordance with the instructions of the Audit Committee.	Internal audit executed and reported in accordance with the instructions of the Audit Committee.
2024.02.22	1. Internal audit report. 2. 2023 declaration of internal control system.	There are no comments at this meeting.
2024.03.27	Appointment of Chief Internal Auditor	There are no comments at this meeting.
2024.04.23	Internal audit report.	There are no comments at this meeting.
2024.01.01~ 2024.04.30	4 audit and follow-up reports were sent to the Audit Committee for review. The Convener of the Audit Committee gave advice on each audit report. Internal audit executed and reported in accordance with the instructions of the Audit Committee.	Internal audit executed and reported in accordance with the instructions of the Audit Committee.

(3) Communication between independent directors and CPAs in the most recent year (up to the date of publication of the annual report):

Date	Communication Highlights	Results
2023.02.23	The audit results of the consolidated financial statements and financial statements for 2022 and the legislation or changes of the relevant laws and regulations.	The consolidated financial statements and financial statements for 2022 were reported to the Board of Directors after being approved by the Audit Committee, and publicly announced and reported to the authority as scheduled.
2023.05.02	1. The review results of the consolidated financial statements for the first quarter of 2023 and the legislation or changes of the relevant laws and regulations. 2. Assurance Services and Non-Assurance Services.	The consolidated financial statements for 2023 Q1 were reported to the Board of Directors after being approved by the Audit Committee, and publicly announced and reported to the authority as scheduled.
2023.08.10	The review results of the consolidated financial statements for the second quarter of 2023 and the legislation or changes of the relevant laws and regulations.	The consolidated financial statements for 2023 Q2 were reported to the Board of Directors after being approved by the Audit Committee, and publicly announced and reported to the authority as scheduled.
2023.10.31	1. The review results of the consolidated financial statements for the third quarter of 2023 and the legislation or changes of the relevant laws and regulations. 2. Project Meeting.	The consolidated financial statements for 2023 Q3 were reported to the Board of Directors after being approved by the Audit Committee, and publicly announced and reported to the authority as scheduled.
2024.02.22	The audit results of the consolidated financial statements and financial statements for 2023 and the legislation or changes of the relevant laws and regulations.	The consolidated financial statements and financial statements for 2023 were reported to the Board of Directors after being approved by the Audit Committee, and publicly announced and reported to the authority as scheduled.

- ♦ **Participation in board meetings by the supervisors:** Not applicable. The Company has established the Audit Committee to perform and supervise the functions of the supervisors as required by law.

3.4.3 Corporate Governance Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies

Assessment Item	Implementation Status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reason(s)
	Yes	No	Explanation	
1. Has the company set and disclosed the principles for practicing corporate governance according to the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?"	V		According to the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies", the Company has formulated "Corporate Governance Best Practice Principles" and which were disclosed on the Company's website.	In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
2. Shareholding Structure & Shareholders' Rights (1) Does company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters? If yes, has these procedures been implemented accordingly?	V		(1) The Company has established the "Procedure for Stock Affairs Management" and "Procedures for Handling Material Inside Information". The spokesperson, acting spokesperson and legal affairs unit are in charge of matters related to shareholders' advice.	In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
(2) Does company possess a list of major shareholders and beneficial owners of these major shareholders?	V		(2) The Company is able to track shareholding by directors, managers and principal shareholders who hold 10% or more of the Company's shares. The Company also files the information with the authority as required.	In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
(3) Has the company built and executed a risk management system and "firewall" between the company and its affiliates?	V		(3) The Company has established the "Procedure for Operating and Management of Subsidiaries", "Procedures for Management, Business, and Financial Interactions between Affiliates", "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees" and "Procedures for the Acquisition and Disposal of Assets" in accordance with relevant laws and regulations in order to properly control the risks in the relationships between the Company and its affiliated corporations and developed adequate firewalls.	In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Assessment Item	Implementation Status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reason(s)
	Yes	No	Explanation	
(4) Has the company established internal rules prohibiting insider trading on undisclosed information?	V		(4) The Company has established the “Procedures for Handling Material Inside Information”, which has been passed by the Board of Directors, in order to prevent inside trading.	In line with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
3. Composition and Responsibilities of the Board of Directors (1) Has Board of Directors established a diversification policy and a specific management goal, and has it been implemented accordingly?	V		(1) The Company has formulated “Corporate Governance Best Practice Principles”, the third chapter, Strengthening Board Competencies, specifies the policy of board diversity. The nomination and election of members of the board of directors are in accordance with the Articles of Incorporation, adopting the candidate nomination system. Evaluating the qualifications of each candidate's education background and experience pursuant to the "Rules Governing the Election of Directors" and "Corporate Governance Best Practice Principles" to ensure the directors’ diversity and independence. Please refer to Section 3.2.5 for Diversity and Independence of the Board of Directors.	In line with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(2) Other than the Remuneration Committee and the Audit Committee which are required by law, does the company plan to set up other Board committees?		V	(2) The Company has established the Audit Committee and the Remuneration Committee.	Under assessment.
(3) Has the company established methodology for evaluating the performance of its Board of Directors, on an annual basis, reported the results of performance to the Board of Directors and use the results as reference for directors’ remuneration and renewal?	V		(3) The Company has established the Rules for Evaluating Board of Director and Functional Committee Performance, based on which the Company conducts regular annual performance evaluations. The evaluation methods include the board’s self-evaluation, board members’ self-	In line with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Assessment Item	Implementation Status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reason(s)
	Yes	No	Explanation	
			<p>evaluation, and the Functional Committee's self-evaluation. External professional institutions or teams of experts and scholars are appointed to perform evaluation every three years. When electing or nominating members of the board of directors, the Company shall use the evaluation results of the performance as reference. The evaluation results shall also be reference for an individual director's remuneration.</p> <p>The internal evaluation for the 2023 board of directors has been completed in January, 2024. The results of internal evaluation for the 2023 board of directors were reported at the board meeting in February 22, 2024, and disclosed on the Company's website for investors' reference.</p>	
(4) Does the company regularly evaluate its external auditors' independence?	V		<p>(4) The Audit Committee of the Company conducts regular annual assessments on the independence and suitability of the certified auditors and requires the certified auditors to provide a Statement of Independence and AQIs. The Company has confirmed that the auditors and the Company have no relations in terms of financial interest or business operation other than the fees for processing certifications and financial taxation cases; nor do the families of the auditors violate the requirement of independence. The Board of Directors has completed assessments of the auditors' independence; the most recent assessment was completed on February 22, 2024, and reported to</p>	In line with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Assessment Item	Implementation Status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reason(s)
	Yes	No	Explanation	
			<p>the board meeting.</p> <p>The Evaluation Items and results for CPAs independence review as follows:</p> <p>A. Doesn't have a direct of significant / indirect relations with the Company in financial interests.</p> <p>B. Doesn't have a commercial relationship with the Company, its directors or managers that affects independence.</p> <p>C. Doesn't hold the posts in the Company, such as the director and officer or occupied a key position with significant influence on the auditing process.</p> <p>D. Not having a relationship with a director or manager of the Company as a spouse, lineal blood relative, lineal relative by marriage, or collateral blood relative within the second degree of kinship.</p> <p>E. No great value gifts have been received from the Company or its directors, managers or major shareholders.</p> <p>F. Necessary independence/conflict of interest procedures have been implemented, and no violations of independence or unresolved conflicts of interest have been found.</p>	
4. Does the company appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for	V		(1) The Company established a part-time corporate governance unit to be in charge of corporate governance affairs. CFO Wei-Lin Chen is appointed as the Corporate Governance Officer to safeguard the rights and interests of	In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Assessment Item	Implementation Status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reason(s)
	Yes	No	Explanation	
business execution by directors, assisting directors' compliance of law, handling matters related to board meetings and shareholders' meetings according to law, and recording minutes of board meetings and shareholders' meetings, etc.)?			<p>shareholders and strengthen the functions of the board of directors. CFO Wei-Lin Chen has many-year experience in conducting financial management and business meetings in listed companies. The primary responsibilities of the Corporate Governance Officer are as follows:</p> <ul style="list-style-type: none"> A. Handling matters related to board and shareholders' meetings in accordance with the law. B. Preparing the minutes of board and shareholders' meetings. C. Assisting directors in their appointment and continuing education. D. Providing information required by the directors for business execution. E. Assisting directors in complying with the law. F. Other matters set forth in the articles of association or the contract of the Company. <p>(2) 2023 business implementation status:</p> <ul style="list-style-type: none"> A. Invited suggestions from directors prior to a board meeting to facilitate preparation of the meeting agenda; and giving a minimum of 7-day notice to all directors to attend a meeting and providing sufficient materials for the directors to familiarize themselves with the items. Giving prior notice to the individuals that involve stakeholder interest and require recusal. The minutes of the board meeting will be produced after the meeting. Held 5 	

Assessment Item	Implementation Status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reason(s)
	Yes	No	Explanation	
			<p>board meetings, 4 Audit Committee meetings, and 4 Remuneration Committee meetings in 2023. Please refer to the Company's website for the details of the above meetings.</p> <p>B. Registered shareholders' meeting date within the period stipulated by law (2023 shareholders' meeting was held on June 14), assisted in running the meeting, and filing with the authority the shareholders' meeting notice, agenda, and minutes by the statutory deadline every year.</p> <p>C. Inspected the disclosure of material information passed after a board meeting or shareholders meeting in order to ensure the legality and accuracy of said material information and protect parity of investor information.</p> <p>D. Kept members of the board informed of latest changes and developments in laws and regulations regarding corporate governance and management to facilitate director compliance.</p> <p>E. Assisted directors in creating study plans or enrolling in courses based on the characteristics of the Company's business activities and the education and experience of respective directors.</p> <p>F. Arranged communication between independent directors and chief internal</p>	

Assessment Item	Implementation Status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reason(s)
	Yes	No	Explanation	
			auditor/Certified Public Accountants during Audit Committee meetings. G. Executed and completed the internal performance evaluation for the 2023 board of directors and Functional Committee. The results have been reported at the board meeting in February, 2024.	
5. Has the company established a means of communicating with its Stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a Stakeholders Section on its company website? Does the company respond to stakeholders' questions on corporate responsibilities?	V		The Company has established its spokesperson and Investor Relations Contact. Stakeholders communication channels have been established via the Company's website, telephone, and fax. The communication with stakeholders in the most recent year was disclosed on the Company's website for investors' reference.	In line with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
6. Has the company appointed a professional registrar for its Shareholders' Meetings?	V		The Company has appointed Yuanta Securities Co., Ltd. to handle matters related to shareholders' meetings.	In line with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
7. Information Disclosure (1) Has the company established a corporate website to disclose information regarding its financials, business and corporate governance status?	V		(1) The Company has disclosed the latest information regarding its products, finance, and human resources on its website.	In line with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(2) Does the company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	V		(2) Dedicated personnel are in charge of collecting and disclosing such information in both Chinese and English versions for the reference of shareholders and stakeholders. Furthermore, the Company implements and complies with the "Procedures for Handling Material Inside Information" which has been established.	In line with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Assessment Item	Implementation Status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reason(s)
	Yes	No	Explanation	
(3) Does the company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?	V		(3) The Company announces and reports the annual financial statements within two months after the end of the fiscal year, the first, second, and third quarter financial statements earlier before the prescribed deadline as well as the operating status of each month on 6 th ~ 8 th next month.	In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
8. Has the company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?	V		<p>(1) Each employee has a copy of the Employee Handbook, which clearly specifies the rights and obligations of and Code of Conduct for employees.</p> <p>(2) The Company attaches importance to employee care. Apart from arranging regular interviews with supervisors regarding career planning, the Company has also established channels for employee complaint (including the Sexual Assault Prevention Hotline and relevant regulations).</p> <p>(3) The Company has established an Investor Relations Contact, in which designated customer service officers communicate with investors at any time; the Company's website is also available for stakeholders' reference.</p> <p>(4) The Company has been collaborating with major clients and suppliers for years and has formed strategic partnerships, in which the Company and business partners facilitate reciprocal developments under the protection of sound contracts and regulations, thus maintaining a close relationship in pursuit of common prosperity.</p> <p>(5) The Company attaches great importance to its</p>	In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Assessment Item	Implementation Status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reason(s)
	Yes	No	Explanation	
			<p>relationship with stakeholders based on common interests, and steadfastly observes its duties to create prosperity.</p> <p>(6) All directors have professional backgrounds and practical experience in the industry and receive advanced trainings according to their individual professional requirements (please refer to Section 3.4.14 for details on Advanced Training Courses for Directors). The Company not only regularly reports the amendments to relevant laws and regulations to the Audit Committee and the Board of Directors, but also provides information regarding relevant laws and regulations when deemed necessary.</p> <p>(7) The Company has established internal policies and management regulations in accordance with the law, and implements various risk management and regular self-assessments.</p> <p>(8) "Customers first" is the established policy of the Company, through which it has gained customers' trust and recognition. The Company also closely follows payment and credit statuses to protect its rights.</p> <p>(9) The Company has purchased Directors and Officers Liability Insurance, and reported it to the Board of Directors after the policies became effective.</p>	
<p>9. With respect to the results of the annual Corporate Governance Evaluation most recently issued by the Corporate Governance Center of Taiwan Stock Exchange, please describe the improvements and provide priority and measures to enhance those matters that have not yet been improved.</p> <p>The Company will continue considering the possible measures to enhance the results of the Corporate Governance Evaluation.</p>				

3.4.4. Duties, Composition and Operation of the Remuneration Committee:

♦ Duties of the Remuneration Committee

The Remuneration Committee was established in 2011 to strengthen corporate governance. The functions of the Committee are to professionally and objectively evaluate the policies and systems for compensation of the directors and managers and submit recommendations to the board of directors for its reference in decision making. The scope of duties includes:

1. Periodically reviewing the Remuneration Committee Organizational Rules and making recommendations for amendments.
2. Establishing and periodically reviewing the performance assessment and the policies, systems, standards, and structure for the compensation of the director and managers.
3. Periodically assessing the compensation of the directors and managers.

The Committee shall perform the duties under the preceding paragraph in accordance with the following principles:

1. Ensuring that the compensation arrangements comply with applicable laws and regulations and are sufficient to recruit outstanding talent.
2. Performance assessments and compensation levels of directors and managers shall take into account the general pay levels in the industry, individual performance assessment results, the time spent by the individual and their responsibilities, the extent of goal achievement, their performance in other positions, and the compensation paid to employees holding equivalent positions in recent years. Also to be evaluated are the reasonableness of the correlation between the individual's performance and the operational performance and future risk exposure, with respect to the achievement of short-term and long-term business goals and the financial position of the Company.
3. There shall be no incentive for the directors or managers to pursue compensation by engaging in activities that exceed the tolerable risk level of the Company.
4. For directors and top management, the percentage of remuneration to be distributed based on their short-term performance and the time for payment of any variable compensation shall be decided with regard to the characteristics of the industry and the nature of the Company's business.
5. Reasonableness shall be taken into account when the contents and amounts of the compensation of the directors and managers are set. It is not advisable for decisions on the compensation of the directors and managers to run contrary to financial performance to a material extent.
6. When a meeting of the Remuneration Committee will discuss the remuneration of any member of the Remuneration Committee, it will be clearly stated at the meeting. If there is likely to be that member's individual compensation involved or any prejudice to the interests of the Company, that member may not participate in the discussion or voting and shall enter recusal during the discussion and voting. The member also may not act as another Remuneration Committee member's proxy to exercise voting rights on that matter.

◆ **Information of the members of the Remuneration Committee**

Identity	Criteria	Professional Qualification Requirements and Work Experience	Independence Criteria	Number of Other Public Companies in Which the Member Concurrently Serving as a Remuneration Committee Member
	Name			
Independent Director (Convener)	Ben Chi	Please refer to Section 3.2.4 Professional Qualifications of Directors and Independence of Independent Directors.		0
Independent Director	Tien-Chun Tsai			0
Independent Director	Te-Chen Chiu			0

◆ **Information on Operation of the Remuneration Committee**

1. The Company's Remuneration Committee is comprised of three members.
2. Term for the current committee members: From July 9, 2021 to July 8, 2024. The Remuneration Committee totally held 7 (A) meetings in the most recent year (up to the date of publication of the annual report). and the job titles and attendance records of the committee members are as follows:

Title	Name	Attended in Person (B)	Attended by Proxy	Attendance Percentage (%) (B/A)	Remarks
Convener	Ben Chi	7	0	100	None
Member	Tien-Chun Tsai	7	0	100	None
Member	Te-Chen Chiu	6	1	86	None

Other matters that need to be recorded in meeting minutes:

1. The Remuneration Committee meetings held in 2023 and up to the date of publication of the annual report, the meeting date, meeting number, the proposal contents, the resolution of the Remuneration Committee and the Company's handling of the opinions of the members of the Remuneration Committee:

Remuneration Committee	Proposals	Resolution of Remuneration Committee	Company's Handling of Remuneration Committee Member's Opinion
5 th term 8 th Meeting 2023.01.17	1. Employees and directors compensation ratio for 2022. 2. Year-end bonus of Managers for 2022.	Proposal passed by the Remuneration Committee.	Directors approved the proposal unanimously.
5 th term 9 th Meeting 2023.02.23	1. Amendment to "Procedures for Directors' Remuneration." 2. Employees and directors compensation amount for 2022. 3. Bonus of Chairman for 2022. 4. Bonus of Managers for the second half of 2022.	Proposal passed by the Remuneration Committee.	1~2, 4: Directors approved the proposal unanimously. 3: Mr. Yu-Heng Chiao recused in the discussion and did not participate in discussion and voting. All other directors approved the proposal unanimously.
5 th term 10 th Meeting 2023.05.02	1. The compensation of Managers for 2022. 2. The compensation of directors for 2022.	Proposal passed by the Remuneration Committee.	Directors approved the proposal unanimously.

Remuneration Committee	Proposals	Resolution of Remuneration Committee	Company's Handling of Remuneration Committee Member's Opinion
5 th term 11 th Meeting 2023.08.10	1. Bonus of Managers for the first half of 2023.	Proposal passed by the Remuneration Committee.	Directors approved the proposal unanimously.
5 th term 12 th Meeting 2024.01.31	1. Employees and directors compensation ratio for 2023. 2. Bonus of Chairman and Managers for 2023.	Proposal passed by the Remuneration Committee.	1: Directors approved the proposal unanimously. 2: Mr. Yu-Heng Chiao recused in the discussion and did not participate in discussion and voting. All other directors approved the proposal unanimously.
5 th term 13 th Meeting 2024.02.22	1. Employees and directors compensation amount for 2023. 2. Bonus of Managers for the second half of 2023.	Proposal passed by the Remuneration Committee.	Directors approved the proposal unanimously.
5 th term 14 th Meeting 2024.03.27	1. Bonus of Managers for the second half of 2023. 2. The compensation of Managers for 2023. 3. The compensation of directors for 2023.	Proposal passed by the Remuneration Committee.	Directors approved the proposal unanimously.
<p>2. There was no recommendation of the Remuneration Committee which was not adopted or was modified by the Board of Directors.</p> <p>3. There were no written or otherwise recorded resolutions on which a member of the Compensation Committee had a dissenting opinion or qualified opinion.</p>			

3.4.5 The State of the Company's Promotion of Sustainable Development

- ♦ The State of the Company's Promotion of Sustainable Development, Any Variance from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
1. Has the company established and promoted a sustainable development governance structure and set up a dedicated (or non-dedicated) unit for the promotion of sustainable development, and has the Board of Directors authorized the senior management to handle relevant issues and does the Board supervise the state of affairs with respect to the preceding? (Note 1)	V		<p>In order to fulfill corporate social responsibility, promote economic, environmental and social progress, and achieve the goal of sustainable development, the Company has established the Sustainable Development and Integrity Management Committee, responsible for planning and formulating sustainable strategies and operations covering environmental, social and corporate governance (ESG), and formulating and supervising the implementation of Ethical Management Policy and prevention plans.</p> <p>The chairman of the Sustainable Development and Integrity Management Committee reports to the Board of Directors quarterly based on the implementation of sustainable development and future work priorities. The Board of Directors also provides guidance on sustainable development management policies, strategy and goal setting, and review measures.</p> <p>In 2023, the Committee reported to the Board of Directors four times, on February 23, May 2, August 10, and October 31 with the following content:</p> <p>(1) Greenhouse Gas Inventory and Verification Schedule Planning Carbon Inventory Review Planning and Development of Sustainable Development Goals</p>	In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Explanations	
			<p>Legislation or change of related laws and regulations</p> <p>(2) Risk Management Definition of operation procedure Education, training and publicity</p> <p>(3) Intellectual property management/information security management Revision of company procedure Education and training Audit program</p> <p>(4) Integrity Management Revision of company procedure Education and training</p> <p>(5) Stakeholder Communication In addition, we have formulated goals and strategies for sustainability, and tracked the effectiveness of actual implementation.</p>	
2. Has the company conduct risk assessments of environmental, social and corporate governance issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note1 、 2)	V		<p>In accordance with the principle of materiality, regarding the matters concerned by ESG in the risk assessment of environmental, social and corporate governance issues related to the Company's operations, the Company has formulated the "Sustainable Development Best Practice Principles", "Corporate Ethics Code of Conduct", "Corporate Governance Best Practice Principles" and "Regulations for Ethical Business Operations", which are complying with the Responsible Business Alliance Code of Conduct and related risk management policies.</p> <p>In addition, the Company assesses ESG issues of materiality with reference to the GRI criteria, stakeholder feedback and consolidation of</p>	In line with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons													
	Yes	No	Explanations														
			<p>assessment information from various departments and subsidiaries, and establishes relevant risk management policies or strategies as follows:</p> <table><tr><th>Significant Issues</th><th>Risk Assessment Items</th><th>Description</th></tr><tr><td rowspan="2">Environment</td><td>Environmental impact and management</td><td>1. Regulatory compliance (international standards, factory location laws) 2. Obtain ISO 14001 environmental certification and ISO 50001 energy management certification 3. Regular greenhouse gas inventories according to ISO 14064 4. Waste management and water management</td></tr><tr><td>Green production</td><td>1. 3R (Reduce/Reuse/Recycle) principle into product design 2. EU RoHS compliant 3. Obtain IECQQC080000 certification 4. Investment in the green energy industry (Walsin New Energy Corporation), with a goal to achieving 100% utilization of renewable energy in the enterprise.</td></tr><tr><td rowspan="2">Society</td><td>Labor-employer relationship</td><td>1. Human rights and work rights 2. Human Resources Policy 3. Salary and benefits</td></tr><tr><td>Occupational safety and health</td><td>1. Compliance with regulations 2. Regular fire drills, safety and health education and training, work environment monitoring, and employee health check-up services</td></tr></table>	Significant Issues	Risk Assessment Items	Description	Environment	Environmental impact and management	1. Regulatory compliance (international standards, factory location laws) 2. Obtain ISO 14001 environmental certification and ISO 50001 energy management certification 3. Regular greenhouse gas inventories according to ISO 14064 4. Waste management and water management	Green production	1. 3R (Reduce/Reuse/Recycle) principle into product design 2. EU RoHS compliant 3. Obtain IECQQC080000 certification 4. Investment in the green energy industry (Walsin New Energy Corporation), with a goal to achieving 100% utilization of renewable energy in the enterprise.	Society	Labor-employer relationship	1. Human rights and work rights 2. Human Resources Policy 3. Salary and benefits	Occupational safety and health	1. Compliance with regulations 2. Regular fire drills, safety and health education and training, work environment monitoring, and employee health check-up services	
Significant Issues	Risk Assessment Items	Description															
Environment	Environmental impact and management	1. Regulatory compliance (international standards, factory location laws) 2. Obtain ISO 14001 environmental certification and ISO 50001 energy management certification 3. Regular greenhouse gas inventories according to ISO 14064 4. Waste management and water management															
	Green production	1. 3R (Reduce/Reuse/Recycle) principle into product design 2. EU RoHS compliant 3. Obtain IECQQC080000 certification 4. Investment in the green energy industry (Walsin New Energy Corporation), with a goal to achieving 100% utilization of renewable energy in the enterprise.															
Society	Labor-employer relationship	1. Human rights and work rights 2. Human Resources Policy 3. Salary and benefits															
	Occupational safety and health	1. Compliance with regulations 2. Regular fire drills, safety and health education and training, work environment monitoring, and employee health check-up services															

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons										
	Yes	No	Explanations											
			<table><tr><th>Significant Issues</th><th>Risk Assessment Items</th><th>Description</th></tr><tr><td rowspan="3">Corporate governance</td><td>Socio-economic and regulatory compliance</td><td>1. Create long-term stable business performance 2. Implement internal control management and integrity management to ensure that all employees and operations comply with relevant laws and regulations</td></tr><tr><td>Strengthening the role of directors</td><td>1. Planning annual education programs for directors 2. Provide development and policy revision of laws and regulations related to the company's business areas and corporate governance 3. Insure directors' liability insurance</td></tr><tr><td>Stakeholder communication</td><td>1. Analyze issues of concern 2. Establish communication channels</td></tr></table>	Significant Issues	Risk Assessment Items	Description	Corporate governance	Socio-economic and regulatory compliance	1. Create long-term stable business performance 2. Implement internal control management and integrity management to ensure that all employees and operations comply with relevant laws and regulations	Strengthening the role of directors	1. Planning annual education programs for directors 2. Provide development and policy revision of laws and regulations related to the company's business areas and corporate governance 3. Insure directors' liability insurance	Stakeholder communication	1. Analyze issues of concern 2. Establish communication channels	
Significant Issues	Risk Assessment Items	Description												
Corporate governance	Socio-economic and regulatory compliance	1. Create long-term stable business performance 2. Implement internal control management and integrity management to ensure that all employees and operations comply with relevant laws and regulations												
	Strengthening the role of directors	1. Planning annual education programs for directors 2. Provide development and policy revision of laws and regulations related to the company's business areas and corporate governance 3. Insure directors' liability insurance												
	Stakeholder communication	1. Analyze issues of concern 2. Establish communication channels												
3. Environmental Topic (1) Has the company set an environmental management system designed to industry characteristics?	V		(1) In accordance with relevant laws and the characteristics of the products, the Company has established an environmental management system, and has updated the system in accordance with the amendments to the law. The factories of the Company have been awarded certificates, including the ISO 14001 Environmental Management Systems and the ISO 50001 Energy Management. Their operations are also subject to the ISO 14064 Greenhouse Gas Emission Regulations and the Restriction of Hazardous Substances in Electrical and Electronic Equipment (ROHS).	In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.										

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
(2) Is the company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?	V		<p>(2) The Company is committed to improving the efficiency of the various energy and to use recycled materials that have a low impact on the environment. The green design concept has been incorporated into the research and development of products. For instance, eco-friendly materials, as well as manufacturing processes without environmental impact, have been introduced. The Company's green design principle and HSF policy ensures that the raw materials and products manufactured by the Company can meet the EU's Hazardous Substance Free standards. The Company has obtained the IECQQC080000 certification, which represents the successful establishment of the "Hazardous Substance Process Management System".</p> <p>In order to effectively manage energy use and improve energy efficiency, and to further enhance the good environmental image of the company, we will develop energy efficiency improvement solutions through the establishment of an energy management system to achieve the win-win objective of reducing energy costs, saving energy and reducing carbon emissions, and enhancing corporate image. Subsidiary Xurong Electronic (Shenzhen) Co., Ltd. has obtained ISO 50001:2011 energy management system certification by SGS.</p>	In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
(3) Does the company evaluate current and future climate change potential risks and opportunities and take measures related to climate related topics?	V		(3) The Company pays attention to the impacts of climate change on its operations and implements inspections on GHGs emissions, verification by external agencies, and establishes energy conservation, carbon reduction, and greenhouse gas reduction strategies. The Company enforces its energy-saving and carbon-reducing policies in its operational activities. Relevant measures include refraining from using paper cups, exercising resources recycling and classification, switching off equipment when not in use, switching off lights during midday breaks, switching off computers after working hours, using water resources efficiently, setting up an electronic verification system, reducing the use of printed forms and documents and encouraging double-sided printing. Besides managing the impacts of climate change on its operations, the Company also requires and assists suppliers to follow up on this matter.	In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
(4) Does the company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set energy conservation, greenhouse gas emissions reduction, water usage reduction and other waste management policies?	V		(4) A. Greenhouse gas: After following domestic and foreign greenhouse gas-related regulations and guidelines in accordance with the Environmental Protection Agency announced the greenhouse gas inventory and registration guidelines, greenhouse gas international standards ISO 14064 norms, and reference to the United Nations Intergovernmental Panel on Climate Change	In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Assessment Item	Implementation Status					Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons																													
	Yes	No	Explanations																																
			<p>(IPCC) and the inventory guidelines and other documents of other domestic and foreign organizations, the Company has developed a professional greenhouse gas inventory system, and developed a greenhouse gas management system in accordance with ISO standards. The Company has also disseminated the results of the inventory and the corresponding measures to the supervisors of all relevant departments and the personnel in charge to realize the determination to do well in environmental protection.</p> <p>Xurong Electronic (Shenzhen) Co., Ltd has conducted its own inventory of GHG emissions through the operation control method, and has conducted verification by external organizations since 2016 as a reference for reduction strategies, and has established carbon trading and corporate carbon asset management. Recently, the actual and future carbon emission reduction statistics as below:</p> <table><tr><th rowspan="2">Year</th><th colspan="2">Actual</th><th colspan="3">Estimated</th></tr><tr><th>2021</th><th>2022</th><th>2023</th><th>2024</th><th>2025</th></tr><tr><td>Industrial value increased (ten thousand RMB)</td><td>827</td><td>1,428</td><td>850</td><td>850</td><td>850</td></tr><tr><td>Target Carbon Intensity (tons/ten thousand tons)</td><td>1.4360</td><td>1.4360</td><td>1.3820</td><td>1.3300</td><td>1.2799</td></tr><tr><td>Carbon Emissions (tons)</td><td>1,188</td><td>2,051</td><td>1,175</td><td>1,131</td><td>1,088</td></tr></table>			Year	Actual		Estimated			2021	2022	2023	2024	2025	Industrial value increased (ten thousand RMB)	827	1,428	850	850	850	Target Carbon Intensity (tons/ten thousand tons)	1.4360	1.4360	1.3820	1.3300	1.2799	Carbon Emissions (tons)	1,188	2,051	1,175	1,131	1,088	
Year	Actual		Estimated																																
	2021	2022	2023	2024	2025																														
Industrial value increased (ten thousand RMB)	827	1,428	850	850	850																														
Target Carbon Intensity (tons/ten thousand tons)	1.4360	1.4360	1.3820	1.3300	1.2799																														
Carbon Emissions (tons)	1,188	2,051	1,175	1,131	1,088																														

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons																								
	Yes	No	Explanations																									
			<div>B. Water consumption: Considering the Company's activities, products and services, the following table shows the water consumption of Xurong Electronic (Shenzhen) Co., Ltd.: <div>Unit: ton/RMB</div><table><tr><td>Items</td><td>2021</td><td>2022</td><td>2023</td></tr><tr><td>Water volume</td><td>41,653</td><td>20,939</td><td>14,380</td></tr><tr><td>Water + Sewage + Garbage disposal fee</td><td>205,337</td><td>106,103</td><td>79,269</td></tr></table></div> <div>C. Waste: The Company is actively promoting our employees to improve the waste separation rate and reduce the amount of waste generated by our business, and we are also communicating with cleaners and researching recycling technology to increase the recycling rate of waste and achieve the goal of zero waste to landfill. The weight of waste disposal in the recent years is as follows: <div>Unit: ton</div><table><tr><td>Year</td><td>2021</td><td>2022</td><td>2023</td></tr><tr><td>Hazardous waste</td><td>19.6</td><td>14.8</td><td>9.1</td></tr><tr><td>Non-hazardous waste</td><td>5.5</td><td>23.3</td><td>8.6</td></tr></table></div>	Items	2021	2022	2023	Water volume	41,653	20,939	14,380	Water + Sewage + Garbage disposal fee	205,337	106,103	79,269	Year	2021	2022	2023	Hazardous waste	19.6	14.8	9.1	Non-hazardous waste	5.5	23.3	8.6	
Items	2021	2022	2023																									
Water volume	41,653	20,939	14,380																									
Water + Sewage + Garbage disposal fee	205,337	106,103	79,269																									
Year	2021	2022	2023																									
Hazardous waste	19.6	14.8	9.1																									
Non-hazardous waste	5.5	23.3	8.6																									

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
<p>4. Social Topic</p> <p>(1) Does the company set policies and procedures in compliance with regulations and internationally recognized human rights principles?</p>	V		<p>(1) The Company has formulated and implemented relevant management policies and procedures in accordance with relevant local laws and regulations and international human rights bills (including the UN Universal Declaration of Human Rights, the International Labor Office's Tripartite Declaration of Principles, the OECD Guidelines for Multinational Enterprises, and the Responsible Business Alliance Code of Conduct). At the same time, the Company conducts education and training, and post human rights treaties on our bulletin boards so that our employees will pay attention to these issues. The following principles are strictly adhered to and practiced so that the legitimate rights and interests of our employees are fully protected :</p> <p>A. Lawful employment</p> <p>B. Free from sexual harassment and discrimination</p> <p>C. Fair performance evaluation and management system</p> <p>D. Occupational safety and health education and training</p> <p>E. Human rights risk assessment and mitigation strategy</p>	In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
(2) Has the company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?	V		<p>(2) The Company pays attention to employee welfare and provides comprehensive care for our employees. The Company offers a group insurance plan for our employees so that they are covered in case of accidents or in need of hospitalization. The Company has a cafeteria and shop to take care of employees' dietary needs. The Company sets welfare funds and established an employee welfare committee to organize various welfare activities: year-end parties, employee trips, club activities subsidies, and other benefits, such as birthday and holiday gifts, scholarships for employee's children, and wedding, childbirth, and military service subsidies. The Company spares no effort in caring for our employees. In accordance with the Labor Standards Law, the Company provides leave and annual vacations to encourage employees taking vacations and maintaining work and life balance.</p> <p>We are committed to providing a dignified and safe working environment for our employees. We practice diversity in employment, fairness in compensation and promotion opportunities, and ensure that employees are not subjected to discrimination, harassment, or unequal treatment on the basis of race, sex, religious beliefs, age, political affiliation, or any other status protected by applicable laws and regulations.</p> <p>We value the diversity of our workforce, and in</p>	In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons																																																			
	Yes	No	Explanations																																																				
			<p>addition to providing job security for our local employees, we also encourage newcomers to join the company when recruiting. We value the culture and customs of our employees from different countries, and we have never violated their right to work or human rights.</p> <table><tr><th colspan="3">Employee Ethnicity Indicators</th></tr><tr><th>Category</th><th>Percentage of all employees</th><th>Percentage of management</th></tr><tr><td>Republic of China</td><td>65%</td><td>100%</td></tr><tr><td>Foreigner</td><td>28%</td><td>0%</td></tr><tr><td>New Resident</td><td>7%</td><td>0%</td></tr></table> <table><tr><th colspan="3">Female Diversity Indicators</th></tr><tr><th>Category</th><th>Percentage</th><th>Target for 2024</th></tr><tr><td>Female in total staff</td><td>73%</td><td></td></tr><tr><td>Female in all supervisors</td><td>42.5%</td><td>50%</td></tr><tr><td>Female in junior management</td><td>45.8%</td><td>50%</td></tr><tr><td>Female in senior management (manager and above)</td><td>37.5%</td><td>50%</td></tr><tr><td>Female in revenue-generating units</td><td>81.1%</td><td></td></tr></table> <table><tr><th colspan="3">Other indicators of diversification</th></tr><tr><th colspan="2">Category</th><th>Percentage of Full-Time Employee Equivalents (FTEs)</th></tr><tr><td rowspan="4">All Staff (by age group)</td><td><30 years old</td><td>33%</td></tr><tr><td>30-50 years old</td><td>60%</td></tr><tr><td>>50 years old</td><td>7%</td></tr><tr><td>Total</td><td>100%</td></tr></table>	Employee Ethnicity Indicators			Category	Percentage of all employees	Percentage of management	Republic of China	65%	100%	Foreigner	28%	0%	New Resident	7%	0%	Female Diversity Indicators			Category	Percentage	Target for 2024	Female in total staff	73%		Female in all supervisors	42.5%	50%	Female in junior management	45.8%	50%	Female in senior management (manager and above)	37.5%	50%	Female in revenue-generating units	81.1%		Other indicators of diversification			Category		Percentage of Full-Time Employee Equivalents (FTEs)	All Staff (by age group)	<30 years old	33%	30-50 years old	60%	>50 years old	7%	Total	100%	
Employee Ethnicity Indicators																																																							
Category	Percentage of all employees	Percentage of management																																																					
Republic of China	65%	100%																																																					
Foreigner	28%	0%																																																					
New Resident	7%	0%																																																					
Female Diversity Indicators																																																							
Category	Percentage	Target for 2024																																																					
Female in total staff	73%																																																						
Female in all supervisors	42.5%	50%																																																					
Female in junior management	45.8%	50%																																																					
Female in senior management (manager and above)	37.5%	50%																																																					
Female in revenue-generating units	81.1%																																																						
Other indicators of diversification																																																							
Category		Percentage of Full-Time Employee Equivalents (FTEs)																																																					
All Staff (by age group)	<30 years old	33%																																																					
	30-50 years old	60%																																																					
	>50 years old	7%																																																					
	Total	100%																																																					

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
			The Company has formulated a reasonable salary compensation policy. It has established the Remuneration Committee, and stipulated in Article 15 of its Articles of Incorporation that 2%~10% of the Company's annual profit should be allocated for employees' remuneration.	
(3) Does the company provide employees with a safe and healthy working environment, with regular safety and health training?	V		<p>(3) The Company is committed to providing a safe and healthy work environment for employees:</p> <p>A. The Company holds annual health checkups service for employees and adds more health checkup items in addition to those required by law. The Company has contract doctors and nurses to monitor the five major types of workplace hazards, including chemical, physical, human, biological, and psychosocial hazards, to provide employees with health improvement and consultation programs.</p> <p>B. The Company has also formulated implementation rules for industrial safety and principles for safe and healthy operations. In addition to labor safety matters irregularly discussed by the Labor Safety and Health Committee, the Company also implements safety and health trainings based in our production locations, which focus on improving employee quality and raising employees' awareness of environmental safety and health, in order to enhance environmental and occupational</p>	In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
			<p>health and safety management.</p> <p>C. The total number of employees of the Company is 1,708. The total number of occupational accidents in 2023 was 0. The Company conducts occupational disaster prevention drills every year to equip employees with the ability to respond to emergencies in occupational disasters, and in previous years, when occupational disasters occurred, the Company carried out investigations of the accidents to find out the root causes of the accidents, carried out the necessary works, made administrative improvements, or provided the necessary safety and hygiene protection equipment, and strengthened the necessary safety and hygiene education, training, and publicity to avoid the recurrence of the same accidents.</p> <p>D. The total number of fires in 2023 was 0. The Company inspects the fire safety equipment every month and reports the fire safety equipment inspection and repair before November every year. The company implements self-defense firefighting group drills every six months, and appoints fire brigade safety inspectors to instruct the firefighting drills on-site every two years, and strictly executes the fire prevention and safety measures in daily life in order to avoid the occurrence of accidents.</p>	

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
(4) Has the company established effective career development training plans?	V		(4) To develop an effective career development plan for employees, the Company has established comprehensive talent development programs and offers internal and external training lectures. The education and training plans include new employee training, professional training, 7 QC tools, Statistical process control, process control and capability improvement, occupational safety and health course, information and communication security, auditing, prevention of insider trading, and legal knowledge seminar and health lectures. Supervisors and colleagues are all included in these trainings. The Company pays great attention to talent development, and encourages lifelong learning. The goal is to build a platform to identify outstanding talents and develop their potential and enthusiasm to retain these key talents. They can work together to accomplish the Company's policies, strategies, and improvement goals, and continuously improve the Company's overall organizational competitiveness.	In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
(5) 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 or customer protection and grievance policies?	V		(5) The Company's product and service comply with the Responsible Business Alliance Code of Conduct for customers' health and safety, privacy, sales, and labeling. The Company has established consumer or customer protection mechanisms and complaint procedures regarding R&D, purchasing, production, operation and service. Protecting customer or	In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
			customer rights is a consistent policy of the Company. In addition, the Company's official website not only provides product descriptions, but also its contact details.	
(6) Does the company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right, and their implementation status?	V		<p>(6) The Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right. All of our suppliers have been evaluated by new suppliers evaluation process and registered in our ERP system. In order to fulfill the corporate social responsibility of both suppliers and transporters, the selection criteria of new suppliers not only consider the quality of delivery (service), delivery time (service) cooperation, and quality control capability, but also give priority to suppliers who have obtained ISO 9001, environmental protection-related certifications (ISO 14001, carbon footprint, water footprint, etc.), and occupational safety and health certifications (OHSAS18001, etc.). Economic, environmental protection, and social responsibility are the core evaluation items.</p> <div> Economic aspects A. Disclosing prohibition of conflict metals/ores B. Annual financial report status of material suppliers C. Material delivery/stock management, supplier coordination D. Contingency plan for material supply </div>	In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
			<div> Environmental aspects A. Waste generation information and management B. Overall environmental assessment C. Greenhouse gas emission information and carbon risk management D. Water use information and Water risk management E. Energy use information and management </div> <div> Social aspects A. Human rights and labor-related performance indicators B. Labor and Ethics C. Human Resources and Development D. Community Assessment E. Sustainable development and corporate social responsibility F. Other items: corporate sustainability planning, social impact, and employee safety </div> <p>Each year, a supplier evaluation meeting is held to conduct a comprehensive review of the suppliers and evaluate their product quality, product delivery, production cost, response, technology support and service, and CSR. The Company commits that the proportion of its A and B-ranking suppliers is more than 95%. In recent two years, the result of suppliers' QDCRT(quality, delivery, cost, response, technology support) rating is as follows:</p>	

Assessment Item	Implementation Status					Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons																
	Yes	No	Explanations																			
			<table><tr><th>Supplier Ranking (# of Suppliers)</th><th>A</th><th>B</th><th>C</th><th>D</th></tr><tr><td>Year 2022</td><td>5</td><td>49</td><td>0</td><td>0</td></tr><tr><td>Year 2023</td><td>9</td><td>7</td><td>0</td><td>0</td></tr></table>				Supplier Ranking (# of Suppliers)	A	B	C	D	Year 2022	5	49	0	0	Year 2023	9	7	0	0	
Supplier Ranking (# of Suppliers)	A	B	C	D																		
Year 2022	5	49	0	0																		
Year 2023	9	7	0	0																		
5. Does the company refer to international reporting rules or guidelines to publish Sustainability Reports to disclose non-financial information of the company? Has the said Report acquire 3rd certification party verification or statement of assurance?	V		The Company refers to “Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies” and the latest GRI Standards to establish the Sustainable Development & Integrity Management Report to disclose non-financial information of the Company. The results of the implementation of sustainable development have been publicly disclosed on the Company's website.				In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.															
6. If the company has established Sustainability Development principles based on " Sustainability Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe differences between the principles and their implementation: The Company has formulated the “Sustainability Development Best Practice Principles”. It has also established the relevant regulations in line with the spirit of ESG, and comprehensively implements them in daily operations.																						
7. Other key information useful for explaining the status of sustainability development practices: (1) Regarding environmental protection, the Company complies with the established Environmental Management System whenever performing business activities and manufacturing products, thus sparing no effort to protect the Earth by means of energy conservation and carbon reduction. For example, for the disposal of waste, the Company properly recycles recyclable materials. Non-recyclable substances are treated through incineration or landfill disposal. All hazardous wastes are handled by qualified recycling company for reuse. (2) Regarding social participation, social contribution, and social services, the colleagues of the Company participated in the Tamsui river cleanup campaign which was initiated by the Common Wealth Magazine and co-organized by the Society of Wilderness, in order to promote ecological sustainability and volunteer services. During the activity, the participants collected a total of 191 kilograms of trash. Besides commonly seen trash such as cigarette butts, plastic bags, glass bottles, and broken glass, the participants even picked up bicycles and safety helmets. Through the river cleanup, understanding wetlands, and maintaining wetland ecology activities, the Company encourages the colleagues to actively participate the public welfare activities and to give back to the society. (3) Local Innovation - Our Taiwan factory is located in Tamshui District, New Taipei City, and we have been operating there for more than 20 years. Currently, there are 386 employees in our Taiwan factory. Our goal is to provide more job opportunities to the local people, to reduce the gap																						

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Explanations	
<p>between urban and rural areas, and to let the people in Tamshui being able to work in Tamshui, and to turn Tamshui into a better place in the future. We can't stay out of providing job opportunities to the young people in Tamshui. Therefore, we invite graduates who live in Tamshui to intern with us during summer vacation every year, and we open 80~100 positions every year, including R&D engineers, technicians, quality inspectors, and administrators, etc., so that more than two thirds of the positions in our company can be reserved for the locals in Tamshui, and the locals can find a good job in Tamshui. Currently, there are 265 local employees in Tamshui, accounting for 69% of all employees. In addition, we provide internship opportunities to the neighboring St. John's University, so that students can familiarize themselves with the industrial ecosystem and accumulate practical experience during their studies, and have a clear direction and planning for their future job choices. We expect and believe that the sustainable operation of an enterprise starts with the fulfillment of corporate social responsibility, and we will continue to care about local issues in Tamshui and do our part to create a better future for the local community.</p> <p>(4) Promote community development - In order to support local education, increase students' practical work experience, and reduce the phenomenon of exodus, the Company provides summer and winter internships to major colleges and universities in the vicinity of the plant, allowing students to be familiar with workplace early, increasing students' adaptability and competitiveness in the workplace, and creating employment opportunities. In summer 2023, the Company provided part-time internship opportunities to 11 people from Tamkang University, 8 people from Aletheia University, 5 people from St. John's University, 1 person from National Taiwan Ocean University, 1 person from MacKay Junior College of Medicine, Nursing and Management, totaling 26 students. In addition, since the summer vacation in November of 2023, we have been working with Lunghwa University of Science and Technology on an industry-academia cooperation program to train students in a variety of skills and to promote the concepts of “learning by doing” in technical vocational education, so as to develop human resources and to enable students to adapt to the workplace early. A total of 10 students were hired from the program.</p> <p>(5) Regarding social welfare, the Company works closely with neighbors to carry out various public welfare activities.</p> <p>A. In 2023, the Company organized a year-end event and donated all the proceeds of NT\$3,281 from the charity sale to World Vision Taiwan.</p> <p>B. In 2023, the Company donated NT\$1 million to PSA Charitable Foundation for the organization of various charitable activities. With the belief of giving back to the society, integrating social resources and maximizing the resources, the Foundation has been serving all over Taiwan in 2023, including Zhongli District In Taoyuan, Daren Community in Tainan, Shijian Elementary School in New Taipei City Banqiao District, Chung Shan Medical University Hospital, Dandelion Hearing & Language Association, Early Intervention Center of Datong-Zhongshan District, and Angel Heart Family Social Welfare Foundation in Taichuang, etc. The PSA Charitable Foundation has been striving to promote services for vulnerable children and the elderly, providing five major services, including hearing care, volunteer participation, newspaper reading education, respite for caregivers, and staff assistance.</p> <p>C. In 2023, we cooperated with the PSA Charitable Foundation to organize the Card writing activity. Through the Christmas atmosphere, we allowed our colleagues to hand-write blessing cards, so that the teachers and students of the special education schools could feel our warmth and care! Through this activity, we hope that our colleagues will understand the hard work of special educators in nurturing students, and through the specific action of expressing gratitude through writing cards, we will encourage and guide our staff to participate in social welfare, so as to unite the strength of the group to serve the society. The total number of participants in this activity was 60, and the handwritten cards were sent to the Taipei Municipal School of Special Education, Taipei School for the Hearing Impaired, and Wenshan</p>				

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
School of Special Education.				
<p>(6) Regarding consumer rights, the Company participates in fair competitions in the global market on the basis of the merits of its product. All of our marketing activities and advertisements must be precise and truthful and in line with the principle of integrity and the customer-oriented approach we dearly hold as our core values.</p> <p>(7) Regarding human rights, the Company strictly complies with employment regulations by prohibiting the employment children below 15; additionally, employees aged below 18 are not allowed to perform dangerous work. The Company shows its unfailing attention to employee benefits by organizing a variety of welfare activities as well as offering comprehensive employee care, which includes enrollment in the labor and national health insurances and purchasing group insurance for our employees. The Company established breastfeeding rooms and signed the Agreement for Employee Child Care Services with our collaborating kindergartens, which offer discounts for our employees’ children. Regardless of race, color, gender, nationality, etc., all employees can be treated fairly, respectfully and with dignity. The Company strictly prohibits verbal, physical or visual insults, harassment, or offensive behaviors. Besides the relevant regulations, employees can report such incidents through the complaint hotline or the dedicated mailbox. There is never a dispute due to discrimination.</p> <p>(8) Regarding safety and health, the Company is committed to providing employees with a safe and healthy work environment. The protective measures for workplace safety and employees’ personal safety, including those for occupational safety and health, environmental protection and fire control, are implemented in accordance with the “Implementation Rules for Industrial Safety”.</p> <p>A. Work environment monitoring (e.g., noise, illumination, and carbon dioxide) is carried out on a regular basis every six months.</p> <p>B. The Safety and Health Committee is convened regularly every quarter. Issues regarding environmental safety and health in the current quarter are discussed and the implementation results of the previous quarter are followed-up and improved.</p> <p>C. Noise-reducing equipment, including sound-absorbing materials and sound-insulating walls are used in noisy workplaces (e.g., air compressor room, power generator room); ear muffs, earplugs and other soundproofing equipment are also available for employees. For employees working in noisy workplaces, special checkups regarding noise-related health issues are implemented annually.</p> <p>D. General safety and health training for new employees is implemented; on-the-job training for current employees is implemented every three years regarding general safety and health issues. Fire control self-defense drills are conducted every six months, and fire brigade security personnel are commissioned to guide fire control drills biennially.</p> <p>E. Hazardous materials are listed, marked and recorded (storage, usage, etc.), and relevant education and training for operators and their supervisors are implemented.</p> <p>F. Reports, emergency responses, post-disaster investigations and improvement follow-ups are performed for various accidents such as fire and explosion, chemical leakage, anomalous discharge of waste water, occupational injuries and natural disasters.</p> <p>G. Annual equipment maintenance schedules are developed, according to which maintenance of various equipment is implemented.</p> <p>H. Fire safety equipment is inspected monthly, and fire safety equipment maintenance report is issued before November.</p> <p>I. The Company provides employees with annual complimentary physical examinations to familiarize employees with their health conditions. In accordance with the requirements of relevant laws, the Company provides comprehensive physical examinations on an annual basis for employees whose duties involve specific occupational hazards to prevent occupational diseases and ensure employees’ health. Threats,</p>				

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
violence, or physical intimidation are strictly prohibited. Each employee has a copy of the Employee Handbook that contains relevant rights, obligations and the Code of Conduct for employees.				
(9) Regarding quality statement, compliance with quality process and safety regulations is our paramount. If the process of delivering products or providing services fails to meet the Company standards, it will harm our reputation. The Company emphasizes comprehensive quality improvement through bottom-up quality control and top-down participation and cooperation. At Silitech, every employee has a Quality Statement card.				
(10) Other social responsibility activities				
A. We attach importance to talent development, provide employees with a happy work environment where they can learn and realize themselves, and support and encourage lifelong learning. We build and discover outstanding talents, develop employees’ potentials, kindle employees’ enthusiasm, maintain a platform that can retain core talents, improve the Company’s overall organizational competitiveness, and thereby accomplish our vision and mission together with our employees.				
B. We comply with all laws and regulations related to public disclosure of operational information. All of our periodic reports, submitted documents and public information, in oral or written form, are complete, impartial, precise, timely, accessible, and without major omissions, thus offering references for shareholders and stakeholders. All public disclosure must comply with the Company Act and the Securities and Exchange Act.				

Note 1: For Items 1 and 2, the TWSE/TPEX listed company shall describe its governance and supervisory framework for sustainable development, including but not limited to management policy, strategy and goal formulation, review measures, etc. It additionally shall describe the company's risk management policies or strategies for operations-related environmental, social, and corporate governance issues, and their assessment status.

Note 2: The materiality principle refers to environmental, social, or corporate governance issues that have a material impact on the investors or other stakeholders of the company.

◆ **Climate-Related Information of TWSE/TPEX Listed Company**

1. Implementation of Climate-Related Information

Item	Implementation status
(1) Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	<p>The chairman of the Sustainable Development and Integrity Management Committee submits a quarterly report to the Board of Directors, which includes the status of sustainable development implementation and future work priorities.</p> <p>The President and the Sustainable Development and Integrity Management Committee conduct climate-related risk management and opportunity analysis, explore impact of climate change on business, and formulate related strategies and plans.</p>
(2) Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	<p>The Company identifies short-, medium-, and long-term climate-related risks and opportunities. Risks are related to policies and regulations (short-, medium-, and long-term), disasters (short-, and long-term), consumers (short-term), customers (medium-term), and stakeholders (medium-term); and opportunities are related to incentives and grants (short-, and medium-term), products (short-term), production (short-, and long-term), and renewable energy (long-term).</p> <p>After identifying risks and opportunities, the Company implement strategies to reduce climate risk and increase business and climate opportunities.</p>
(3) Describe the financial impact of extreme weather events and transformative actions.	<p>Cultivate the ability to adapt to climate change, identify and manage climate change risks in advance. Face up to the crisis of global warming and resource depletion, and fully respond to the trend of energy conservation and carbon reduction. Participate in the Land Bank's "Green Deposit Project", which uses funds for green and social benefit investments. Take out insurance such as business interruption insurance and fire insurance and reduce the financial impact of disaster risks and restructuring risks on operations.</p>
(4) Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	<p>Since the Company obtained the ISO 14001 environmental management system certification, we have been regularly reviewing climate change and formulating related measures. Each department collects potential risks and opportunities, including those caused by climate change, regulations, technology, market demand, etc., and analyzes and evaluates them, and then sets up a management plan based on the results of the evaluation, and draws up projected goals, implementation procedures, and project costs.</p>

(5) If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	None.
(6) If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	Incorporate climate change into the major issues and key risk items for the sustainable development of the enterprise, implement risk management programs in all plants, and plan countermeasures for operations, products, and supply chain management.
(7) If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	None.
(8) If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	<p>In response to the international trend of greenhouse gas emission reduction, the Company has been actively tracking the reduction through the Sustainable Development and Integrity Management Committee, and in 2022, the Company has proposed the goal of reducing carbon emission by 40% by 2030. In 2023, the Company has participated in the establishment of Walsin New Energy Corporation, with an investment amount of NT\$5 million. Walsin New Energy takes sustainable development, net zero carbon emissions, and green renewable energy as its core values and targets low carbon and energy transformation. Planned investment and development, construction, operation and maintenance of renewable energy; and evaluation and procurement through the green trading platform; and then planning for the construction of energy storage equipment to enhance the resilience, efficiency and safety of the grid, and launch the green transformation train in all aspects to achieve 100% use of renewable energy.</p> <p>In 2023, Walsin New Energy plans to invest NT\$69 million in the construction of a 1.5MW solar farm, which is expected to generate an average of 1,739,113 kWh of green electricity per year, which is equivalent to an average annual reduction of carbon emissions of 860.86 tons, which is equivalent to planting 956 trees in a forested area of about 78.98 hectares. After 20 years of operation, the total production capacity will be 17,217.22 tons, which is equivalent to 44.55 Daan Forest Park, and an average of 1,739 green certificates per year. It is expected that the next stage of the project will be 10MW of renewable energy assessment and investment development, and it is hoped that the green transformation train will multiply, accelerating the enterprise's ultimate goal of 100% renewable energy use.</p>

(9) Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).	Not applicable.
--	-----------------

1-1. Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years: Not applicable.

1-2. Greenhouse Gas Assurance Information: Not applicable.

3.4.6 Fulfillment of Ethical Corporate Management and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/ TPEX Listed Companies

Assessment Item	Implementation Status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
<p>1. Establishment of Corporate Conduct and Ethical Management Policy and Implementation Measures</p> <p>(1) Does the company have a clear ethical management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethical management policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?</p>	V		<p>(1) The Company has formulated its Principles for Ethical Corporate Management based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies. Both the Ethical Corporate Management Best Practice Principles and the Regulations for Ethical Business Operations explain the Company's ethical business policies and implementation methods and are publicly available on the Company's website. Our Board of Directors and top management team promise to actively implement these regulations in all of our business activities.</p>	In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
<p>(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p> <p>Whether the company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines,</p>	V		<p>(2) The Company has established the Regulations for Ethical Business Operations as a specific guidance for all employees to evaluate and prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies. The regulations also specify the disciplinary actions and complaint methods regarding employees' violations of the regulations, which are also implemented in our internal management through education and</p>	In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.

Assessment Item	Implementation Status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
consequences of violation and complaint procedures, and periodically reviews and revises such policies?			training.	
(3) Whether the company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and complaint procedures, and periodically reviews and revises such policies?	V		(3) The Regulations for Ethical Business Operations and the Procedures for Ethical Management and Guidelines for Conduct specify that: A. Any form of bribery or solicitation and acceptance of bribes is prohibited. B. Illegal political donations may not be offered. C. All charitable donations or sponsorships shall comply with the laws. D. Employees may not take the initiative or be made to collect or provide illegitimate incomes including cash, gift certificates, checks, stocks, gifts or any other valuable rebates, gifts or special treatments (including meals, travel or entertainment offers) to third parties related to business operations.	In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
2. Ethical Management Practice (1) Whether the company has assessed the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?	V		(1) The Company only performs business transactions with legal, ethical customers and suppliers. Before building business relationships with counterparties, the Company will evaluate their legal status and records (if any) of unethical conduct. The Company will also specify integrity clauses in the agreements with business partners, which prohibits any offer, solicitation or acceptance of bribes.	In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.

Assessment Item	Implementation Status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
(2) Whether the company has set up a unit which is dedicated to promoting the company's ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and monitor its implementation?	V		(2) The Company has established the Sustainable Development & Integrity Management Committee, which promotes the philosophy of ethical corporate management, is authorized by the Board of Directors and reports to the Board of Directors regularly.	In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
(3) Whether the company has established policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?	V		(3) The Company has established policies to prevent conflicts of interests, and requires directors, managers and employees to abstain and recuse from discussing or voting on matters in which interests of their own, or the legal persons they represent, are involved. The Company has also established a Sustainable Development & Integrity Management Committee as the channel for submitting comments. The Company has established an Ethic Line for internal and external stakeholders (e.g., employees, suppliers and customers) to conduct anonymous or signed reports on frauds that violate principles of integrity and ethics. Methods and channels for complaining or reporting violations of ethical principles or illegal activities in the Company's operations or by the employees are specified as follows: Email: ethic.hotline@silitech.com Tel: +886-2-66251666	In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
(4) To implement relevant policies on ethical conducts, has the company established effective accounting and	V		(4) The Company has established effective accounting systems and internal control systems	In line with the Ethical Corporate Management

Assessment Item	Implementation Status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPAs periodically?			for enforcing ethical corporate management. Our internal audit personnel and accountants implement the Company's internal audit unit on an annual basis.	Best Practice Principles for TWSE/TPEX Listed Companies.
(5) Does the company provide internal and external ethical conduct training programs on a regular basis?	V		(5) The Company regularly holds trainings to explain to colleagues the Company's integrity management policy, internal control and internal audit system, regulations for preventing dishonest behavior, and the Company's implementation status. In 2023, the total training time on related topics is 406 hours and the total headcounts of training are about 223.	In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
3. Implementation of the company's Whistleblowing System (1) Has the company established concrete whistleblowing and reward system, has a convenient reporting channel in place and assigns an appropriate person to communicate with the accused?	V		(1) The Company established relevant operating procedures and punishment systems in relation to the Regulations for Handling Fraud Reports, and assigns dedicated units to related affairs in accordance with the procedures specified in the regulations.	In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
(2) Whether the company has established standard operation procedures for investigating the complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner?	V		(2) The Company has established an Ethic Line for internal and external stakeholders (e.g., employees, suppliers and customers) to conduct anonymous or signed reports on frauds that violate principles of integrity and ethics. A dedicated unit investigates the reports, and ensures such complaints are handled in a confidential manner. Methods and channels for complaining or reporting violations of ethical principles or illegal activities in the Company's	In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.

Assessment Item	Implementation Status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
			operations or by the employees are as mentioned above 2.Ethical Management Practice, point (3).	
(3) Did the company adopt measures for protecting the whistleblower from improper treatment or retaliation?	V		(3) The Company will protect the confidentiality of the whistleblower's identity and the content of the report during the whistleblowing process. Personnel participating in the investigation may not divulge such information in order to prevent the whistleblower from unfair treatment and retaliation. If the investigation verifies the situation(s) specified in the report to be true, the whistleblower will receive appropriate reward(s) as an encouragement for reporting any improper conducts.	In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
4. Enhancing information disclosure Has the company disclosed its integrity principles and progress onto its website and Market Observation Post System (MOPS)?	V		The Company has posted the "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", "Regulations for Ethical Business Operations", and Integrity Management Report on its website, explaining the Company's philosophy of ethical corporate management, which is completely conducted in daily operations.	In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
5. If the company has established its ethical corporate management principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/ TPEX listed Companies", please state the difference between such principles and implementation: The Company has formulated the "Ethical Corporate Management Best Practice Principles" and the relevant rules and regulations have been implemented in daily operations in accordance with its spirit and principles.				

Assessment Item	Implementation Status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
6. Other important information to facilitate better understanding of the company’s corporate conduct and ethics compliance practices (e.g., review the company’s corporate conduct and ethical management policy). The Company sends the Memorandum to Silitech’s Suppliers in written form to all suppliers the Company deals with, in which the Company explains its resolution and implementation methods for ethical corporate management, and specifies the Ethics Committee as the Company’s interactive channel for relevant operations of ethical corporate management.				

3.4.7 Company's Corporate Governance Principles and Related Regulations:

Please refer to "Investor- Corporate Governance - Regulations" of the Company's website at www.silitech.com/ch/investor3-4.aspx. The relevant regulations include the "Corporate Governance Best Practice Principles", "Procedures for Handling Material Inside Information" and "Regulations for Handling Fraud Reports ".

3.4.8 Other important information:

In order to strengthen corporate governance, the Company has established the Audit Committee which consists of three independent director. In addition, in accordance with the formulation or amendment of the relevant laws and accommodation of the Company's business practice, the Company has formulated "Corporate Governance Best Practice Principles", "Corporate Ethics Code of Conduct", "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", "Sustainable Development Best Practice Principles", "Procedures for the Acquisition and Disposal of Assets", "Regulation and Procedure for Board of Directors Meetings", "Rules Governing the Election of Directors", "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees", "Audit Committee Charter" and "Rules and Procedures of Shareholders' Meeting". Please refer to the Company's website for the details.

3.4.9 Implementation Status of Internal Control System:

◆ Statement of Internal Control System

Silitech Technology Corporation
Statement of Internal Control System

Date: 2024/2/22

In 2023, the Company conducted an internal examination in accordance with its Internal Control Regulations and hereby declares as follows:

1. The Company is aware that it is the Board's and managers' responsibility to establish, implement and maintain an internal control system, and the Company has set up such a system. The purpose of the system is to ensure the effectiveness and efficiency (including profitability, performance and protection of assets) of the Company's operations, compliance with relevant laws and regulations and that its financial statements are reliable, up to date and easily accessible.
2. Internal control systems have their inherent limitations. No matter how well they are designed, an effective internal control system can only reasonably ensure achievement of the three above objectives. In addition, an internal control system's effectiveness may change as the environment and circumstances change. The internal control system of the Company features a self-monitoring mechanism. Once identified, the Company will take actions to rectify any deficiency.
3. The Company determines whether the design and implementation of its internal control system is effective by referring to the criteria stated in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter the "Regulations"). The Regulations provides measures for judging the effectiveness of the internal control system. There are five components of an internal control system, as specified in the Regulations, which are broken down based on the management-control process, namely: (1) control environment, (2) risk evaluation, (3) control operation, (4) information and communication and (5) monitoring. Each of the elements in turn contains certain audit items. Refer to the Regulations for details.
4. The Company uses the above criteria to determine whether the design and implementation of its internal control system is effective.
5. After an evaluation of the Company's internal control system based on the above criteria, the Company is of the opinion that, as of December 31, 2023, its internal control system (including supervision and management of subsidiaries) is effective and therefore can reasonably ensure achievement of the above objectives, which include awareness of the degree to which operating results and goals are achieved, compliance with the law and that its financial reporting is reliable, up to date and easily accessible.
6. This statement shall become a principal part of the Company's annual report and prospectus and be made available to the public. Any illegal misrepresentation or omission relating to the public statement above is subject to the legal consequences under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This statement has been approved on February 22, 2024 by the Board, with none of the 7 Directors present opposing it.

Silitech Technology Corporation

Chairman: Yu-Heng Chiao

President: Areta Hsu

- ◆ If CPAs are engaged to review the internal control system, their report shall be disclosed:
None.

3.4.10 In the most recent year and up to the date of publication of the annual report, disclose any penalty, the main shortcomings, and condition of improvement, 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, where the result of such penalty could have a material effect on shareholder equity or securities prices: None.

3.4.11 Material resolutions of a shareholders meeting or a board of directors meeting in the most recent year and up to the date of publication of the annual report:

◆ **Shareholders Meeting Material Resolutions and Implementation**

Date	Proposals	Resolution	Execution
2023.06.14 AGM	Adoption of 2022 Business Report and Financial Statements.	According to the voting result, the number of votes supporting the proposal exceeded the number of votes required by law and company policies, the proposal was passed as proposed.	The resolution was adopted.
	Adoption of the Proposal for Appropriation of 2022 Earnings: Cash dividends NT\$0.6 per share.	According to the voting result, the number of votes supporting the proposal exceeded the number of votes required by law and company policies, the proposal was passed as proposed.	1. The resolution was adopted. 2. Dividend payment day: 2023.08.17.
	Discuss to Release of Directors from Non-competition Restrictions.	According to the voting result, the number of votes supporting the proposal exceeded the number of votes required by law and company policies, the proposal was passed as proposed.	The resolution was complied.

◆ **Board Meeting Material Resolutions**

Date	Material Proposals	Resolution
2023.02.23	1. Approval for the 2022 consolidated financial statements and financial statements. 2. To convene the 2023 shareholders' meeting. 3. Approval for the donation to PSA Charitable Foundation.	1~2: Directors approved the proposal unanimously. 3: Mr. Yu-Heng Chiao and Ms. Chin-Hui Chen recused in the discussion and did not participate in discussion and voting. All other directors approved the proposal unanimously.
2023.05.02	1. Approval for the first quarter of 2023 consolidated financial statements. 2. Approval for appropriation of 2022 earnings. 3. To convene the 2023 shareholders' meeting. (additional items)	Directors approved the proposal unanimously.
2023.08.10	1. Approval for the second quarter of 2023 consolidated financial statements.	Directors approved the proposal unanimously.
2023.10.31	1. Approval for the third quarter of 2023 consolidated financial statements.	Directors approved the proposal unanimously.
2024.02.22	1. Approval for the 2023 consolidated financial statements and financial statements. 2. To convene the 2024 shareholders' meeting. 3. Approval for the donation to PSA Charitable Foundation.	1~2: Directors approved the proposal unanimously. 3: Mr. Yu-Heng Chiao and Ms. Chin-Hui Chen recused in the discussion and did not participate in discussion and voting. All other directors approved the proposal unanimously.
2024.03.27	1. Approval for appropriation of 2023 earnings. 2. Appointment of Chief Internal Auditor	Directors approved the proposal unanimously.
2024.04.23	1. Approval for the first quarter of 2024 consolidated financial statements.	Directors approved the proposal unanimously.

3.4.12 In the most recent year and up to the date of publication of the annual report, directors held different opinions (on record or with written statement) about important resolutions passed at Board meetings and the major contents are: None.

3.4.13 In the most recent year and up to the date of publication of the annual report, any of Chairman, President, Accounting Officer, Financial Officer, Chief Internal Auditor, Corporate Governance Officer and R&D Head resigned or was discharged:

Title	Name	On-board Date	Resignation Date	Reason of Resignation
Chief Internal Audit	Kate Hsu	2020.10.27	2024.03.08	Resigned

3.4.14 Information regarding directors' and managers' participation in advanced training courses:

♦ **Advanced Training Courses for Directors in the most recent year**

Title	Name	Date	Organizer	Course Title	Hours	Total Hours
Chairman	Yu-Heng Chiao	2023.05.05	Taiwan Corporate Governance Association	Competition between China and the United States and cross-strait relations	3	12
		2023.11.03	Securities and Futures Institute	Insight into the derivative financial market and move towards corporate sustainability	3	
		2023.11.06	Securities and Futures Institute	Directors and senior executives of listed companies' understanding of current supervision by competent authorities	3	
		2023.11.06	Securities and Futures Institute	Technology development and application opportunities of chatbot ChatGPT	1.5	
		2023.11.06	Securities and Futures Institute	Response to the new world situation	1.5	
Director	Chin-Hui Chen	2023.11.06	Securities and Futures Institute	Directors and senior executives of listed companies' understanding of current supervision by competent authorities	3	6
		2023.11.06	Securities and Futures Institute	Technology development and application opportunities of chatbot ChatGPT	1.5	
		2023.11.06	Securities and Futures Institute	Response to the new world situation	1.5	
Director	Tom Soong	2023.07.27	Taiwan Corporate Governance Association	Roles of financial decision-making in business operations	3	12
		2023.08.11	Taiwan Corporate Governance Association	The opportunities and risks in the digital era	3	
		2023.10.30	Taiwan Corporate Governance Association	M&A considerations	3	
		2023.11.10	Taiwan Corporate Governance	The introduction of global and Taiwan tax reform, and corporate	3	

Title	Name	Date	Organizer	Course Title	Hours	Total Hours
			Association	tax governance under ESG trend and post pandemic environment		
Director	Anson Chiu	2023.07.27	Taiwan Corporate Governance Association	Roles of financial decision-making in business operations	3	6
		2023.10.30	Taiwan Corporate Governance Association	M&A considerations	3	
Independent Director	Tien-Chun Tsai	2023.11.06	Securities and Futures Institute	Directors and senior executives of listed companies' understanding of current supervision by competent authorities	3	6
		2023.11.06	Securities and Futures Institute	Technology development and application opportunities of chatbot ChatGPT	1.5	
		2023.11.06	Securities and Futures Institute	Response to the new world situation	1.5	
Independent Director	Ben Chi	2023.05.05	Taiwan Corporate Governance Association	Competition between China and the United States and cross-strait relations	3	9
		2023.11.06	Securities and Futures Institute	Directors and senior executives of listed companies' understanding of current supervision by competent authorities	3	
		2023.11.06	Securities and Futures Institute	Technology development and application opportunities of chatbot ChatGPT	1.5	
		2023.11.06	Securities and Futures Institute	Response to the new world situation	1.5	
Independent Director	Te-Chen Chiu	2023.07.25	Taiwan Corporate Governance Association	Introduction to corporate governance 4.0	3	6
		2023.07.25	Taiwan Corporate Governance Association	Trade secrets protection and the practice of fraud detection	3	

◆ **Advanced Training Courses for Managers in the most recent year**

Manager	Name	Course name	Hours
CFO / Financial Officer / Corporate Governance Officer	Wei-Lin Chen	Sustainable development action plans for TWSE- and TPEx-listed companies promotion conference	3
		2023 annual prevention of insider trading promotion conference	3
		14th Taipei Corporate Governance Forum	6
		Directors and senior executives of listed companies' understanding of current supervision by competent authorities	3

Manager	Name	Course name	Hours
		Technology development and application opportunities of chatbot ChatGPT	1.5
		Response to the new world situation	1.5
Accounting Officer	Ronnie Chen	Continuing Education for Accounting Officer	12

3.5 Information on Attesting CPA Professional Fees

Unit: NT\$ thousands

Accountant Firm	Name of CPA	CPA Audit Period	Audit Fee	Non-audit Fee	Sub-total	Remarks
Deloitte & Touche	Yen-Chun Chen Meng-Chieh Chiu	2023.01.01~ 2023.12.31	2,670	730	3,400	Transfer pricing report, annual report review, human resources(HR),and tax compliance audit ,which total amount is NT\$ 730 thousand

3.5.1 Change of CPA firm and the audit fee paid in the year of the change is less than those paid in the previous year: None.

3.5.2 If audit fee is reduced by at least 10% from the previous year, the amount, percentage and reason for reduction must be disclosed: None.

3.6 Information on the Replacement of CPAs

If the Company has changed the CPAs during the last two years, the following matters shall be disclosed:

3.6.1 About the previous CPAs: Not applicable.

3.6.2 About the Succeeding CPAs: Not applicable.

3.6.3 The Reply of Former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Standards: Not applicable.

3.7 Where the Company's Chairman, President, Financial or Accounting Head has worked for its Certified Public Accountant Firm or its Affiliate Business in the past year: None.

3.8 Any Transfer and Pledge of Shares of the Directors, Managers and Shareholders Holding More Than 10% of the Company's Shares

3.8.1 Net Change in Shares Held

Unit: shares

Title	Name	2023		As of Closure Date April 6, 2024	
		Increase (decrease) of shares held	Increase (decrease) of shares pledged	Increase (decrease) of shares held	Increase (decrease) of shares pledged
Chairman	Yu-Heng Chiao	10,000	0	0	0
Director/Major Shareholder	Walsin Technology Corporation	0	0	0	0
Director Representative	Chin-Hui Chen	0	0	0	0
Director/Major Shareholder	Lite-On Technology Corporation	385,545	0	0	0
Director Representative	Tom Soong	0	0	0	0
Director Representative	Anson Chiu	0	0	0	0
Independent Director	Tien-Chun Tsai	0	0	0	0
Independent Director	Ben Chi	0	0	0	0
Independent Director	Te-Chen Chiu	0	0	0	0
President	Areta Hsu	5,000	0	0	0
CFO / Financial Officer / Corporate Governance Officer	Wei-Lin Chen	0	0	0	0
Accounting Officer	Ronnie Chen	0	0	0	0

3.8.2 Shares Transferred: None.

3.8.3 Shares Pledged: None.

3.9 Information on Relationships amongst the Top Ten Shareholders and Their Relationships with Spouses or Relatives within the Second Degree of Kinship

As of 2024/4/6

Name	Shareholding by Self		Shareholding by Spouse and Underage Children		Shareholding under the Title of a Third Party		Name and Relationships of Related Parties to Top ten Shareholders (Spouse and Relatives within the Second Degree		Remarks
	Quantity of Shares	Proportion of Shareholding	Quantity of Shares	Proportion of Shareholding	Quantity of Shares	Proportion of Shareholding	Title (or name)	Relation	
Walsin Technology Corporation	17,000,000	25.00%	0	0%	0	0%	None	None	None
Walsin Technology Corporation Chairman Yu-Heng Chiao	10,000	0.01%	0	0%	0	0%	Walsin Technology Corporation	Chairman	None
Walsin Technology Corporation Representative Chin-Hui Chen	0	0%	0	0%	0	0%	Walsin Technology Corporation	AVP	None
Lite-On Technology Corporation	11,707,548	17.21%	0	0%	0	0%	None	None	None
Lite-On Technology Corporation Representative Tom Soong	0	0%	0	0%	0	0%	Lite-On Technology Corporation	Chairman	None
Lite-On Technology Corporation Representative Anson Chiu	0	0%	0	0%	0	0%	Lite-On Technology Corporation	President	None
David W.H. Lee	2,114,000	3.11%	0	0%	0	0%	None	None	None
Hsiu-Shih Chen	2,080,888	3.06%	0	0%	0	0%	Dabaoying Company Limited	Chairman	None
Dabaoying Company Limited	1,608,000	2.36%	0	0%	0	0%	Hsiu-Shih Chen	Chairman	None
Dabaoying Company Limited Chairman Hsiu-Shih Chen	2,080,888	3.06%	0	0%	0	0%	Hsiu-Shih Chen	Self	None
Ya-Ping Chen	725,888	1.07%	0	0%	0	0%	None	None	None
Barclays Capital Securities Limited-- Barclays Capital Securities Limited SBL/PB(MTA)	608,856	0.90%	0	0%	0	0%	None	None	None
Chien-Kuo Lo	500,000	0.74%	0	0%	0	0%	None	None	None
Tang-Yuan Chang	412,000	0.61%	0	0%	0	0%	None	None	None
Te-Chun Lien	381,000	0.56%	0	0%	0	0%	None	None	None

3.10 The Total Number of Shares of the Same Investee Held by the Company, Its Directors, Managers and Which the Company Controls Directly or Indirectly, with the Aggregate Shareholding Percentages

As of December 31, 2023

Units: Shares; %

Re-Investment Companies (Note)	Investment by the Company		Investment of Directors, Supervisors, Managers or Enterprises under Their Direct or Indirect Control		Combined Investment	
	Quantity of Shares	Proportion of Shareholding	Quantity of Shares	Proportion of Shareholding	Quantity of Shares	Proportion of Shareholding
Silitech (BVI) Holding Ltd.	29,028,390	100.00	–	–	29,028,390	100.00
Silitech Technology Corp. Sdn. Bhd.	21,400,000	100.00	–	–	21,400,000	100.00
Iwatsu (Malaysia) Sdn. Bhd.	40,000,000	100.00	–	–	40,000,000	100.00

Note: Investments accounted for using the equity method.

Fundraising Overview

4.1 Capital and Shares

4.1.1 Sources of Share Capital

- ◆ Historical Sources of Share Capital

Unit: NT\$ thousands; thousand shares

Year. Month	Issue Price (NT\$)	Authorized Capital Stock		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Property Other than Cash Offset by the Number of Shares	Note
2001.10	10	100	1,000	100	1,000	Issuing capital	—	Note 1
2001.12	10	30,000	300,000	30,000	300,000	Capital increased 299,000 by cash	—	Note 2
2002.07	10	15,000	150,000	15,000	150,000	Capital reduction 150,000	—	Note 3
2002.10	10	80,000	800,000	45,000	450,000	Demerger capital increased 300,000	300,000	Note 4
2003.06	10	80,000	800,000	78,060	780,600	Capital increased 105,600 by earnings (Including capital increased by employee bonus of 11,100) Capital increased 225,000 by capital surplus	—	Note 5
2004.08	10	120,000	1,200,000	91,147	911,465	Capital increased 130,865 by earnings (Including capital increased by employee bonus of 13,775)	—	Note 6
2005.08	10	120,000	1,200,000	113,558	1,135,578	Capital increased 224,113 by earnings (Including capital increased by employee bonus of 41,820)	—	Note 7
2006.09	10	300,000	3,000,000	134,830	1,348,300	Capital increased 212,722 by earnings (Including capital increased by	—	Note 8

Year. Month	Issue Price (NT\$)	Authorized Capital Stock		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Property Other than Cash Offset by the Number of Shares	Note
						employee bonus of 33,300)		
2007.09	10	300,000	3,000,000	150,730	1,507,302	Capital increased 159,002 by earnings (Including capital increased by employee bonus of 33,610)	—	Note 9
2008.08	10	300,000	3,000,000	171,377	1,713,770	Capital increased 206,468 by earnings (Including capital increased by employee bonus of 43,680)	—	Note 10
2009.09	10	300,000	3,000,000	175,944	1,759,438	Capital increased 45,668 by earnings (Including capital increased by employee bonus of 28,730)	—	Note 11
2010.08	10	300,000	3,000,000	179,223	1,792,226	Capital increased 32,788 by earnings (Including capital increased by bonus of 15,394)	—	Note 12
2011.08	10	300,000	3,000,000	182,955	1,829,553	Capital increased 37,327 by earnings (Including capital increased by employee bonus of 19,605)	—	Note 13
2011.12	10	300,000	3,000,000	180,955	1,809,553	Capital reduction and cancellation of 20,000	—	Note 14
2012.08	10	300,000	3,000,000	184,564	1,845,643	Capital increased 36,090 by earnings (Including capital	—	Note 15

Year. Month	Issue Price (NT\$)	Authorized Capital Stock		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Property Other than Cash Offset by the Number of Shares	Note
						increased by employee bonus of 17,994)		
2013.08	10	300,000	3,000,000	187,706	1,877,057	Capital increased 31,414 by earnings (Including capital increased by employee bonus of 12,958)	—	Note 16
2014.08	10	300,000	3,000,000	189,384	1,893,838	Capital increased 16,781 by earnings (Including capital increased by employee bonus of 3,641)	—	Note 17
2018.08	10	300,000	3,000,000	179,384	1,793,838	Capital reduction and cancellation of 100,000	—	Note 18
2019.08	10	300,000	3,000,000	60,000	600,000	Cash refunded capital reduction 1,193,838	—	Note 19
2021.04	10	300,000	3,000,000	68,000	680,000	Capital increased 80,000 by Private Placement	—	Note 20

Note 1: Approval date and document No.: 2001.10.26 Jin (090) Son No. 90121318

Note 2: Approval date and document No.: 2001.12.31 Jin (090) Son No. 09001521970

Note 3: Approval date and document No.: 2002.07.22 Jin So Son Tzi No. 09101284750

Note 4: Approval date and document No.: 2002.10.29 Jin So Son Tzi No. 09101427660

Note 5: Approval date and document No.: 2003.06.24 Jin So Son Tzi No. 09201197310

Note 6: Approval date and document No.: 2004.08.16 Jin So Son Tzi No. 09301154730

Note 7: Approval date and document No.: 2005.08.12 Jin So Son Tzi No. 09401155260

Note 8: Approval date and document No.: 2006.09.06 Jin So Son Tzi No. 09501200670

Note 9: Approval date and document No.: 2007.09.05 Jin So Son Tzi No. 09601219870

Note 10: Approval date and document No.: 2008.08.22 Jin So Son Tzi No. 09701212800

Note 11: Approval date and document No.: 2009.09.07 Jin So Son Tzi No. 09801204090

Note 12: Approval date and document No.: 2010.08.20 Jin So Son Tzi No. 09901190900

Note 13: Approval date and document No.: 2011.08.24 Jin So Son Tzi No. 10001196060

Note 14: Approval date and document No.: 2011.12.16 Jin So Son Tzi No. 10001281880

Note 15: Approval date and document No.: 2012.08.27 Jin So Son Tzi No. 10101174340

Note 16: Approval date and document No.: 2013.08.26 Jin So Son Tzi No. 10201174340

Note 17: Approval date and document No.: 2014.08.15 Jin So Son Tzi No. 10301170630

Note 18: Approval date and document No.: 2018.08.13 Jin So Son Tzi No. 10701099500

Note 19: Approval date and document No.: 2019.08.12 Jin So Son Tzi No. 10801105700

Note 20: Approval date and document No.: 2021.04.20 Jin So Son Tzi No. 11001062160

◆ **Types of Shares**

Type of share	Authorized Capital			Remarks
	Circulating shares Issued and Outstanding	Unissued Shares	Total	
Common stock	68,000,000	232,000,000	300,000,000	Including 8,000,000 shares issued by private placement. Remaining are listed trading shares.

◆ **Information on Shelf Registration:** None.

4.1.2 Shareholder Structure

As of 2024/4/6

Shareholder Structure Quantity	Government Agency	Financial Institution	Other Institutional Entities	Individual	Foreign Institution and Foreigner	Investors of Mainland China	Total
No. of persons	0	0	174	31,395	48	1	31,618
Quantity of shares	0	0	30,458,091	35,807,367	1,734,541	1	68,000,000
Proportion of shareholding	0%	0%	44.79%	52.67%	2.54%	0%	100%

4.1.3 Distribution of Shareholders

◆ Distribution of Common Shares

As of 2024/4/6

Shareholding	Number of Shareholders	Quantity of Shares	Proportion of Shareholding
1 to 999	26,633	2,009,204	2.95%
1,000 to 5,000	4,049	7,935,718	11.67%
5,001 to 10,000	452	3,383,846	4.98%
10,001 to 15,000	159	1,957,067	2.88%
15,001 to 20,000	76	1,364,653	2.01%
20,001 to 30,000	82	2,020,113	2.97%
30,001 to 40,000	52	1,838,586	2.70%
40,001 to 50,000	28	1,310,529	1.93%
50,001 to 100,000	45	3,084,517	4.54%
100,001 to 200,000	21	3,120,961	4.59%
200,001 to 400,000	12	3,217,626	4.73%
400,001 to 600,000	2	912,000	1.34%
600,001 to 800,000	2	1,334,744	1.96%
800,001 to 1,000,000	0	-	0.00%
1,000,001 or over	5	34,510,436	50.75%
Total	31,618	68,000,000	100.00%

◆ Distribution of Preferred Shares: None.

4.1.4 List of Major Shareholders

As of 2024/4/6

Major Shareholders	Shares	Quantity of Shares	Proportion of Shareholding
Walsin Technology Corporation		17,000,000	25.00%
Lite-On Technology Corporation		11,707,548	17.21%
David W.H. Lee		2,114,000	3.11%
Hsiu-Shih Chen		2,080,888	3.06%
Dabaoying Company Limited		1,608,000	2.36%
Ya-Ping Chen		725,888	1.07%
Barclays Capital Securities Limited--Barclays Capital Securities Limited SBL/PB(MTA)		608,856	0.90%
Chien-Kuo Lo		500,000	0.74%
Tang-Yuan Chang		412,000	0.61%
Te-Chun Lien		381,000	0.56%

4.1.5 Market Price Per Share, Net Value, Earnings, Dividends and Related Information for the Last 2 Years

Item \ Year		2022	2023	2024/01/01-2024/04/30 (Note 8)
Market Price per Share (Note 1)	Highest Market Price	39.60	47.75	45.50
	Lowest Market Price	30.85	32.90	37.40
	Average Market Price	33.25	36.19	41.02
Net Value per Share (Note 2)	Before Distribution	37.89	38.49	39.55 (Note 8)
	After Distribution	37.29	(Note 9)	NA
Earnings per Share	Weighted Average Shares (thousand shares)		68,000	68,000
	Earnings per Share (Note 3)	Before Adjustment	1.47	1.75
		After Adjustment	1.47	1.75 (Note 9)
Dividends per Share	Cash Dividends		0.60	1.20 (Note 9)
	Stock Dividends	Stock Dividends Appropriated from Retained Earnings	0	0
		Stock Dividends Appropriated from Capital Reserve	0	0
	Accumulated Unappropriated Dividends (Note 4)		0	0
Investment Return Analysis	P/E Ratio (Note 5)		22.62	20.68
	Price-dividend Ratio (Note 6)		55.42	30.16 (Note 9)
	Cash Dividend Yield (Note 7)		1.80%	3.32% (Note 9)

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

Note 1: The highest and lowest share prices for each year are provided, with the average price for the year computed based on each year's transaction amount and volume.

Note 2: Use the number of the outstanding issued shares at year's end and the distribution passed at the following year's shareholders' meeting to fill in.

Note 3: If it is necessary to make adjustments retroactively due to situations such as issuance of bonus shares, the earnings per share before and after the adjustments should be listed.

Note 4: If the conditions of the equity issuance require that dividends not yet distributed for the year be accumulated and paid out in a later year with positive earnings, the dividends that have been accumulated up to the current year and not yet distributed shall be disclosed respectively.

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

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

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

Note 8: The net value per share and earnings per share should be filled in with the information of the Independent Auditors' Audited (Review) Report in the most recent quarter of the annual report. The remaining fields should be filled in the year of the date of publication of the annual report.

Note 9: The appropriation proposal of 2023 earnings is yet to be resolved by the company's Board of Directors and the 2024 General Shareholders' Meeting.

4.1.6 Dividend Policy and Implementation Status

◆ Dividend Policy

If there is net profit after tax upon the final settlement of account of each fiscal year, the Company shall first offset any previous accumulated losses (including unappropriated earnings adjustment if any) and set aside a legal reserve at 10% of the net profits, unless the accumulated legal reserve is equal to the total capital of the Company; then set aside special reserve shall be provided or reversed in accordance with relevant laws or regulations or as requested by the authorities in charge. The remaining net profit, plus the beginning unappropriated earnings (including adjustment of unappropriated earnings if any), apart from retained earnings allocated in part from the necessary capital for the Company's future developments, shall be distributed into dividends to shareholders according to the distribution plan proposed by the Board of Directors and submitted to the shareholders' meeting for approval.

The Dividend Policy of the Company is in consideration of business development plan, investing environment, global competitiveness and the shareholders' interest. The Dividend Policy of the Company is the distribution to shareholders with the appropriation of the amount which shall be no less than 30% of the net profit after income tax under the circumstance that there is no cumulated loss in prior years. The distribution may be executed in cash dividend and/or share dividend, and the cash dividend shall be no less than 50% of the total distributed dividends.

In case there are no earnings for distribution in a certain year, or the earnings of a certain year are significantly less than the earnings actually distributed by the Company in the previous year, or considering the financial, business or operational factors of the Company, the Company may allocate a portion or all of its reserves for distribution in accordance with relevant laws or regulations or the orders of the authorities in charge.

◆ Proposed Distribution of Dividend

The dividend distribution of NT\$81,600,000 out of 2023 earnings has been approved by the Board of Directors meeting held on March 27, 2024. In cash dividends, NT\$1.2 per share will be paid based on the shareholder list and the number of shares they held on the baseline date. In the event of repurchase of the Company's shares, lead to a change in the number of outstanding shares, a consequent change in dividend yield and cash payout rates, it is proposed that Annual Shareholders' Meeting fully authorize Chairman to manage and adjust it.

4.1.7 Impact of issuance of stock dividends proposed in this shareholders' meeting upon the Company's business performance and earning per share (EPS)

No stock dividends were proposed in the 2024 shareholders' meeting of the Company. Therefore, it is not applicable.

4.1.8 Compensation for Employees and Directors

- ♦ **The Company's Articles of Incorporation stated with the amount and coverage of compensation for employees and directors as bellows :**

The Company shall allocate the following compensation from the profit of each fiscal year (The “profit” means “profit before income tax and employees’ and directors’ compensation”), however, the Company shall have reserved a sufficient amount from such profit to offset its accumulated losses (including unappropriated earnings adjustment if any):

1. Employees’ compensation: from 2%~10%.
2. Directors’ compensation: no more than 3%.

The employees’ compensation under the preceding paragraph may be distributed in shares or cash. Those entitled to such compensation include the Company’s employees or employees of the Company's parent or subsidiary companies that meet certain specific requirements.

The Board of Directors is authorized with full powers to determine the terms and methods of appropriation. Where the securities management authority has another rule to govern the qualification requirements of employees specified, such rules shall be followed. The Directors’ compensation under the preceding paragraph will only be distributed by cash.

The Company shall, upon a resolution of the Board of Directors, distribute employees' and directors’ compensation in the preceding two paragraphs, and report to the shareholders’ meeting for such distribution.

- ♦ **The Basis for estimating the amount of remuneration of employees and directors, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period.**

1. Basis for estimating the amount of remuneration of employees and directors in current year estimates are made at a certain percentage in the range specified in the Articles of Incorporation
2. Basis for calculating employee stock compensation is based on the closing price of previous day of BOD. The compensation to employee calculating less 1 share shall be distributed by cash dividends.
3. The accounting procedures for when there is a discrepancy between the estimated and actual amount. If the actual distribution amount is significantly changed by the resolution of the BOD before announcement date of the annual financial report, the original allocation annual cost shall be adjusted. If it is changed after announcement date of the annual financial report, it shall be adjusted to record in the next year according to the accounting estimate.

- ♦ **Information regarding board of directors' approval of compensation**

1. The compensation for employees and directors of the company in 2023 was approved by the board of directors on March 27, 2024. The amount of employee cash compensation was NT\$4,116,555, and the amount of director compensation was NT\$2,744,367. The amount of compensation of employees and directors approved by the board of directors had no

difference from the figures estimated in the 2023 financial statements.

2. The amount of employee compensation in the form of stock and its percentage of the Company's after-tax income (as reported in the financial statement of this term) and total employee compensation: No employee compensation for this term. It is not applicable.

◆ **Distribution of remuneration of employees and directors in previous year**

1. For 2022, the amount of employee cash compensation was NT\$3,389,961 and the amount of director compensation was NT\$2,259,974.
2. The amount of compensation of employees and directors paid had no difference from the figures estimated in the 2022 financial statements.

4.1.9 The Execution Status of Shares Buyback: None.

4.2 Issuance of Corporate Bonds: None.

4.3 Issuance of Preferred Shares: None.

4.4 Issuance of Global Depositary Receipts: None.

4.5 Status of Employee Stock Option Plan or Restricted Stock: None.

4.6 Status of New Share Issuance in Connection with Mergers and Acquisitions:
None.

4.7 Financing Plans and Implementation: Not Applicable.

Operational Highlights

5.1 Business Activities

5.1.1 Scope of Business

♦ Major Lines of Business and Relative Weight

Unit: NT\$ thousands

	Major Lines of Business	Year 2022		Year 2023	
		Revenue	Weight	Revenue	Weight
Mechanical Components & Exterior Optical Modules	Design, manufacture and sales of exterior optical components and input devices for automobiles, 3C, Netcom, etc.	2,025,009	100%	2,084,426	100%

♦ Current Products (Services)

Major Products	Current Products
Exterior Decoration Mechanical Components & Input Device Products	3C industry, automobile central control mechanical parts and interior glass, Netcom, wearable exterior optical mechanical components and input devices
Module Products	3C, automotive, smart lock and other modular products, combined with keypads, flexible or rigid circuit boards, backlights (such as LED) and IC circuits and other integrated products

♦ New Products (Services) Planned for Development

1. Development and functional update of exterior optical components.
2. Development of new materials which applied to the exterior mechanical components.
3. Development of environmentally friendly & non-toxic materials.
4. Development of precise molds and fixtures.
5. Development of heterojunction materials and their technologies and products.
6. Development of various composite films and products.
7. Development of curved optical cover glass.

5.1.2 Overview of Industry

♦ Current Status and Development of the Industry

Silitech provide customers with design and manufacturing services based on our core materials and technical processes that integrate rubber, plastic, optics, film, glass and other mechanical components. Our products include automotive central control units and interior glass, Netcom, wearable exterior optical mechanical components. The following is a brief description of the automotive, smart home and wearable device markets.

1. Automotive Market Overview

According to MarketsandMarkets' report, the easing of the global chip shortage and the COVID-19 pandemic has been ebbing, drove the growth of automobile sales in 2023. The total sales of global automobiles will reach 92 million units, and it is expected to reach 95 million units by 2024, an annual growth rate of 3.1%. China has continued to rank first in sales in a single country, the United States remains in second place, and the gap between India and Japan has narrowed.

Automotive electronics and intelligence are the trend of the global automotive industry, including Advanced Driver Assistance System (ADAS), Autonomous driving, Internet of Vehicles, Electric vehicles...etc., creating a highly-developed global automotive electronics industry. IEK Consulting estimates that the global output of automotive electronics and Internet of Vehicles will reach US\$451.1 billion in 2023. Under the global government's support, Electric vehicles, Autonomous driving and intelligent vehicle electronics have driven the growth of the automotive industry. The DIGITIMES report pointed out that compared with the recovery of the global automobile in 2023, global electric vehicle sales will grow more significantly, with an annual growth rate of 39% and reaching 14.22 million units. China, Europe, and the United States are major contributors to the global electric vehicle market, accounting for more than 90% of global sales. Looking forward to 2024, global electric vehicle sales will exceed 18 million units, with an estimated annual global market growth rate of 29.6%. Another market research company, TrendForce, predicts that the global sales of new electric vehicles, including Hybrid Electric Vehicle (HEV), Battery Electric Vehicle (BEV), Plug-in Hybrid Electric Vehicle (PHEV), and Fuel Cell Vehicle (FCV) will reach 38.2 million units by 2025, accounting for 40% of global auto sales.

As the continued development of electric vehicle and autonomous driving, automotive displays are developing towards large size, curved surface, transparent display, high dynamic contrast, or even combining more sensing elements to achieve intelligent functions. The trend of multiple panels in one vehicle is taking shape. The penetration rate of displays in the automotive market will continue to increase. DIGITIMES Research estimates that global automotive display shipments will reach 256 million units in 2027, with a compound annual growth rate (CAGR) of 6.2% from 2022 to 2027.

In addition to the central display system and in-vehicle infotainment system, the growth of

car display market comes from safety display system, instrument panels, head-up displays, and electronic rear-view mirrors. Leading vendors include Continental, Visteon, Panasonic, Denso and Bosch. The top 5 players accounted for more than 50% market share of the display system market. The demand for automotive touch panel modules has surpassed that of notebook computer touch panel modules, becoming the third largest application after smart phones and tablets.

2. Smart Home Market Overview

The smart home devices shipments grew to 857 million units in 2023 and will be estimated to grow to 1.092 billion units by 2027. The compound annual growth rate (CAGR) is as high as 6.2%, based on a recent report by IDC.

Global smart home device shipments

Unit: million units

Device Type	2023 (estimated)	2027 (estimated)	CAGR (estimated)
Video Entertainment	278.7	306.4	2.4%
Home Monitoring/Security	191.8	252.2	7.1%
Lighting	101.9	169.7	13.6%
Smart Speaker	106.9	122.5	3.5%
Thermostat	24.9	29.7	4.5%
Other	152.9	211.0	7.7%
Total	857.1	1,091.5	6.2%

Source: IDC (2023/June)

Video entertainment devices such as smart TVs, digital media adapters, and network video players is the largest category of smart home devices. IDC estimates that the number of Video entertainment devices to 2026 will account for 27.4% of all shipments, with a CAGR of 2.4%.

The growth trend of the IoT, and the increasing focus on security and privacy, has promoted the global popularity of Home monitors and security. IDC expects many other smart home categories such as lighting, thermostats, and home monitoring and security devices are expected to witness high growth over the next five years. The three major categories of Video entertainment, Home monitoring/Security, and Smart lighting will each occupy more than 20% of the smart home market, forming a three-power situation. Among them, according to the data from Spherical Insights & Consulting, the global smart lock market size is to grow from USD 2.2 Billion in 2022 to USD 9.8 Billion by 2032, at a compound annual growth rate (CAGR) of 16.11% during the projected period.

3. Wearable device Market Overview

As the growth of smartphones has stalled, wearable devices have become a key battlefield

for brands in recent years. According to the International Data Information (IDC), the shipment of wearable devices in 2022 experienced negative growth for the first time since 2013, with an annual decrease of 3.3%. It is estimated that the shipment of wearable devices will return to positive growth in 2023. The market fundamentals are sound with healthy replacement rates, continued market penetration, and greater availability of more devices at different feature sets and price points, it is estimated that the global shipment of wearable devices will reach 629 million units in 2027, and the compound annual growth rate (CAGR) from 2022 to 2027 will be 5.0%. Among them, the growth rate of smart watch and ear-worn are relatively high. The five-year CAGR of smart watch is estimated to be 6.8%, and ear-worn is 4.9%.

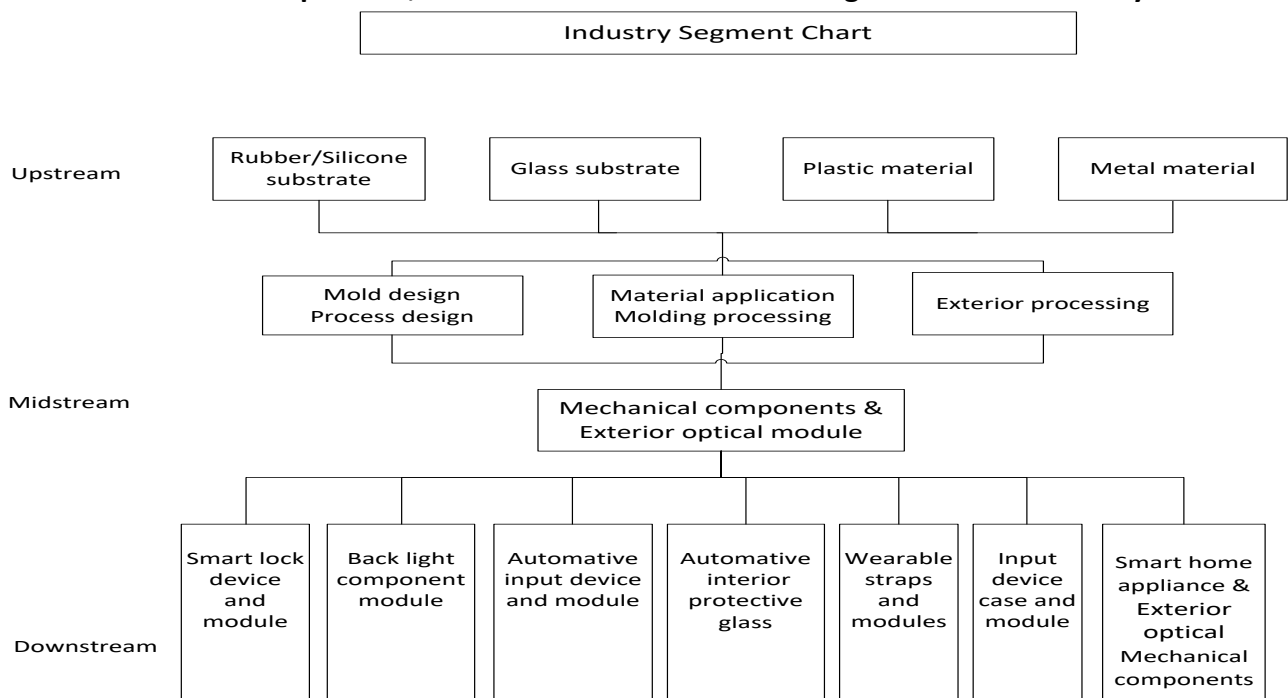
Wearable device forecast: shipment Volume, Market Share, Five-Year CAGR

Unit: million units

Device type	2023 Shipments	2023 Market Share	2027 Shipments	2027 Market Share	CAGR 2023-2027
Smart watch	157.3	31.2%	206.2	32.8%	6.8%
Wristband	32.1	6.4%	30.1	4.8%	-3.0%
Earwear	313.0	62.1%	390.6	62.1%	4.9%
Others	1.7	0.3%	2.5	0.4%	8.4%
Total	504.1	100%	629.4	100%	5.0%

Source: IDC (2023/June)

◆ Links Between the Upstream, Midstream and Downstream Segments of the Industry



Source: Silitech

◆ **Development Trends for Products**

Silitech designs and manufactures various keypad products, wearable devices and optical exterior components, applied to automotive , smart home appliances, communication and consumer electronics. We serve the world's Tier 1 manufacturers. In the future, Our development direction will be:

1. Industry Side

In order to ensure the long-term competitive advantage, Silitech will actively expand the automotive interior decoration and decoration products, home monitoring / security for smart homes, wearable devices, and Netcom and 5G-related applications to diversify business risks and master industry development trends so that Silitech can respond early.

2. Product Side

In the future, in-vehicle interior devices, personal mobile devices, and smart home monitoring / security devices will continue to be oriented toward light and thin, diversified, multimedia-related applications, personalized features and visual focus. The added value of related exterior mechanical components will increase. The demand for the wearable device with skin-friendly and ergonomic rubber and silicone materials combined with heterogeneous materials, as well as the smart home monitoring / security that emphasizes personal privacy and home security will continue to increase.

3. Technology Side

Through deepening research and development of core technologies, combined with various materials, applications and exterior production process, we also provide customized technical services to end customers to meet the design needs of exterior decorative components and heterogeneous material combination of various industries.

4. Competition Situation

In the face of the rise of China's supply chain, the competition has become increasingly fierce and China's suppliers have become major competitors. Therefore, Silitech actively develops the European, American and Japanese markets across industries, deepens core technologies and applies to high value-added and sophisticated products to establish a long-term competitive threshold.

With high-coefficient safety requirements and precise close-in technology, Silitech has experience and channel relationships of long-term supply with international automakers and continues to develop and deepen the relevant products in the automotive industry.

5.1.3 Technologies and R&D Overview

◆ **R&D Expenses Invested for the Last 2 Years and up to the Date of Publication of the Annual Report**

Unit: NT\$ thousands

	2022	2023	2024/ Q1
R&D expenses	44,053	39,935	8,802
Percentage of Revenue	2.18%	1.92%	1.65%

◆ **Technologies (Products) Successfully Developed**

The Company has always attached great importance to research and development and intellectual property rights. As of the date of publication of the annual report, the Company has obtained a total of 44 valid patents/patent numbers (excluding patents in invalid, overdue, during application or announcement). At present, the technology or products have been successfully developed are as follows: The first to twelfth generation of plastic and rubber-bonded keypads, metal mirror coating and printing, low-temperature vacuum sputtering plastic metallization, metal and plastic flat keypads, and nickel-free process products (Ni-free), ultra-thin EL / LED + light guide plate backlight keypad module manufacturing and design, NB keyboard thin backlight module, multi-display thin backlight module, stereo font keypads, film and elastomer modular keypads, QWERTY keypads, touch keypads with paragraph function, multi-display keypads module, integrated keypads with light guiding function, gradient color appearance processing development, double-sided guide structure, metallic pieces of plastic, colorful aluminium anodizing, 3D glass, protective glass, wearable devices, all kinds of material back cover, dot view display wisdom protective cover products, silicone strap, multiple color silicon strap, antifouling treatment of silicon parts, interior plastic parts of car, interior silicon parts of car, outside molding decoration plastic parts, in-molding electronics of silicon, high gross plastic parts, sealing glue electronics, in-molding electronics.

At the same time, in response to environmental regulations such as RoHS and Green Product, the Company can also meet the requirements of specifications and customers, and contribute to the protection of the environment.

5.1.4 Long-term and Short-term Business Development Plans

	Short-term Plans	Long-term Plans
Marketing	<ul style="list-style-type: none"> ◆ To find new market applications based on existing core technologies. ◆ To build a business development platform and process, collect industry information and continue to find new market opportunities. 	<ul style="list-style-type: none"> ◆ To play the role of global specialization division, continue to promote and build a global marketing network to enhance Silitech's global market leading position and the market share.
R&D	<ul style="list-style-type: none"> ◆ To develop high value-added products based on existing core technologies. ◆ To continuously strengthen core technical capabilities. 	<ul style="list-style-type: none"> ◆ In addition to the existing core technology, based on market trends, to establish new core technologies and products. ◆ To develop products for cross-industry applications in combination with market trends and needs.
Manufacture	<ul style="list-style-type: none"> ◆ To meet the needs of customers, deploy and adjust production bases flexibly and effectively, increase production efficiency and reduce production costs. 	<ul style="list-style-type: none"> ◆ To import automation system to reduce manpower requirements, and establish a smart manufacturing production model to meet the needs of customers for immediate delivery and diversification.
Operation	<ul style="list-style-type: none"> ◆ To coordinate the resources within the Company and bring into the synergy of the business. 	<ul style="list-style-type: none"> ◆ To steadily seek a strategic alliance of peers or different industries, with the goal of developing into a global enterprise group.
Finance	<ul style="list-style-type: none"> ◆ To deploy the financial control spirit, cooperate with and support the Company's short/long-term development needs, and carry out the allocation of funds. 	<ul style="list-style-type: none"> ◆ To cooperate with the Company's operation scale and the upstream and downstream integration development of the industry, enrich the financing source domestically and overseas and build a foundation for the development of enterprises.

5.2 Market Analysis and Overview

5.2.1 Market Analysis

◆ Geographic Areas Where the Main Products (Services) Are Provided (Supplied)

Unit: NT\$ thousands

Item \ Year		Year 2022		Year 2023	
		Amount	%	Amount	%
Domestic Revenue		517,563	25.56	502,291	24.10
Export Revenue	America	485,121	23.95	508,700	24.41
	Europe	413,258	20.41	428,142	20.54
	Asia	609,067	30.08	645,293	30.95
	Others	0	0	0	0
Subtotal- Export Revenue		1,507,446	74.44	1,582,135	75.90
Total		2,025,009	100.00	2,084,426	100.00

Note: Global consolidated data.

◆ Market Share, Demand and Supply Conditions and Market's Growth Potential

In the future, Silitech will continue to develop high-priced, high-value-added products, such as automotive keypads, large size curved cover glass for vehicles, wearable products, smart home devices, etc. It is expected to have a further increase in the market shares in the future.

◆ Competitive Niche

Systematic R&D capabilities and product design services	Through continuous sharing of technology platforms , APQP R&D communicate and PLM management mode, Silitech continuously strengthens R&D technical capabilities, and by the smooth operation of PM project-oriented mechanism to meet customer needs and provide customers with Total Solution and one-time purchase service. Therefore, Silitech has been invited to participate in the Early Joint Design of various industrial exterior component products by many international manufacturers.
Proper production locations	Silitech weighs the overall production costs and properly deploys Southeast Asia and the mainland, combining Taiwan's high-end product development and constructs a complete production base. Production locations in Taiwan, mainland China and Malaysia. Silitech has successively obtained ISO 9000, ISO 14000, TS16949 and the United States Quality assurance certifications such as Ford and Chrysler Best Supplier, we are moving towards smart manufacturing.
Global sales channel	Silitech has established dense and in-depth local sales channels in the United States, Europe, Japan, Southeast Asia and mainland China. In addition to providing customers with prompt and immediate services, it has gradually established high-quality, accurate delivery and reasonable price competition.

Professional collaborative supply chain management	The VQM management model, which leverages the spirit of the intermediate satellite system, actively assists Silitech's collaborative manufacturers to improve production processes, expand the scope of cooperation, and effectively improve the quality. Therefore, the strong and stable supply chain management (Supply Chain Management) has become one of the competitive niches of the Silitech.
Experienced management team	Silitech attaches importance to talent cultivation, and the accumulated practical experience of the management team is more than 10 years. The cooperation tacit understanding and management beliefs are all in line with each other, which can effectively lead Silitech to develop steadily and move towards the international professional factory of exterior mechanical components.

◆ Positive and Negative Factors for Future Development and Response

1. Positive Factors

The decorative mechanical component design is more and more valued	The personalized and colorful appearance requirements with rapid change of consumer demand have reduced the life cycle of consumer electronics products. Providing multi-style operational applications and appearance requirements, as well as the design requirements for exterior decorative components and protective glass have become even more important.
Automotive telematics system and display market continue to grow	Driven by the trend of the Internet of Vehicles, the proportion of automotive telematics system and multi-display systems is increasing. Products focus on safety, high functionality, precision and design quality. They need to be matched with ergonomic design and the combination design of plastic, rubber, metal and glass. The requirements of these products are consistent with the design and manufacturing capabilities of the exterior mechanical components of Silitech.
The growth of global smart home device	Key factors driving the growth include increased global internet penetration, increased consumer awareness about advanced security systems, and higher reliance on mobile applications to make daily processes easier. The compound annual growth rate (CAGR) in the next five years is as high as 6.2%. The demand for security products such as smart locks which also require sophisticated design capabilities is growing at a high level.

2. Negative Factors

Increased labor costs in China	China's economy has grown rapidly. In recent years, the basic salary of labor has been continuously increased. Together with the appreciation of RMB, the overall cost of personnel in China has been continuously increased.
The rise of mainland competitors	The gradual prevalence of 3C brands in China has led to the maturity of the supporting supply chain. The production and quality control capabilities of competitors have gradually improved, which has seriously impacted the component industry.
Low growth of the global economic	Affected by issues such as international inflation, interest rate hikes, the Russia-Ukraine war, the slowdown of the Chinese economy, the US-China technological dispute, and the increasing impact of climate change, the global economy is showing low growth.
Talent cultivation is not easy	In recent years, the rapid change of science and technology has broken the boundaries of traditional university sub-disciplinary learning. Lots of industries need talents of cross-domain integration. In addition, the long-term low-pay problem in Taiwan has prompted the outflow of outstanding talents, which makes it difficult to recruit and cultivate talents.

3. Countermeasures

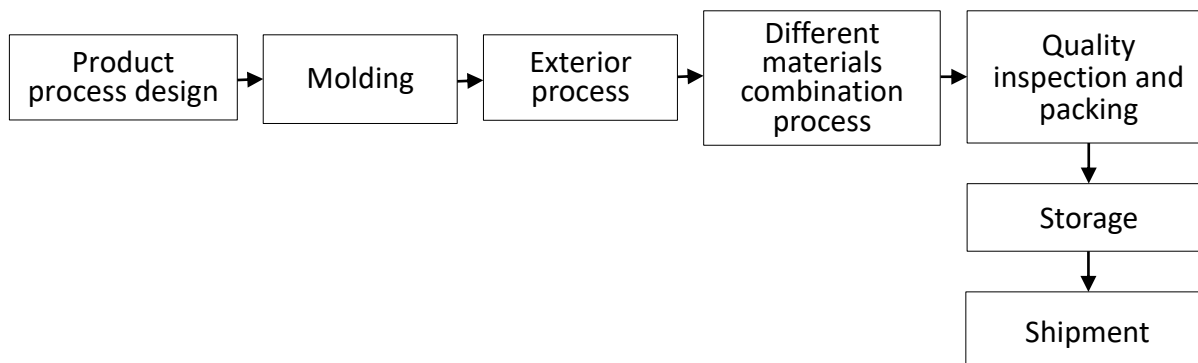
Item	Notes
To grasp product development trends Cross-industry market development	In order to ensure the long-term competitive advantages, Silitech actively expands the exterior decorative parts and components into related fields to diversify business risks and actively grasp the development trend of the industry. In addition to sticking to existing businesses: keypads and automotive center control panel buttons, Silitech also develops cross-industry product lines that are highly relevant to existing businesses, such as game console buttons, car protective glass, exterior optical mechanism modules, and wearable device accessories, etc., and new products among existing customers.
Based on rationalization, less people, and automated process design, toward advanced manufacturing	Silitech continues to improve the design of rationalized and automated processes and production efficiency in response to the global increasing labor costs.
To expand R&D team building To enhance core technology investment and product development flexibility	Silitech is committed to cooperate with customers to produce differentiated and high value-added products. In response to the rise of China's brands, providing immediate and rapid design services and production flexibility for the design needs of nearby customers, Silitech has established a new R&D team in China, in order to improve the overall research and development efficiency.
To strengthen vertical integration To strengthen specialization To seek strategic alliance	In line with customers' needs, Silitech continues to expand the vertical integration design capabilities of different materials and different processes, provides a wide range of components and module manufacturing services, actively cultivates business, R&D, cross-disciplinary talents and seeks strategic alliance with key suppliers to strengthen specialization in the industry.

5.2.2 Usage and Manufacturing Processes for the Main Products

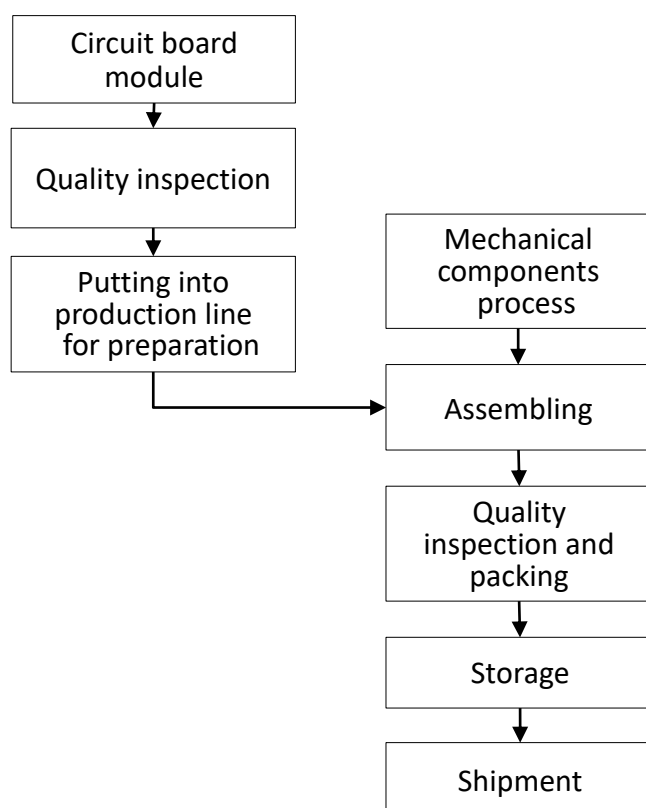
- ◆ The Company's current main products can be applied to 3C industry, automotive, smart home industries and other exterior optical components and modules.

- ◆ **Manufacturing Processes:**

1. Keypad & Exterior Mechanical Components



2. Module Products



5.2.3 Supply Situation for Major Raw Materials

Major Raw Materials	Source	Supply Situation
Silicone raw materials	Japan, the United States	Good
Plastic materials	Japan, the United States	Good
Chemical ink	Taiwan, Japan	Good
Glass raw material	the United States, Japan	Good
Metal raw materials	Japan, China	Good

5.2.4 Suppliers and Clients Accounted for at Least 10% of Procurement (Sales) Amount and Percentage

◆ Suppliers Accounted for at Least 10% of Annual Consolidated Net Procurement for Last 2 Years: None.

◆ Customers Accounted for at Least 10% of Annual Consolidated Net Revenue for Last 2 Years:

Unit: NT\$ thousands

	Year 2022				Year 2023				Year 2024 / Q1 (Note 2)			
No	Name	Amount	Percentage of Net Revenue [%]	Relationship with the Company	Name	Amount	Percentage of Net Revenue [%]	Relationship with the Company	Name	Amount	Percentage of Net Revenue [%]	Relationship with the Company
1	Customer A	444,636	22	None	Customer A	495,479	24	None	Customer B	138,355	26	None
2	Customer B	426,119	21	None	Customer B	409,056	20	None	Customer A	123,178	23	None
3	Customer C	323,471	16	None	Customer C	374,625	18	None	Customer C	97,555	18	None
4	Customer D	208,558	10	None	—	—	—	—	—	—	—	—
	Other	622,225	31	—	Other	807,200	38	—	Other	172,887	33	—
	Net Revenue	2,025,009	100	—	Net Revenue	2,084,426	100	—	Net Revenue	531,975	100	—

Analysis of deviation over 20%: None.

Note 1: Due to contract limitation, using a code in place of the actual name of the customer.

Note 2: The Company should disclose the data which is reviewed by the CPAs as of the date of publication of the annual report.

5.2.5 Production Volume for the Last 2 Years

Unit: NT\$ thousands / thousand units

Volume Main Products	Year	2022			2023		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
	Mechanical Components & Exterior Optical Modules	187,767	115,415	1,967,352	185,132	112,107	2,055,503
	Total	187,767	115,415	1,967,352	185,132	112,107	2,055,503

Note 1: Capacity refers to the quantity that can be produced under normal operation after the company has measured the necessary stoppages, holidays, etc., using existing production equipment.

Note 2: The production of each product is substitutable. It is necessary to combine the calculated production capacity and note it.

5.2.6 Sales Volume for the Last 2 Years

Unit: NT\$ thousands / thousand units

Volume Main Products	Year	2022				2023			
		Domestic		Export		Domestic		Export	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
	Mechanical Components & Exterior Optical Modules	5,787	517,563	107,485	1,507,446	5,516	502,291	106,313	1,582,135
	Total	5,787	517,563	107,485	1,507,446	5,516	502,291	106,313	1,582,135

5.3 Workforce Structure

Workforce Structure from the last two years and up to the date of publication of the annual report:

Year		2022	2023	2024/4/30
Number of Employees	DL	1,015	1,212	1,279
	IDL	421	496	491
	Total	1,436	1,708	1,770
Average Age		33.60	34.88	34.80
Average Years of Service		8.04	8.89	8.98
Education Level Percentage (%)	Doctor	0.07	0.07	0.06
	Master	4.60	4.87	4.39
	College	32.03	36.11	36.23
	High school	39.48	41.43	43.54
	Below high school	23.82	17.52	15.78

5.4 Disbursements for Environmental Protection

5.4.1

For last year and up to the date of publication of the annual report, there is no major environmental pollution and other circumstances. In order to implement the concept of environmental protection and fulfill our social responsibility, our company not only follows the relevant laws and regulations on environmental protection and the environmental protection requirements of the competent authorities, but also formulates the relevant management laws and regulations, and carries out the environmental protection training to enhance the environmental protection awareness and concepts of the employees, so that our company starts from the product design, improves the manufacturing process, and meets stringent requirements. We hope to meet the needs of the customers, and at the same time take into account the premise of minimizing the hazards of the environment, so as to achieve the optimal product design and manufacturing process to fulfill the environmental responsibility of the enterprise.

5.4.2 Waste Management

Waste problem is a heavy burden and a threat to the living environment and hygiene, without good management, it will cost the government, enterprises and society a huge cost of transportation and treatment. Our company has set up "Waste Management Regulations" to ensure that all wastes are effectively controlled to achieve the goals of energy saving, waste reduction and pollution prevention, in accordance with the requirements of the national laws and regulations and the actual status of the factory, in order to comply with environmental protection laws and regulations and the requirements of corporate social responsibility. Waste can be broadly categorized into general business waste and hazardous business waste. General business waste mainly comes from general research and development materials, waste products, packaging materials, and employees' daily garbage, which are properly recycled through strict classification and management mechanisms, and those that cannot be recycled are ultimately incinerated or buried; hazardous business waste refers to other wastes in addition to the abovementioned general wastes, and all of

them are entrusted to qualified removers for transportation or recycled by recycling operators for recycling. As we continue to expand our operations, the amount of waste generated also increases, and waste management has become a major challenge. Our company actively encourages our employees to strengthen waste separation, increase the recycling rate, reduce the amount of waste generated, and through continuous communication and research on recycling technology with cleaning companies, we aim to increase the recycling rate of waste and achieve the goal of zero waste to landfill. The South China factory has the following waste types and weights in the recent years:

Unit: ton

Year	2021	2022	2023	Clear and Transportation Company
Waste organic solvents	3.742	1.1832	0.816	Shenzhen Environmental Technology Group Co., Ltd
Waste ink residue	1.29	2.007	1.47	
Waste ink	0	1.7005	0	
Waste water treatment sludge	0.166	8.6149	3.348	
Waste empty containers	14.388	1.3155	0.574	
Waste fluorescent lamps	0	0	0	
Waste activated carbon	0	0	2.9255	
Test waste liquid	0	0	0	

Unit: ton

Year	2021	2022	2023
Hazardous waste	19.6	14.8	9.1
Non-hazardous waste	5.5	23.3	8.6

5.4.3 Water Resources Management

The Company's South China Factory has been conducting its own inventory of wastewater discharges under the Operation Control Law since 2016, and has been undergoing validation by an external organization since 2016 as a reference for its reduction strategy. The Company has also disseminated the results of the inventory and countermeasures to the heads of the relevant departments and the relevant personnel in charge to realize the determination to do a good job in environmental protection. We have also commissioned a qualified third-party impartial inspection company to regularly inspect the actual emissions from our factories (actual emissions in recent years are listed in the table below). Our company has set the following reduction targets according to the laws and regulations of the place where the factory is located, the environmental protection requirements, the international standards and the characteristics of our products (testing organization: Dongjiang Environmental Company) :

Type	Name of Pollutant	Emission Standard	Actual Detected Value		Target Control Value		
			2022	2023	2024	2025	2026
Wastewater	PH	6~9	7.6	8	7~8		
	COD	≤ 110mg/1	13	4	10~20		
	Ammonia nitrogen	≤ 15mg/1	0.045	0.025	0.1~0.5		
	Total Phosphorus	≤ 1mg/1	0.03	0.01	0.05~0.1		
	Total Nitroge	≤ 40mg/1	4.47	2.89	5~10		

Considering the status of the company's activities, products and services, an inventory of the South China Factory wastewater types and areas of operation are shown in the table below:

Unit: ton/RMB

Items	2021	2022	2023
Water volume	41,653	20,939	14,380
Water + Sewage + Garbage disposal fee	205,337	106,103	79,269

5.4.4 Supplier Environmental Safety and Health Management

In response to the "Restriction of Hazardous Substance" (EU RoHS), the Company has established a Hazardous Substances Free (HSF) project at the end of 2004. The project starts from the propaganda and requirements of raw material manufacturers, the inspection of materials, the monitoring of product manufacturing processes, the completion of the product, to the third-party SGS inspection certificate, in order to ensure that the materials and products manufactured by the Company can meet the requirements of EU RoHS and hazardous substances control for all customers. In 2021, the Company has signed the RoHS agreement with 310 companies. In 2022, the Company has signed the RoHS agreement with 379 companies. In 2023, the Company has signed the RoHS agreement with 23 companies.

5.4.5 Hazardous Substances Management

In 2008, the Company inspected all of the products and materials for PFOA / PFOS (the EU additional hazardous substances) to ensure all raw materials and manufactured products that contain no such hazardous substances. In the same year, the halogen (chlorine & bromine) content of raw materials was also inspected (halogen is mainly used in some resins and pigments). The replacement by halogen-free materials and introduction of mass production have completed in 2009. Therefore, all halogen-containing raw materials are replaced by halogen-free materials. The Company became a qualified supplier that meets the customer's halogen content of less than 900ppm.

5.4.6 Carbon Emissions Management

In the past, the Company continued to pay attention to environmental protection issues and implemented relevant systems through practical actions, including ISO 14001 environmental management system verification and ISO 14064 greenhouse gas emissions verification. The South China factory affiliated to the Company conducts self-examination each year. Carbon emissions were 1,188 tons in 2021, 2,051 tons in 2022, and estimated 1,175 tons in 2023. Based on the focus on energy management issues and faced the future of severe energy management, in order to effectively manage energy use and improve energy efficiency and further enhance the Company's environmental image, the Company will develop an energy management system and energy efficiency improvement programs to achieve the three-win goal of reducing energy costs, saving energy and reducing carbon emissions, and enhancing the corporate image. The Company's South China Factory "Xurong Electronics (Shenzhen) Co., Ltd." has conducted ISO 50001 verification by SGS and successfully obtained ISO 50001: 2011 certification.

5.5 Labor Relations

5.5.1 Employee benefit plans, continuing education, training, retirement systems, and the status of their implementation

- ◆ The Company treats labor relations with respect and impartiality at all times. The Company shows its unfailing attention to employee benefits, in addition to the provision of welfare funds according to law, the establishment of the Staff Welfare Committee and the selection of welfare committees to set annual plans for a variety of welfare activities. The Company also offers comprehensive employee care, which includes annual complimentary physical examinations, enrollment in the labor and national health insurances and purchasing group insurance for our employees. Regarding the diversity of employee benefits, we organize year-end parties and company trips, establish employee dining rooms and convenience stores in our factory areas, and offer subsidies for the establishment of employee clubs, travel allowances, birthday and holiday gifts, scholarships for employees' children, as well as other benefits related to marriage, childbirth, military enlistment and death, thus sparing no effort to provide care for our employees. Profit and results sharing: stock or cash distribution to employees to enrich the staff benefits. The Company grants monthly leave and annual leave in accordance with the provisions of the Law of Labor and encourages employees to take leaves, so that work and life can be balanced. The Company established breastfeeding rooms and signed the Agreement for Employee Child Care Services with our collaborating kindergartens, which offer discounts for our employees' children. The Company also has employee suggestion boxes to enable employees and the Company to have more two-way communication channels.
- ◆ To stabilize post-retirement life of employees to enhance the service spirit, the "Employee Retirement Management Measures" - the old system formulated according to the law, clearly stated the retirement conditions of employees, the pension payment standard and the retirement application and pension payment matters. The Company established the employee retirement reserve supervision committee, based on job tenure and salary of employees who adopting the old pension systems, and based on certain percentage of their monthly salary (at least 2% but not exceed 3%), provided the employee retirement reserve according to the "employee retirement reserve and management measures" and deposited in the name of the employee retirement reserve supervision committee with a statutory financial institution. The Company's "Employees' Retirement Management Measures" has been amended in accordance with the "Labor Pensions Ordinance" since 2005.7.1. The new system is levied 6% to the individual's retired account and clearly states the conditions for the application and the right to connect and convert between the old system and new system
- ◆ Talents are the lifeblood of enterprises. In order to cultivate excellent successors, the Company has established a comprehensive talent development plan and education training workshops. According to the actual needs of each unit and the preparation of the annual budget, the whole year of training schedule is drawn up every year. According to different job functions, to plan the management courses for management level and stipulate employees to participate in various education and training courses conducted by the Company and related educational and training institutions. If it is necessary for the duties or work of employees, they may apply or be appointed by the direct supervisor for outside training. At the end of the course, employees are

required to submit a report or briefing, and the results will be one of the eligibility criteria for future promotion. The 2023 training courses included new employee training, professional training, competency training, 7 QC tools, Statistical process control, process control and capability improvement, occupational safety and health course, information and communication security, internal auditing, prevention of insider trading, and legal knowledge seminar, knowledge of business contracts, integrity and protection of trade secrets, greenhouse gas inventory, ISO, fire safety exercises, and health lectures, etc. The total training cost for the whole year is about NT\$860,000, the total training hours is 21,014 hours, and about 3,471 employees participated in the trainings.

- ◆ Employee behavior or ethical code

In order to maintain a safe and healthy working environment, in accordance with the employee work rules, the Company and its employees should be responsible for their duties and comply with all company regulations and related laws. In order to strengthen labor-management cooperation and exchange of opinions, the Company has held the labor conference and established complaint channels and disciplinary measures to promote communication/ harmony between employers and employees. In addition, the Company has formulated the " Sustainable Development Best Practice Principles " and the "Regulations for Ethical Business Operations" as the ethical values that all employees should follow. It is also the Company's business philosophy

- ◆ Protective measures for the work environment and employees' safety

In order to establish a safe and health management system and avoid occupational disasters, the Company has formulated industrial safety implementation procedures and safety/health work codes, discussed labor safety issues irregularly in the Labor Safety and Health Committee, strengthened safety education and training to promote employee self-protection system, and then implemented and created safety culture. In view of the importance of the work environment and the personal safety protection measures of employees, the Company has set up labor safety and health management personnel to be responsible for the promotion of labor safety and health, and implemented automatic inspection. In addition to regular maintenance of various machinery and implementation according to the operational instructions, in order to prevent disasters and to make employees' awareness of safety and health operations, the Company also regularly conducts general personnel safety and health education training courses to enable all employees to understand and follow the relevant laws and regulations, educates employees on the maintenance and use of protective equipment, emergency and notification of accidents. Through advocacy planning and implementation, the potential occupational disaster risk of all employees is reduced with a zero disaster target.

5.5.2 For last year and up to the date of publication of the annual report, there was no loss due to labor disputes. The current labor relation is harmonious and there is no concern on labor disputes.

5.6 Cyber Security Management

5.6.1 The cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management

◆ Cyber security risk management framework

Information processing is an important part of the Company's daily operations. Silitech is committed to safeguarding the security of the Company's information assets such as information, equipment, employees, and networks, and to prevent internal and external threats, damages, deliberate or accidental. Therefore, The scope of information security at the Company formulates Information Security Policy encompasses employees, clients, suppliers, and shareholders and all IT software and hardware associated with its business activities that is not only for the IT department's reference in planning, implementing and evaluating information business, but also should be followed by all employees.

◆ Cyber security policies

1. Strengthen employees' awareness of information security.
2. Avoid unauthorized disclosure of confidential information.
3. Effectively implement routine maintenance.
4. Ensure high availability of information technology services.

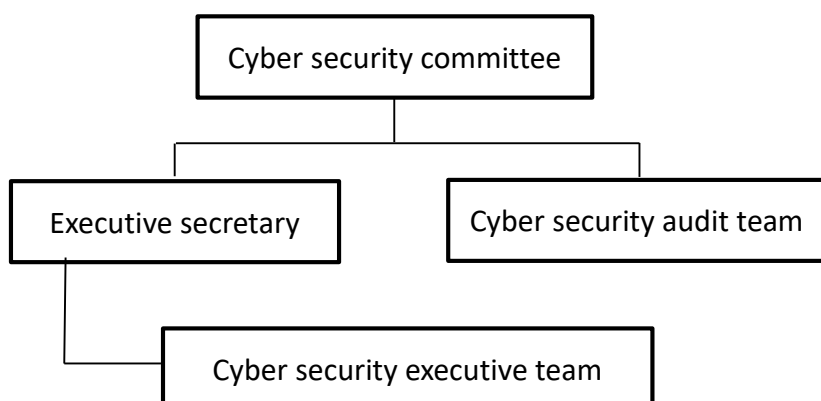
◆ Concrete management programs

1. Cyber security goals

- Arrange employee training to increase employees' awareness of information security.
- Secure the accuracy and completeness of the Company's operation information and prevent unauthorized access.
- Conduct internal and external audit periodically to reassure defined procedures are effectively executed.
- Sustain a certain level of availability of the Company's critical information systems.

2. Establish Cyber Security committee

Cyber Security Committee has the supreme authority on the Company's cyber security. The President is the chairman of the committee, the third-level directors of the Company are the members of the committee, and the director of the IT department is the convener. The cyber security meeting will be hosted as needed. Its missions are to formulate and evaluate the Company's cyber security policies or cyber incidents review and supervision of security matters.



3. Organize cyber security executive team

As the cyber security execution unit, the Company's IT department is responsible for daily information security monitoring, information software, hardware operations and equipment maintenance.

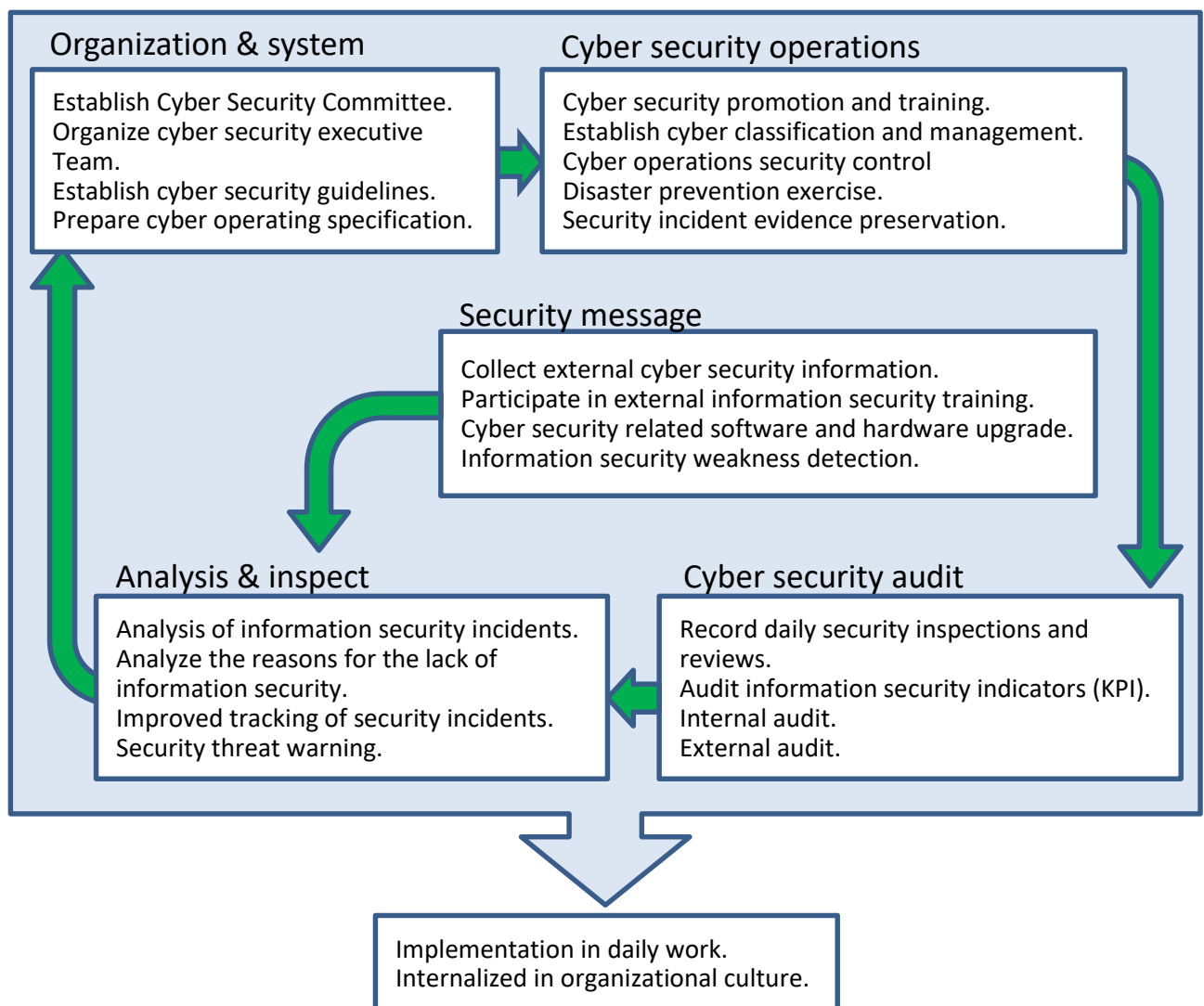
4. Establish cyber security guidelines

Based on the cyber security policies, to formulate various standard operating procedures and operating specification as the basis for daily cyber security operations.

5. Regular cyber security training and promotion

The cyber security executive team hosts training courses from time to time to enhance employees' correct cyber operation methods and security knowledge. The latest information security threats and precautions are released on a quarterly basis. If cyber security risks are expected to increase, relevant warnings will be issued immediately and corresponding measures will be taken.

◆ Investments in resources for cyber security management



5.6.2 For last year and up to the date of publication of the annual report, there was no loss due to cyber security risk issue.

5.7 Material Contracts

Contract Nature	Contracting Party	Term of Agreement	Major Content	Restrictive Clauses
Sales contracts	Confidentiality, no disclosure	Confidentiality, no disclosure	Relevant agreements for the sale of the Company's products, such as the type of goods, goods, specifications, delivery period and quantity.	None

Financial Highlights and Analysis

6.1 Financial Highlights & Auditors' Opinions

6.1.1 Condensed Balance Sheet & Statement of Comprehensive Income - IFRSs

1. Condensed Balance Sheet – IFRSs (Consolidated)

Unit: NT\$ thousands

Year Item		Consolidated financial data for past 5 years (Note1)					2024 Q1 (Note 2)
		2019	2020	2021	2022	2023	
Current Assets		2,665,563	2,415,977	2,306,298	2,390,782	1,577,427	1,662,413
Property, Plant and Equipment		454,030	241,912	220,394	344,520	401,054	397,117
Intangible Assets		2,259	1,131	8,203	7,084	4,243	3,195
Other Asset		223,547	220,739	545,848	515,918	1,375,465	1,404,945
Total Assets		3,345,399	2,879,759	3,080,743	3,258,304	3,358,189	3,467,670
Current Liabilities	Before Distribution	714,824	639,598	590,141	612,654	671,569	659,968
	After Distribution	714,824	639,598	622,101	653,454	(Note3)	-
Noncurrent Liabilities		109,572	148,133	100,404	69,231	69,639	118,424
Total Liabilities	Before Distribution	824,396	787,731	690,545	681,885	741,208	778,392
	After Distribution	824,396	787,731	722,505	722,685	(Note3)	-
Equity Attributable to Shareholders of the Parent		2,521,003	2,092,028	2,390,198	2,576,419	2,616,981	2,689,278
Capital Stock		600,000	600,000	680,000	680,000	680,000	680,000
Capital Surplus		507,154	507,154	630,074	630,074	630,074	630,074
Retained Earnings	Before Distribution	1,698,359	1,333,196	1,460,751	1,534,810	1,613,038	1,635,861
	After Distribution	1,698,359	1,333,196	1,428,791	1,494,010	(Note 3)	-
Other Equity		(284,510)	(348,322)	(380,627)	(268,465)	(306,131)	(256,657)
Treasury Shares		-	-	-	-	-	-
Non-controlling Interests		-	-	-	-	-	-
Total Equity	Before Distribution	2,521,003	2,092,028	2,390,198	2,576,419	2,616,981	2,689,278
	After Distribution	2,521,003	2,092,028	2,358,238	2,535,619	(Note 3)	-

Note 1: The financial data has been conducted audits by CPA.

Note 2: The financial data has been reviewed by CPA.

Note 3: The appropriation proposal of 2023 earnings is yet to be resolved by the 2024 General Shareholders' Meeting.

2. Condensed Statement of Comprehensive Income - IFRSs (Consolidated)

Unit: NT\$ thousands (Except EPS: NT\$)

Item \ Year	Consolidated financial data for the last 5 years (Note1)					2024 Q1 (Note 2)
	2019	2020	2021	2022	2023	
Operating Revenue	2,295,774	1,734,002	1,815,926	2,025,009	2,084,426	531,975
Gross Profit	346,834	164,321	286,059	334,178	329,404	71,635
Operating Profit (Loss)	(85,663)	(180,454)	57,309	99,493	80,616	11,181
Non-operating Income and Expenses	86,744	(124,883)	32,105	35,162	89,249	24,556
Profit (Loss) before Income Tax	1,081	(305,337)	89,414	134,655	169,865	35,737
Profit (Loss) from continuing operations	(30,495)	(366,258)	61,826	100,230	119,328	22,823
Profit (Loss) from Discontinuing Operations	-	-	-	-	-	-
Net Income (Loss)	(30,495)	(366,258)	61,826	100,230	119,328	22,823
Other Comprehensive Income (Loss) for the Year, Net of Income Tax	(6,191)	(62,717)	(27,656)	117,951	(37,966)	49,474
Total Comprehensive Income (Loss) for the Year	(36,686)	(428,975)	34,170	218,181	81,362	72,297
Net Income (Loss) Attributable to: Owners of the Parent Company	(30,495)	(366,258)	61,826	100,230	119,328	22,823
Net Income (Loss) Attributable to: Noncontrolling Interests	-	-	-	-	-	-
Total Comprehensive Income (Loss) Attributable to: Owners of the Parent Company	(36,686)	(428,975)	34,170	218,181	81,362	72,297
Total Comprehensive Income (Loss) Attributable to: Noncontrolling Interests	-	-	-	-	-	-
Earnings (Loss) Per Share	(0.24)	(6.10)	0.94	1.47	1.75	0.34

Note 1: The financial data has been conducted audits by CPA.

Note 2: The financial data has been reviewed by CPA.

3. Condensed Balance Sheet – IFRSs (Standalone)

Unit: NT\$ thousands

Year Item		Financial data for past 5 years (Note 1)				
		2019	2020	2021	2022	2023
Current Assets		720,015	493,720	683,856	717,654	427,198
Property, Plant and Equipment		60,556	73,197	68,018	57,772	54,533
Intangible Assets		851	900	5,149	4,699	3,267
Other Asset		2,161,548	1,837,125	1,908,046	2,087,796	2,411,006
Total Assets		2,942,970	2,404,942	2,665,069	2,867,921	2,896,004
Current Liabilities	Before Distribution	342,613	241,719	224,892	246,484	235,055
	After Distribution	342,613	241,719	256,852	287,284	(Note 2)
Noncurrent Liabilities		79,354	71,195	49,979	45,018	43,968
Total Liabilities	Before Distribution	421,967	312,914	274,871	291,502	279,023
	After Distribution	421,967	312,914	306,831	332,302	(Note2)
Equity Attributable to Owners of the Parent Company		2,521,003	2,092,028	2,390,198	2,576,419	2,616,981
Capital Stock		600,000	600,000	680,000	680,000	680,000
Capital Surplus		507,154	507,154	630,074	630,074	630,074
Retained Earnings	Before Distribution	1,698,359	1,333,196	1,460,751	1,534,810	1,613,038
	After Distribution	1,698,359	1,333,196	1,428,791	1,494,010	(Note 2)
Other Equity		(284,510)	(348,322)	(380,627)	(268,465)	(306,131)
Treasury Shares		-	-	-	-	-
Non-controlling Interests		-	-	-	-	-
Total Equity	Before Distribution	2,521,003	2,092,028	2,390,198	2,576,419	2,616,981
	After Distribution	2,521,003	2,092,028	2,358,238	2,535,619	(Note2)

Note 1: The financial data has been conducted audits by CPA.

Note 2: The appropriation proposal of 2023 earnings is yet to be resolved by the 2024 General Shareholders' Meeting.

4. Condensed Statement of Comprehensive Income – IFRSs (Standalone)

Unit: NT\$ thousands (Except EPS: NT\$)

Item \ Year	Financial data for the last 5 years (Note 1)				
	2019	2020	2021	2022	2023
Operating Revenue	949,744	638,082	705,077	918,065	799,428
Gross Profit	84,018	62,347	123,692	152,788	123,266
Operating Profit(Loss)	(127,397)	(121,479)	(10,876)	15,015	(12,335)
Non-operating Income and Expenses	96,901	(241,053)	73,617	92,334	142,692
Profit (Loss) before Income Tax	(30,496)	(362,532)	62,741	107,349	130,357
Profit (Loss) from continuing operations	(30,495)	(366,258)	61,826	100,230	119,328
Profit (Loss) from Discontinuing Operations	-	-	-	-	-
Net Income (Loss)	(30,495)	(366,258)	61,826	100,230	119,328
Other Comprehensive Income (Loss) for the Year, Net of Income Tax	(6,191)	(62,717)	(27,656)	117,951	(37,966)
Total Comprehensive Income (Loss) for the Year	(36,686)	(428,975)	34,710	218,181	81,362
Net Income (Loss) Attributable to: Owners of the Parent Company	(30,495)	(366,258)	61,826	100,230	119,328
Net Income (Loss) Attributable to: Noncontrolling Interests	-	-	-	-	-
Total Comprehensive Income (Loss) Attributable to: Owners of the Parent Company	(36,686)	(428,975)	34,170	218,181	81,362
Total Comprehensive Income (Loss) Attributable to: Noncontrolling Interests	-	-	-	-	-
Earnings (Loss) Per Share	(0.24)	(6.10)	0.94	1.47	1.75

Note 1: The financial data has been conducted audits by CPA.

6.1.2 Auditors' Opinions for the last 5 years

Year	CPA Firm	CPA	Audit Opinion
2019	Deloitte & Touche	Yung-Hsiang Chao and Jr-Shian Ke	Unmodified Opinion
2020	Deloitte & Touche	Meng-Chieh Chiu and Jr-Shian Ke	Unmodified Opinion
2021	Deloitte & Touche	Meng-Chieh Chiu and Yen-Chun Chen	Unmodified Opinion
2022	Deloitte & Touche	Yen-Chun Chen and Meng-Chieh Chiu	Unmodified Opinion
2023	Deloitte & Touche	Yen-Chun Chen and Meng-Chieh Chiu	Unmodified Opinion

6.2 Financial Analysis

6.2.1 Financial Analysis - IFRSs (Consolidated)

Analysis Item		Consolidated financial analysis for the last 5 years (Note1)					2024/Q1 (Note 2)
		2019	2020	2021	2022	2023	
Capital Structure Analysis	Debts Ratio (%)	24.64	27.35	22.56	20.93	22.07	22.45
	Long-term Fund to Property, Plant and Equipment (%)	579.38	926.02	1,130.07	767.92	669.89	707.02
Liquidity Analysis	Current Ratio (%)	372.90	377.73	390.80	390.23	234.89	251.89
	Quick Ratio (%)	339.71	338.79	343.80	342.15	188.09	201.43
	Times Interest Earned (Times)	1.27	(189.72)	29.56	68.33	232.74	45.23
Operating Performance Analysis	Average Collection Turnover (Times)	4.71	3.99	4.39	4.92	4.64	4.56
	Days Sales Outstanding	77	91	83	74	79	80
	Average Inventory Turnover (Times)	10.63	8.32	7.07	6.95	6.68	6.63
	Average Payment Turnover (Times)	5.02	4.75	5.39	6.85	6.33	5.89
	Average Inventory Turnover Days	34	44	52	53	55	55
	Property, Plant and Equipment Turnover (Times)	4.80	4.98	7.86	7.17	5.59	5.33
	Total Assets Turnover (Times)	0.57	0.56	0.61	0.64	0.63	0.62
Profitability Analysis	Return on Total Assets (%)	(0.68)	(11.73)	2.16	3.21	3.62	0.69
	Return on Equity (%)	(0.97)	(15.88)	2.76	4.04	4.60	0.86
	Pre-tax Income to Paid-in Capital Ratio (%)	0.18	(50.89)	13.15	19.80	24.98	5.26
	Net Margin (%)	(1.33)	(21.12)	3.40	4.95	5.72	4.29
	Earnings (Loss) Per Share (NT\$)	(0.24)	(6.10)	0.94	1.47	1.75	0.34
Cash Flow	Cash Flow Ratio (%)	12.85	(19.64)	14.41	28.21	24.75	5.33
	Cash Flow Adequacy Ratio (%)	8.85	(82.98)	(87.13)	(13.11)	73.69	71.44
	Cash Flow Reinvestment Ratio (%)	2.13	(3.71)	2.32	3.65	3.05	0.84
Leverage	Operating Leverage	(10.94)	(4.10)	13.56	9.10	10.96	19.20
	Financial Leverage	0.96	0.99	1.06	1.02	1.01	1.08

Note 1: The financial data has been conducted audits by CPA.

Note 2: The financial data has been reviewed by CPA.

Analysis of deviation over 20% of 2023 vs. 2022:

1. Decrease in current ratio (%): due to the decrease in current assets.
2. Decrease in quick ratio (%): explained as #1.
3. Increase in times Interest Earned (times): due to the decrease in interest expense.
4. Decrease in property, plant and equipment turnover (times): due to the increase in property, plant and equipment.
5. Increase in pre-tax Income to paid-in capital ratio (%): due to the increase in pre-tax income.
6. Increase in cash flow adequacy ratio (%): due to the increase in net cash inflow for the last 5 years from operating activities.
7. Increase in operating leverage: due to the increase in variable cost and expense, and the decrease in operating profit.

6.2.2 Financial Analysis - IFRSs (Standalone)

Analysis Item \ Year		Financial analysis for the last 5 years (Note1)				
		2019	2020	2021	2022	2023
Capital Structure Analysis	Debts Ratio (%)	14.34	13.01	10.31	10.16	9.63
	Long-term Fund to Property, Plant and Equipment (%)	4,294.14	2,955.34	3,587.55	4,537.56	4,879.52
Liquidity Analysis	Current Ratio (%)	210.15	204.25	304.08	291.16	181.74
	Quick Ratio (%)	192.59	163.58	254.40	247.35	120.88
	Times Interest Earned (Times)	0.00	0.00	0.00	0.00	8,691.47
Operating Performance Analysis	Average Collection Turnover (Times)	4.07	4.17	5.01	6.04	5.16
	Days Sales Outstanding	90	88	73	60	71
	Average Inventory Turnover (Times)	25.04	9.04	6.70	8.45	6.21
	Average Payment Turnover (Times)	3.09	2.89	4.07	5.76	5.24
	Average Inventory Turnover Days	15	40	54	43	59
	Property, Plant and Equipment Turnover (Times)	16.45	9.54	9.99	14.60	14.24
	Total Assets Turnover (Times)	0.26	0.24	0.28	0.33	0.28
Profitability Analysis	Return on Total Assets (%)	(0.85)	(13.70)	2.44	3.62	4.14
	Return on Equity (%)	(0.97)	(15.88)	2.76	4.04	4.60
	Pre-tax Income to Paid-in Capital Ratio (%)	(5.08)	(60.42)	9.23	15.79	19.17
	Net Margin (%)	(3.21)	(57.40)	8.77	10.92	14.93
	Earnings Per Share (NT\$)	(0.24)	(6.10)	0.94	1.47	1.75
Cash Flow	Cash Flow Ratio (%)	(25.45)	(75.47)	(28.43)	30.71	(14.34)
	Cash Flow Adequacy Ratio (%)	80.4	5.68	(207.71)	(208.84)	(114.16)
	Cash Flow Reinvestment Ratio (%)	(2.92)	(7.32)	(2.31)	1.49	(2.49)
Leverage	Operating Leverage	(5.46)	(2.45)	(24.94)	24.62	24.18
	Financial Leverage	1.00	1.00	1.00	1.00	1.00

Note 1: The financial data has been conducted audits by CPA.

Analysis of deviation over 20% of 2023 vs. 2022:

1. Decrease in current ratio (%): due to the decrease in current assets.
2. Decrease in quick ratio (%): explained as #1.
3. Increase in times Interest Earned (times): due to the increase in interest expense.
4. Decrease in in average inventory turnover (times) and increase average inventory turnover days: due to the increase in inventory.
5. Increase in pre-tax Income to paid-in capital ratio (%): due to the increase in pre-tax income.
6. Increase in net income margin (%): due to the increase in net income.
7. Decrease in cash flow ratio (%): due to the increase in net cash outflow from operating activities.
8. Increase in cash flow adequacy ratio (%): due to the decrease in net cash outflow from operating activities in the last 5 years.
9. Decrease in in cash flow reinvestment ratio (%): explained as #7.

The calculation formula of financial analysis is as follows:

1. Capital Structure Analysis

- (1) Debt Ratio = Total Liabilities / Total Assets
- (2) Long-term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment

2. Liquidity Analysis

- (1) Current Ratio = Current Assets / Current Liabilities
- (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
- (3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses

3. Operating Performance Analysis

- (1) Average Collection Turnover = Operating Revenue / Average Trade Receivables
- (2) Days Sales Outstanding = 365 / Average Collection Turnover
- (3) Average Inventory Turnover = Cost of Sales / Average Inventory
- (4) Average Inventory Turnover Days = 365 / Average Inventory Turnover
- (5) Average Payment Turnover = Cost of Sales / Average Trade Payables
- (6) Property, Plant and Equipment Turnover = Operating Revenue / Average Net Property, Plant and Equipment
- (7) Total Assets Turnover = Operating Revenue / Average Total Assets

4. Profitability Analysis

- (1) Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets
- (2) Return on Equity = Net Income / Average Equity
- (3) Pre-tax Income to Paid-in Capital Ratio = Income before Tax / Paid-in Capital
- (4) Net Income Margin = Net Income / Operating Revenue
- (5) Earnings Per Share = (Net Income Attributable to Owners of the Parent Company - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding

5. Cash Flow

- (1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities
- (2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend
- (3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital)

6. Leverage

- (1) Operating Leverage = (Operating Revenue - Variable Cost) / Income from Operations
- (2) Financial Leverage = Income from Operations / (Income from Operations - Interest Expenses)

6.3 Audit Committee's Review Report

Audit Committee's Review Report

To: The 2024 Annual General Shareholders' Meeting of Silitech Technology Corporation

The Board of Directors has prepared and submitted to the undersigned, Audit Committee of Silitech Technology Corporation the 2023 business report, financial statements and the proposal for appropriation of earnings. The financial statements have been duly audited by Certified Public Accountants Yen-Chun Chen and Meng-Chieh Chiu of Deloitte & Touche. The above business report, financial statements and the proposal for appropriation of earnings have been examined and determined to be correct by the undersigned. This report is duly submitted in accordance with Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act.

Convener of the Audit Committee:

Mr. Tien-Chun Tsai

March 27, 2024

6.4 Consolidated Financial Statements for the Most Recent Years

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

SILITECH TECHNOLOGY CORPORATION

By

ANTHONY CHIAO
Chairman

February 22, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Silitech Technology Corporation

Opinion

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

In our opinion, based on our audits and the report of other auditors (refer to the Other Matter paragraph), 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. 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 identified in the audit of the Group's consolidated financial statements for the year ended December 31, 2023 are described as follows:

Occurrence of revenue from specific customers

The major operating revenue of the Group is mechanical components. In 2023, the operating revenue of Tamsui factory has declined compared with 2022 due to the weak demand for consumer electronics, of which the operating revenue from specific customers is significant and growth rate reaches certain standards, the auditors assessed that the revenue generated by this specific customers is an item of concern to users of financial statements. Therefore, we considered the occurrence of revenue from specific customers as a key audit matter.

The main audit procedures performed in respect of the occurrence of revenue from specific customers included the following:

1. We understood and tested the design and operating effectiveness of the internal controls relevant to revenue recognition.
2. We obtained the occurrence of recorded revenue from specific customers, determined the appropriate sampling method and sample quantity, and checked documents including customer orders, deliver orders and invoices. We assessed the amount is correct and has been eligible for revenue recognition.
3. We checked, on a sampling basis, the collection reversal records and collection vouchers, and assessed whether the amount is correct and the payer is the same as the buyer, to corroborate the authenticity of sale.
4. We calculated and analyzed whether the account receivable turnover days of specific customers are reasonable, and compared the general credit conditions to see if there is any significant abnormality.

For the accounting policy on revenue recognition refer to Note 4 to the financial statements.

Other Matter

We did not audit the subsidiary's financial statements of Iwatsu (Malaysia) Sdn. Bhd. in the consolidated financial statements of the Group, but such financial statements were audited by other auditors. Our opinion, insofar as it relates to the amounts for Iwatsu (Malaysia) Sdn. Bhd. is based solely on the report of other auditors. The total assets of Iwatsu (Malaysia) Sdn. Bhd. as of December 31, 2023 were NT\$159,921 thousand, representing 4.76% of the consolidated total assets, and which the operating revenue from September 1, 2023 (acquisition date) to December 31, 2023 was NT\$57,010 thousand, representing 2.74% of the consolidated operating revenue.

We have also audited the parent company only financial statements of Silitech Technology Corporation 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 the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IAS, IFRIC and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate

the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards accepted in 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 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 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 entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Yen-Chun Chen and Meng-Chieh Chiu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 22, 2024

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 628,836	19	\$ 1,635,623	50
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	3,109	-	2,583	-
Financial assets at amortized cost - current (Notes 4 and 9)	118,086	4	-	-
Trade receivables, net (Notes 4 and 10)	479,336	14	418,051	13
Trade receivables from related parties, net (Notes 4, 10 and 29)	491	-	1,349	-
Other receivables (Note 4)	29,550	1	27,251	1
Other receivables from related parties (Notes 4 and 29)	3,531	-	11,354	-
Current tax assets (Note 4)	212	-	4	-
Inventories (Notes 4 and 11)	273,749	8	251,957	8
Other current assets (Notes 15 and 29)	<u>40,527</u>	<u>1</u>	<u>42,610</u>	<u>1</u>
Total current assets	<u>1,577,427</u>	<u>47</u>	<u>2,390,782</u>	<u>73</u>
NON-CURRENT ASSETS				
Financial assets at FVTPL - non-current (Notes 4 and 7)	36,967	1	17,962	1
Financial assets at fair value through other comprehensive income (FVTOCI)-non-current (Notes 4 and 8)	144,060	4	45,064	1
Financial assets at amortized cost - non-current (Notes 4 and 9)	1,076,632	32	328,673	10
Property, plant and equipment (Notes 4 and 13)	401,054	12	344,520	11
Right-of-use assets (Notes 4 and 14)	223	-	23,838	1
Other Intangible assets (Note 4)	4,243	-	7,084	-
Deferred tax assets (Notes 4 and 23)	78,594	3	88,812	3
Refundable deposits (Note 4)	6,918	-	6,449	-
Other non-current assets (Note 15)	<u>32,071</u>	<u>1</u>	<u>5,120</u>	<u>-</u>
Total non-current assets	<u>1,780,762</u>	<u>53</u>	<u>867,522</u>	<u>27</u>
TOTAL	<u>\$ 3,358,189</u>	<u>100</u>	<u>\$ 3,258,304</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Sort-term borrowings (Notes 4 and 16)	\$ 43,328	1	\$ -	-
Financial liabilities at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	-	-	12	-
Trade payables (Note 4)	305,529	9	210,529	7
Trade payables to related parties (Note 29)	13,469	-	24,856	1
Other payables (Notes 4 and 17)	244,120	7	269,620	8
Other payables to related parties (Notes 4 and 29)	535	-	2,547	-
Current tax liabilities (Notes 4 and 23)	14,048	1	13,026	-
Provisions - current (Notes 4 and 18)	19,237	1	23,550	1
Lease liabilities - current (Notes 4 and 14)	231	-	26,955	1
Other current liabilities	<u>31,072</u>	<u>1</u>	<u>41,559</u>	<u>1</u>
Total current liabilities	<u>671,569</u>	<u>20</u>	<u>612,654</u>	<u>19</u>
NON-CURRENT LIABILITIES				
Net defined benefit liabilities - non-current (Notes 4 and 19)	32,377	1	31,848	1
Guarantee deposits (Note 4)	1,195	-	1,220	-
Deferred tax liabilities (Notes 4 and 23)	<u>36,067</u>	<u>1</u>	<u>36,163</u>	<u>1</u>
Total non-current liabilities	<u>69,639</u>	<u>2</u>	<u>69,231</u>	<u>2</u>
Total liabilities	<u>741,208</u>	<u>22</u>	<u>681,885</u>	<u>21</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 20)				
Share capital				
Ordinary shares	<u>680,000</u>	<u>20</u>	<u>680,000</u>	<u>21</u>
Capital surplus	<u>630,074</u>	<u>19</u>	<u>630,074</u>	<u>19</u>
Retained earnings				
Legal reserve	1,120,368	33	1,109,766	34
Special reserve	206,863	6	316,814	10
Unappropriated earnings	<u>285,807</u>	<u>9</u>	<u>108,230</u>	<u>3</u>
Total retained earnings	<u>1,613,038</u>	<u>48</u>	<u>1,534,810</u>	<u>47</u>
Other equity	<u>(306,131)</u>	<u>(9)</u>	<u>(268,465)</u>	<u>(8)</u>
Total equity	<u>2,616,981</u>	<u>78</u>	<u>2,576,419</u>	<u>79</u>
TOTAL	<u>\$ 3,358,189</u>	<u>100</u>	<u>\$ 3,258,304</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report date February 22, 2024)

SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 21 and 29)	\$ 2,084,426	100	\$ 2,025,009	100
COST OF GOODS SOLD (Notes 11, 25 and 29)	<u>(1,755,022)</u>	<u>(84)</u>	<u>(1,690,831)</u>	<u>(83)</u>
GROSS PROFIT	<u>329,404</u>	<u>16</u>	<u>334,178</u>	<u>17</u>
OPERATING EXPENSES (Notes 25 and 29)				
Selling and marketing expenses	(63,915)	(3)	(61,595)	(3)
General and administrative expenses	(144,928)	(7)	(129,027)	(7)
Research and development expenses	(39,935)	(2)	(44,053)	(2)
Expected credit loss	<u>(10)</u>	<u>-</u>	<u>(10)</u>	<u>-</u>
Total operating expenses	<u>(248,788)</u>	<u>(12)</u>	<u>(234,685)</u>	<u>(12)</u>
PROFIT FROM OPERATIONS	<u>80,616</u>	<u>4</u>	<u>99,493</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES (Notes 22 and 29)				
Interest income	56,242	3	26,382	1
Other income	32,928	1	20,290	1
Other gains and losses	1,573	-	(9,510)	-
Finance costs	(733)	-	(2,000)	-
Expected credit losses	<u>(761)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating income and expenses	<u>89,249</u>	<u>4</u>	<u>35,162</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	169,865	8	134,655	7
INCOME TAX EXPENSE (Notes 4 and 23)	<u>(50,537)</u>	<u>(2)</u>	<u>(34,425)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>119,328</u>	<u>6</u>	<u>100,230</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 19)	(394)	-	7,342	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(6,004)	-	(716)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 23)	<u>94</u>	<u>-</u>	<u>(1,553)</u>	<u>-</u>
	<u>(6,304)</u>	<u>-</u>	<u>5,073</u>	<u>-</u>

(Continued)

SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(39,577)	(2)	141,097	7
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 23)	<u>7,915</u>	<u>-</u>	<u>(28,219)</u>	<u>(1)</u>
	<u>(31,662)</u>	<u>(2)</u>	<u>112,878</u>	<u>6</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(37,966)</u>	<u>(2)</u>	<u>117,951</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 81,362</u>	<u>4</u>	<u>\$ 218,181</u>	<u>11</u>
EARNINGS PER SHARE (IN NTD; Note 24)				
Basic	<u>\$ 1.75</u>		<u>\$ 1.47</u>	
Diluted	<u>\$ 1.75</u>		<u>\$ 1.47</u>	

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

(Concluded)

(With Deloitte & Touche auditors' report date February 22, 2024)

SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 In Thousands of New Taiwan Dollars (In Thousands of New Taiwan Dollars)

	Share Capital		Capital Surplus	Retained Earnings			Other Equity		Total Equity
	Ordinary Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Loss on Financial Assets at FVTOCI	
BALANCE AT JANUARY 1, 2022	68,000	\$ 680,000	\$ 630,074	\$ 1,109,766	\$ 284,510	\$ 66,475	\$ (238,542)	\$ (142,085)	\$ 2,390,198
Appropriation of the 2021 earnings									
Special reserve	-	-	-	-	32,304	(32,304)	-	-	-
Cash dividends	-	-	-	-	-	(31,960)	-	-	(31,960)
Net profit for the year ended December 31, 2022	-	-	-	-	-	100,230	-	-	100,230
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	5,789	112,878	(716)	117,951
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	106,019	112,878	(716)	218,181
BALANCE AT DECEMBER 31, 2022	68,000	680,000	630,074	1,109,766	316,814	108,230	(125,664)	(142,801)	2,576,419
Appropriation of the 2022 earnings									
Legal reserve	-	-	-	10,602	-	(10,602)	-	-	-
Special reserve reversed	-	-	-	-	(109,951)	109,951	-	-	-
Cash dividends	-	-	-	-	-	(40,800)	-	-	(40,800)
Net profit for the year ended December 31, 2023	-	-	-	-	-	119,328	-	-	119,328
Other comprehensive loss for the year ended December 31, 2023, net of income tax	-	-	-	-	-	(300)	(31,662)	(6,004)	(37,966)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	119,028	(31,662)	(6,004)	81,362
BALANCE AT DECEMBER 31, 2023	68,000	\$ 680,000	\$ 630,074	\$ 1,120,368	\$ 206,863	\$ 285,807	\$ (157,326)	\$ (148,805)	\$ 2,616,981

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report dated February 22, 2024)

SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 169,865	\$ 134,655
Adjustments for:		
Depreciation expense	75,376	80,943
Amortization expense	4,501	4,120
Expected credit loss on trade receivables	771	10
Net loss on fair value changes of financial assets at FVTPL	12,445	11,141
Finance costs	733	2,000
Interest income	(56,242)	(26,382)
Dividend income	(3,327)	(3,497)
Net gain on disposal of property, plant and equipment	(90)	(52)
Write-downs of inventories	1,228	1,643
Gain recognized in bargain purchase transaction	(2,027)	-
Gain on lease modification	(10)	-
Changes in operating assets and liabilities		
Financial assets at FVTPL	(4,906)	(4,406)
Notes receivable	-	738
Trade receivables	(22,398)	(18,674)
Trade receivables from related parties	858	2,948
Other receivables	8,913	(13,613)
Other receivables from related parties	7,823	(7,766)
Inventories	(1,108)	(18,706)
Other current assets	4,272	(128)
Trade payables	22,549	(39,307)
Trade payables to related parties	(11,387)	16,457
Other payables	(39,724)	34,223
Other payables to related parties	(2,012)	151
Provisions	(4,313)	3,539
Other current liabilities	(10,487)	5,689
Net defined benefit liabilities-non current	135	2,472
Cash generated from operations	151,438	168,198
Interest received	44,437	35,044
Dividends received	3,327	3,497
Interest paid	(733)	(2,000)
Income tax paid	(32,242)	(31,893)
Net cash generated from operating activities	166,227	172,846
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at FVTOCI	(105,000)	-
Purchase of financial assets at amortized cost	(876,222)	-
Purchase of financial assets at FVTPL	(280,788)	-
Proceeds of financial assets at FVTPL	253,655	119,270

(Continued)

SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Net cash outflow on acquisition of subsidiaries	\$ (56,756)	\$ -
Payments for property, plant and equipment	(40,776)	(173,074)
Proceeds from disposal of property, plant and equipment	90	52
Decrease (increase) in refundable deposits	195	(105)
Payments for intangible assets	(1,693)	(3,001)
Increase in other non-current assets	<u>(27,100)</u>	<u>(652)</u>
Net cash used in investing activities	<u>(1,134,395)</u>	<u>(57,510)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loan	43,328	-
Proceeds from guarantee deposits received	3	20
Repayment of principal portion of lease liabilities	(27,086)	(24,784)
Cash dividends paid	<u>(40,800)</u>	<u>(31,960)</u>
Net cash used in financing activities	<u>(24,555)</u>	<u>(56,724)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(14,064)</u>	<u>85,340</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,006,787)	143,952
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,635,623</u>	<u>1,491,671</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 628,836</u>	<u>\$ 1,635,623</u>

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report dated February 22, 2024)

(Concluded)

SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Silitech Technology Corporation (the “Company”) was established in October 2001 and listed on the Taiwan Stock Exchange in March 2004, and is mainly engaged in the manufacture and sale of modules and rubber (plastic) products.

The consolidated financial statements of the Company and its subsidiaries, hereto forth collectively referred to as the Group, are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors and authorized for issue on February 22, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group’s accounting policies:

Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- the Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- (1) the Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- (2) the Group chose the accounting policy from options permitted by the standards;
- (3) the accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- (4) the accounting policy relates to an area for which the Group is required to make significant judgments or assumptions in applying an accounting policy, and the Group discloses those judgments or assumptions; or

- (5) the accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

See Note 4 for the disclosure of accounting policies.

Amendments to IAS 8 “Definition of Accounting Estimates”

The Group applied to the amendments on January 1, 2023. The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

- b. The IFRSs endorsed by the FSC for application starting from 2024

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Leases Liability in a Sale and leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance.

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as

an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of the subsidiaries acquired or disposed of during the period are included in the consolidated statements of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 12 and Table 4 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

f. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are

recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries in other countries that use currencies which are different from the currency of the Company) are translated into New Taiwan dollars using the exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

g. Inventories

Inventories consist of raw materials, work in progress and finished goods. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

h. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If an asset's lease term is shorter than its useful life, such an asset is depreciated over the lease term. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant and equipment, right-of-use asset, intangible assets and assets related to contract costs

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of such assets is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value-in-use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. Reversals of impairment loss are recognized in profit or loss.

k. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to an acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

A financial asset is classified as at FVTPL when such a financial asset is mandatorily classified. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 28.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents and trade receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of the financial asset; and
- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost including trade receivables.

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a

default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities at FVTPL

Financial liability is classified as at FVTPL when such financial liability is held for trading.

Financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses; any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including forward exchange contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

l. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

m. Revenue recognition

The Group identifies contracts with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods comes from sales of rubber goods. Sales of goods are recognized as revenue when the goods are shipped or delivered to the customer because that is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers, and bears the risks of obsolescence. Trade receivables are recognized concurrently.

n. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition

exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

o. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

q. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Based on the assessment of the Group's management, the accounting policies, estimates, and assumptions adopted by the Group have not been subject to material accounting judgements, estimates and assumptions uncertainty.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 238	\$ 221
Checking accounts and demand deposits	204,168	231,959
Cash equivalents		
Time deposits	<u>424,430</u>	<u>1,403,443</u>
	<u>\$ 628,836</u>	<u>\$ 1,635,623</u>

The market rate intervals of cash in the bank at the end of the reporting period were as follows:

	December 31	
	2023	2022
Time deposits	1.55%-5.05%	0.91%-4.50%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (“FVTPL”)

	December 31	
	2023	2022
<u>Financial assets at FVTPL - current</u>		
Financial assets held for trading		
Derivative financial assets (not under hedge accounting)		
Forward exchange contracts	\$ 241	\$ 2,583
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	<u>2,868</u>	<u>-</u>
	<u>\$ 3,109</u>	<u>\$ 2,583</u>
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	\$ 12,162	\$ 17,962
Limited Partnership	<u>24,805</u>	<u>-</u>
	<u>\$ 36,967</u>	<u>\$ 17,962</u>
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Forward exchange contracts	<u>\$ -</u>	<u>\$ 12</u>

At the end of the reporting period, outstanding forward exchange contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2023</u>			
Forward exchange contracts	USD/MYR	2024.01.08	USD298/MYR1,398

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2022</u>			
Forward exchange contracts	USD/MYR	2023.01.09-2023.03.06	USD2,540/MYR11,497
	EUR/MYR	2023.01.25-2023.02.24	EUR120/MYR559

The Group entered into forward exchange contracts to manage their exposures to risk arising from the exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (“FVTOCI”)

	December 31	
	2023	2022
<u>Non-current</u>		
Domestic investments		
Listed preferred shares	\$ 130,100	\$ 35,264
Unlisted ordinary shares	<u>13,960</u>	<u>9,800</u>
	<u>\$ 144,060</u>	<u>\$ 45,064</u>

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
<u>Current</u>		
Time deposits with original maturities of more than 3 months (a)	<u>\$ 118,086</u>	<u>\$ -</u>
<u>Non-current</u>		
Time deposits with original maturities of more than 3 months (a)	\$ 43,254	\$ -
Foreign corporate bond (b)	1,034,123	328,673
Less: Allowance for impairment loss	<u>(745)</u>	<u>-</u>
	<u>1,033,378</u>	<u>328,673</u>
	<u>\$ 1,076,632</u>	<u>\$ 328,673</u>

- The interest rates intervals of time deposits with original maturities of more than 3 months were 1.04%~4.60% per annum as of December 31, 2023.
- The Group purchased 2~10 year corporate bonds, with the maturity period from 2025 to 2032, the coupon rate was 1.25% to 6.02%, and the effective interest rate was 1.08%~5.56%.

The Group’s exposure and the external credit ratings are continuously monitored. The Group reviews

changes in bond yields and other public information and makes an assessment whether there has been a

significant increase in credit risk since the last period to the reporting date.

In determining the expected credit losses for debt instrument investments, the Group considers the historical probability of default and loss given default of each credit rating supplied by external rating agencies, the current financial condition of the debtors and the future prospects of the industries.

10. TRADE RECEIVABLES

	December 31	
	2023	2022
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 479,848	\$ 419,412
Less: Allowance for impairment loss	<u>(21)</u>	<u>(12)</u>
	<u>\$ 479,827</u>	<u>\$ 419,400</u>

The average credit period of sales of goods was 60-90 days and no interest was charged on trade receivables. In order to minimize credit risk, the management of the Company has regularly evaluated credit approvals and carried out other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group estimates expected credit losses according to the prescribed approach, which permits the recognition of lifetime expected losses for all trade receivables. The expected credit losses on trade receivables are estimated using an allowance matrix, which takes into consideration the historical credit loss experience with the respective debtor, the current financial position of the debtor, economic condition of the industry in which the customer operates and industry outlooks. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or when the trade receivables are over 240 days past due, whichever occurs earlier. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2023

	Not Past Due	Up to 60 Days	61 to 210 Days	Over 210 Days	Total
Expected credit loss rate	-	0.67%	-	-	-
Gross carrying amount	\$476,695	\$ 3,153	\$ -	\$ -	\$479,848
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(21)</u>	<u>-</u>	<u>-</u>	<u>(21)</u>
Amortized cost	<u>\$476,695</u>	<u>\$ 3,132</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$479,827</u>

December 31, 2022

	Not Past Due	Up to 60 Days	61 to 210 Days	Over 210 Days	Total
Expected credit loss rate	-	0.13%	0.95%	-	-
Gross carrying amount	\$416,822	\$ 1,541	\$ 1,049	\$ -	\$419,412
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(2)</u>	<u>(10)</u>	<u>-</u>	<u>(12)</u>
Amortized cost	<u>\$416,822</u>	<u>\$ 1,539</u>	<u>\$ 1,039</u>	<u>\$ -</u>	<u>\$419,400</u>

The movements of the loss allowance of trade receivables are as follows:

	2023	2022
Balance at January 1	\$ 12	\$ 2
Add: Expected credit loss	10	10
Difference on foreign exchange translation	<u>(1)</u>	<u>-</u>
Balance at December 31	<u>\$ 21</u>	<u>\$ 12</u>

11. INVENTORIES, NET

	<u>December 31</u>	
	2023	2022
Raw materials	\$ 131,367	\$ 121,392
Finished goods	72,755	68,811
Work in progress	59,009	51,938
Supplies	3,728	3,745
Merchandise	27	-
Inventory in transit	<u>6,863</u>	<u>6,071</u>
	<u>\$ 273,749</u>	<u>\$ 251,957</u>

The cost of inventories recognized as cost of goods sold included the inventory write-downs and disposals.

	<u>For the Year Ended December 31</u>	
	2023	2022
Inventory write-downs	\$ 1,228	\$ 1,643
Loss of inventory scrapped	11	22

12. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Main Business	<u>Percentage of Ownership (%)</u>		Remark
			<u>December 31, 2023</u>	<u>December 31, 2022</u>	
The Company	Silitech (BVI) Holding Ltd.	Investment activities	100	100	
; The Company	Silitech Technology Corp. Sdn. Bhd.	Manufacture of plastic and computer peripheral	100	-	a
; The Company	Iwatsu (Malaysia) Sdn. Bhd.	Manufacture of telecommunications and communications equipment	100	-	b
; Silitech (BVI) Holding Ltd	Silitech (Bermuda) Holding Ltd.	Investment activities	100	100	

Silitech (Bermuda) Holding Ltd.	Silitech Technology Corporation Limited	Manufacture of plastic and computer peripheral products	100	100
Silitech (Bermuda) Holding Ltd.	Silitech Technology Corp. Sdn. Bhd.	Manufacture of plastic and computer peripheral products	-	100
Silitech Technology Corporation Limited	Xurong Electronic (Shenzhen) Co., Ltd.	Manufacture and sale of touch panels and plastic and rubber assembly	100	100

Remark:

- The Group adjusted the organization structure on January 2023, and the parent company acquired 100% equity of Silitech Technology Corporation Sdn. Bhd. from Silitech (Bermuda) Holding Ltd. The aforementioned transaction was an organizational restructuring under common control, and the book-value method is applied in the transaction.
- The parent company acquired 100% equity of Iwatsu (Malaysia) Sdn. Bhd. on September 2023, see Note 26.

Subsidiaries Excluded from the Consolidated Financial Statements: None.

13. PROPERTY, PLANT AND EQUIPMENT, NET

	Freehold Land	Buildings	Machinery Equipment	Testing Equipment	Transportation Equipment	Leasehold Improvements	Office Equipment	Other Equipment	Total
<u>Cost</u>									
Balance at January 1, 2023	\$ 198,838	\$ 313,146	\$ 686,073	\$ 94,371	\$ 9,463	\$ 139,634	\$ 105,376	\$ 14,451	\$ 1,561,352
Additions	-	1,650	34,619	761	831	1,393	5,540	881	45,675
Acquisition through business combinations	32,048	136,819	70,723	-	4,477	-	13,332	9,047	266,446
Disposals	-	-	(1,643)	(43)	(920)	-	(1,008)	(435)	(4,049)
Effects of foreign currency exchange	(8,745)	(10,969)	(21,403)	(1,600)	(356)	(2,868)	(2,204)	(455)	(48,600)

differences

)))))))))
Balance at December 31, 2023	<u>\$</u> <u>222,14</u> <u>1</u>	<u>\$</u> <u>440,64</u> <u>6</u>	<u>\$</u> <u>768,36</u> <u>9</u>	<u>\$</u> <u>93,489</u>	<u>\$</u> <u>13,495</u>	<u>\$</u> <u>138,15</u> <u>9</u>	<u>\$</u> <u>121,03</u> <u>6</u>	<u>\$</u> <u>23,489</u>	<u>\$</u> <u>1,820,8</u> <u>24</u>

Accumulated
depreciation

Balance at January 1, 2023	\$ -	\$ 8	\$ 247,79	\$ 9	\$ 518,85	\$ 76,098	\$ 8,920	\$ 90,375	\$ 96,276	\$ 14,288	\$ 14	\$ 1,052,6
Acquisition through business combinations	-	89,517	66,978	-	2,081	-	10,901	6,987	176,464			
Depreciation expenses	-	10,897	31,215	3,327	426	123	5,143	288	51,419			
			(1,643				(1,007		(4,049			
Disposals	-	-)	(43)	(920)	-)	(436))			
Transfers from accumulated impairment	-	-	8,807	283	-	4,290	1,426	63	14,869			
Effects of foreign currency exchange differences	-	(7,721)	(17,897)	(1,377)	(254)	(1,942)	(2,042)	(379)	(31,612)			
Balance at December 31, 2023	<u>\$ -</u>	<u>1</u>	<u>606,31</u> <u>9</u>	<u>\$</u> <u>78,288</u>	<u>\$</u> <u>10,253</u>	<u>\$</u> <u>92,846</u>	<u>\$</u> <u>110,69</u> <u>7</u>	<u>\$</u> <u>20,811</u>	<u>\$</u> <u>1,259,7</u> <u>05</u>			

Accumulated
impairment

Balance at January 1, 2023	\$ -	\$ 64	\$ 99,122	\$ 13,599	\$ -	\$ 49,259	\$ 2,100	\$ 74	\$ 164,218			
Acquisition through business combinations	-	13,801	-	-	-	-	-	-	13,801			
Transfer to accumulated depreciation	-	-	(8,807	(283)	-	(4,290	(1,426)	(63)	(14,869			
Effects of foreign currency exchange differences	-	(501)	(1,507)	(178)	(895)	(4)	-	-	(3,085)			
Balance at December 31, 2023	<u>\$ -</u>	<u>13,364</u>	<u>\$</u> <u>88,808</u>	<u>\$</u> <u>13,138</u>	<u>\$ -</u>	<u>\$</u> <u>44,074</u>	<u>\$</u> <u>670</u>	<u>\$</u> <u>11</u>	<u>\$</u> <u>160,065</u>			

Net Balance at December 31, 2023	<u>\$</u> <u>222,141</u>	<u>\$</u> <u>86,791</u>	<u>\$</u> <u>73,242</u>	<u>\$2,063</u>	<u>\$3,242</u>	<u>\$1,239</u>	<u>\$9,669</u>	<u>\$2,667</u>	<u>\$</u> <u>401,054</u>
----------------------------------	-----------------------------	----------------------------	----------------------------	----------------	----------------	----------------	----------------	----------------	-----------------------------

Cost

Balance at January 1, 2022	\$ 40,497	\$ 305,829	\$ 666,902	\$ 105,892	\$8,672	\$ 137,432	\$ 111,077	\$ 16,152	\$ 1,392,453
Additions	151,879	-	14,489	664	571	-	3,228	-	170,831
Disposals	-	-	(14,816)	(13,851)	-	-	(10,843)	(1,834)	(41,344)
Effects of foreign currency exchange differences	<u>6,462</u>	<u>7,317</u>	<u>19,498</u>	<u>1,666</u>	<u>220</u>	<u>2,202</u>	<u>1,914</u>	<u>133</u>	<u>39,412</u>
Balance at December 31, 2022	<u>\$</u> <u>198,838</u>	<u>\$</u> <u>313,146</u>	<u>\$</u> <u>686,073</u>	<u>\$</u> <u>94,371</u>	<u>\$9,463</u>	<u>\$</u> <u>139,634</u>	<u>\$</u> <u>105,376</u>	<u>\$</u> <u>14,451</u>	<u>\$</u> <u>1,561,352</u>

Accumulated depreciation

Balance at January 1, 2022	\$ -	\$ 233,162	\$ 465,568	\$ 83,058	\$8,672	\$ 84,165	\$ 95,155	\$ 14,652	\$984,432
Depreciation expense	-	9,524	36,204	4,687	29	-	7,108	474	58,026
Disposals	-	-	(8,834)	(13,475)	-	-	(10,277)	(1,081)	(33,667)
Transfers from accumulated impairment	-	-	10,420	445	-	4,911	2,605	116	18,497
Effects of foreign currency exchange differences	<u>-</u>	<u>5,112</u>	<u>15,501</u>	<u>1,383</u>	<u>219</u>	<u>1,299</u>	<u>1,685</u>	<u>127</u>	<u>25,326</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$</u> <u>247,798</u>	<u>\$</u> <u>518,859</u>	<u>\$</u> <u>76,098</u>	<u>\$8,920</u>	<u>\$</u> <u>90,375</u>	<u>\$</u> <u>96,276</u>	<u>\$</u> <u>14,288</u>	<u>\$</u> <u>1,052,614</u>

Accumulated impairment

Balance at January 1, 2022	\$ -	\$ 64	\$ 113,918	\$ 14,265	\$ -	\$ 53,267	\$ 5,174	\$ 939	\$ 187,627
			(5,982)						(7,677)
Disposals	-	-)	(376)	-	-	(566)	(753))
Transfer to accumulated depreciation	-	-	(10,420)	(445)	-	(4,911)	(2,605)		(18,497)
Effects of foreign currency exchange differences	-	-	1,606	155	-	903	97	4	2,765
Balance at December 31, 2022	\$ -	\$ 64	\$ 99,122	\$ 13,599	\$ -	\$ 49,259	\$ 2,100	\$ 74	\$ 164,218
Net balance at December 31, 2022	\$ 198,838	\$ 65,284	\$ 68,092	\$ 4,674	\$ 543	\$ -	\$ 7,000	\$ 89	\$ 344,520

(Concluded)

As a result of the life cycle of some products, the estimated future cash flows expected to arise from the related equipment decreased due to equipment idling caused by insufficient capacity. The Group carried out a review of the recoverable amount of the related equipment and determined that the carrying amount had exceeded the recoverable amount. As of December 31, 2023 and 2022, the accumulated impairment losses recognized were \$160,065 thousand and \$164,218 thousand, respectively. For the year ended December 31, 2022, the impairment loss decreased due to the disposal of equipment amounting to \$7,677 thousand.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Plant structures	24-45 years
Electricity and barrier constructions	5-10 years
Machinery equipment	5-10 years
Testing equipment	3-10 years
Transportation equipment	5 years
Leasehold Improvements	3 years
Office equipment	3 years
Other equipment	2 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Buildings	\$ -	\$ 23,838
Machinery equipment	223	-

\$ 223 \$ 23,838

For the Year Ended December 31
2023 2022

Buildings	\$ 23,937	\$ 22,917
Machinery equipment	<u>20</u>	<u>-</u>
	<u>\$ 23,957</u>	<u>\$ 22,917</u>

b. Lease liabilities

December 31
2023 2022

Carrying amounts

Current	\$ 231	\$ 26,955
---------	--------	-----------

Range of discount rates for lease liabilities was as follows:

December 31
2023 2022

Buildings	-	4.75%-5.94%
Machinery equipment	5.00%	-

c. Material lease activities and terms

The Group leased certain buildings for product manufacturing and for dormitories with lease terms of 3 to 14 years and with no renewal option. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

Due to the impact of the COVID-19 pandemic in 2022, the Group negotiated the lease agreement with Wanfeng Company, and Wanfeng Company agreed to unconditionally reduce the rent. The reduce amount of rent were \$1,165 thousand (recognized as cost of goods sold) for the year ended of 2022.

d. Other lease information

For the Year Ended December 31
2023 2022

Expenses relating to short-term leases and low-value asset leases	\$ 2,537	\$ 2,573
Total cash outflow for lease	<u>\$ 30,341</u>	<u>\$ 29,357</u>

The Group's lease of certain office equipment qualify as short-term leases and low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. OTHER ASSETS

December 31
2023 2022

Current

Prepayments for tax	\$ 20,042	\$ 20,045
Input tax	2,536	2,834
Payment in advance	1,546	1,906
Others	<u>16,403</u>	<u>17,825</u>

<u>Non-current</u>	<u>\$ 40,527</u>	<u>\$ 42,610</u>
Prepayments for equipment	\$ 31,399	\$ 5,120
Others	<u>672</u>	<u>-</u>
	<u>\$ 32,071</u>	<u>\$ 5,120</u>

16. BORROWINGS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Short-term borrowings</u>		
Unsecured borrowings	<u>\$ 43,328</u>	<u>\$ -</u>

17. OTHER PAYABLES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Payroll and Bonus	\$ 98,236	\$ 107,152
Employees' leave	19,316	18,423
Tooling	14,603	17,276
Services	9,965	10,094
Utilities/post and telecommunications	7,121	5,147
Equipment	6,264	1,365
Insurance	5,232	3,741
Others	<u>83,383</u>	<u>106,422</u>
	<u>\$ 244,120</u>	<u>\$ 269,620</u>

18. PROVISIONS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Returns, allowances and warranties	<u>\$ 19,237</u>	<u>\$ 23,550</u>

The provision of customer returns, allowances and warranties was based on historical experience, management's judgments and other known reasons estimated product returns, allowances and warranties may occur in the year. The provision was recognized as cost of goods sold and a reduction of operating income in the year when the related goods were sold.

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries.

b. Defined benefit plans

The defined benefit plan adopted by the Company of the Group in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contribute amounts equal to 2.5% of total monthly salaries to a pension fund administered by the pension fund

monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The subsidiary - Silitech Technology Corp. Sdn. Bhd adopted the defined benefit plan.

The amounts included in the balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 38,537	\$ 40,121
Fair value of plan assets	<u>(6,160)</u>	<u>(8,273)</u>
Net defined benefit liabilities	<u>\$ 32,377</u>	<u>\$ 31,848</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	<u>\$ 51,165</u>	<u>\$ (14,446)</u>	<u>\$ 36,719</u>
Service Cost			
Current service cost	1,790	-	1,790
Net interest expense (income)	<u>1,009</u>	<u>(74)</u>	<u>935</u>
Recognized in loss (profit)	<u>2,799</u>	<u>(74)</u>	<u>2,725</u>
Remeasurement			
Return on plan assets	-	(1,218)	(1,218)
Actuarial gain - changes in demographic assumptions	(19)	-	(19)
Actuarial gain - changes in financial assumptions	(3,674)	-	(3,674)
Actuarial gain - experience adjustments	<u>(2,431)</u>	<u>-</u>	<u>(2,431)</u>
Recognized in other comprehensive income	<u>(6,124)</u>	<u>(1,218)</u>	<u>(7,342)</u>
Contributions from the employer	-	(556)	(556)
Benefits paid	(8,021)	8,021	-
Direct paid	(910)	-	(910)
Exchange differences on foreign plans	<u>1,212</u>	<u>-</u>	<u>1,212</u>
Balance at December 31, 2022	<u>\$ 40,121</u>	<u>\$ (8,273)</u>	<u>\$ 31,848</u>
Service Cost			
Current service cost	1,460	-	1,460
Net interest expense (income)	<u>1,274</u>	<u>(127)</u>	<u>1,147</u>
Recognized in loss (profit)	<u>2,734</u>	<u>(127)</u>	<u>2,607</u>
Remeasurement			

Return on plan assets	-	(83)	(83)
Actuarial gain - changes in demographic assumptions	(218)	-	(218)
Actuarial loss - changes in financial assumptions	880	-	880
Actuarial gain - experience adjustments	(185)	-	(185)
Recognized in other comprehensive income	<u>477</u>	<u>(83)</u>	<u>394</u>
Contributions from the employer	-	(1,377)	(1,377)
Benefits paid	(3,700)	3,700	-
Direct paid	(124)	-	(124)
Exchange differences on foreign plans	<u>(971)</u>	<u>-</u>	<u>(971)</u>
Balance at December 31, 2023	<u>\$ 38,537</u>	<u>\$ (6,160)</u>	<u>\$ 32,377</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2023	2022
Operating costs	\$ 2,091	\$ 2,109
Selling and marketing expenses	133	179
General and administrative expenses	231	263
Research and development expenses	<u>152</u>	<u>174</u>
	<u>\$ 2,607</u>	<u>\$ 2,725</u>

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rate(s)	1.25%-4.25%	1.5%-4.5%
Expected rate(s) of salary increase	3%-4.75%	3%-4.75%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2023	2022

Discount rate(s)		
0.25% increase	\$ (878)	\$ (981)
0.25% decrease	\$ 908	\$ 1,015
Expected rate(s) of salary increase		
0.25% increase	\$ 887	\$ 994
0.25% decrease	\$ (863)	\$ (965)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	2022
The expected contributions to the plan for the next year	\$ 547	\$ 365
The average duration of the defined benefit obligation	10.1-11.2 years	10.5-11.7 years

20. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2023	2022
Number of shares authorized (in thousands)	300,000	300,000
Amount of shares authorized	\$ 3,000,000	\$ 3,000,000
Number of shares issued and fully paid (in thousands)	68,000	68,000
Amount of shares issued	\$ 680,000	\$ 680,000

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as <u>cash dividends, or transferred to share capital</u>		
Additional paid-in capital in excess of par-common stock	\$ 630,074	\$ 630,074

Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's paid-in capital).

c. Retained earnings and dividend policy

According to the Company's dividend policy, if there is a net profit after tax upon the final settlement of accounts of each fiscal year, the Company shall first offset any previous accumulated losses (including

adjustment of unappropriated earnings, if any) and set aside a legal reserve at 10% of the net profit, unless the accumulated legal reserve is equal to the total paid-in capital of the Company; then, it shall set aside or reverse a special reserve in accordance with the relevant laws or regulations or as requested by the authorities in charge. The remaining net profit, plus the beginning unappropriated earnings (including adjustment of unappropriated earnings, if any), shall be distributed as dividends to shareholders according to the distribution plan proposed by the board of directors and submitted to the shareholders in the shareholders' meeting for approval. For the policies on the distribution of compensation of employees and remuneration of directors, refer to Note 25 (b) Employee benefits expenses.

According to the Company's dividend policy of the Company's Articles, the Company cooperates with present and future development plans in mind and takes into consideration the investment environment, international or domestic competition while simultaneously meeting shareholders' interests. When there is no cumulative loss, the Company shall distribute dividends to shareholders at a percentage of no less than 30% of the net profit after tax. Dividends could be distributed either through cash or shares, and cash dividends distributed shall not be less than 50% of the total dividends distributed for the year.

In case there are no earnings for distribution in a certain year, or the earnings of a certain year are significantly less than the earnings actually distributed by the Company in the previous year, or considering the financial, business or operational factors of the Company, the Company may allocate a portion or all of its reserves for distribution in accordance with relevant laws or regulations or the orders of the authorities in charge.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

With respect to the book net amount of other deductions from equity for the period in which it arises, the Company shall allocate an equivalent amount of special reserve shall be allocated from the amount of the after-tax net profit for the period, plus items other than after-tax net profit for the period, that are included in the undistributed earnings of the period. If there remains any insufficiency, it shall be allocated from the undistributed earnings of the previous period.

With respect to the cumulative net amount of other deductions from equity in a preceding period, the Company shall allocate an amount of special reserve equal to the amount allocated to undistributed earnings for the preceding period.

The appropriation of earnings for 2022 and 2021 resolved in the shareholders' meetings on June 14, 2023 and June 10, 2022 was as follows:

	Appropriation of Earnings	
	2022	2021
Legal reserve	\$ 10,602	\$ -
Special reserve	\$ (109,951)	\$ 32,304
Cash dividends	\$ 40,800	\$ 31,960
Cash dividends per share (NT\$)	\$ 0.60	\$ 0.47

21. REVENUE

According to IFRS 15, the type of customer contract revenue is identified as "product sales revenue". The Company's core technology is to integrate rubber, plastic, optical and other components, which are widely used in industries and products such as mechanical integration components and automotive components.

For the Year Ended December 31	
2023	2022

Customer contracts revenue		
Product operating revenue	\$ 2,084,426	\$ 2,025,009

22. NON-OPERATING INCOME AND EXPENSES

a. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	\$ 21,605	\$ 21,209
Financial assets at amortized cost	<u>34,637</u>	<u>5,173</u>
	<u>\$ 56,242</u>	<u>\$ 26,382</u>

b. Other income

	For the Year Ended December 31	
	2023	2022
Rental income	\$ 6,557	\$ 6,572
Dividends	3,327	3,497
Gain recognized in bargain purchase transaction (Note 26)	2,027	-
Subsidy from government	-	350
Others	<u>21,017</u>	<u>9,871</u>
	<u>\$ 32,928</u>	<u>\$ 20,290</u>

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Gain on disposal of property, plant and equipment	\$ 90	\$ 52
Foreign currency exchange gain	17,127	11,875
Net loss on financial assets at FVTPL	(12,445)	(11,141)
Gain on lease modification	10	-
Others	<u>(3,209)</u>	<u>(10,296)</u>
	<u>\$ 1,573</u>	<u>\$ (9,510)</u>

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on lease liabilities	718	2,000
Interest on borrowings	<u>15</u>	<u>-</u>
	<u>\$ 733</u>	<u>\$ 2,000</u>

e. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2023	2022
Foreign exchange gain	\$ 53,494	\$ 70,881
Foreign exchange loss	<u>(36,367)</u>	<u>(59,006)</u>

Net foreign exchange gain	\$ 17,127	\$ 11,875
---------------------------	-----------	-----------

23. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense (benefit) listed as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 30,477	\$ 36,772
Surtax on unappropriated earnings	2,473	-
Adjustments for prior year	323	(2,560)
	<u>33,273</u>	<u>34,212</u>
Deferred tax		
In respect of the current year	17,264	213
Income tax expense recognized in profit or loss	<u>\$ 50,537</u>	<u>\$ 34,425</u>

A reconciliation of accounting profit and income tax expense listed as follows:

	For the Year Ended December 31	
	2023	2022
Profit before income tax	\$ 169,865	\$ 134,655
		(Continued)
	For the Year Ended December 31	
	2023	2022
Income tax expense calculated at the statutory rate	\$ 48,956	\$ 42,306
Nondeductible items in determining taxable income	1,359	1,856
Tax-exempt income	(819)	(42)
Surtax on unappropriated earnings	2,473	-
Unrecognized temporary differences	(1,755)	(7,135)
Adjustments for prior year	323	(2,560)
Income tax expense recognized in profit or loss	<u>\$ 50,537</u>	<u>\$ 34,425</u>

b. Deferred tax assets and liabilities

The movements of deferred tax assets and liabilities listed as follows:

For the year ended December 31, 2023

	Opening Balance	Recogniz ed in Profit (Loss)	Recogniz ed in Other Compre- hensive Income (Loss)	Exchang e Differenc es	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Unrealized loss on inventories	\$ 1,270	\$ 266	\$ -	\$ (26)	\$ 1,510

Unrealized exchange loss	72	275	-	-	347
Defined benefit obligation	9,205	488	94	(233)	9,554
Payables for annual leave	1,672	194	-	(3)	1,863
Loss carryforwards	21,803	(9,375)	-	-	12,428
Exchange differences on translation of the financial statements of foreign operations	31,415	-	7,915	- (605)	39,330
Others	<u>23,375</u>	<u>(9,208)</u>	<u>-</u>		<u>13,562</u>
	<u>\$88,812</u>	<u>\$ (17,360)</u>	<u>\$ 8,009</u>	<u>\$ (867)</u>	<u>\$78,594</u>

Deferred tax liabilities

Temporary differences					
Unrealized exchange gain	\$ 232	\$ (96)	\$ -	\$ -	\$ 136
Land value increment tax	9,477	-	-	-	9,477
Unappropriated earnings of subsidiaries	<u>26,454</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,454</u>
	<u>\$36,163</u>	<u>\$ (96)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$36,067</u>

For the year ended December 31, 2022

			Recogniz ed in Other Compre- hensive Income (Loss)	Exchang e Differenc es	
	Opening Balance	Recogniz ed in Profit (Loss)			Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Unrealized loss on inventories	\$ 860	\$ 388	\$ -	\$ 22	\$ 1,270
Unrealized exchange loss	74	(2)	-	-	72
Defined benefit obligation	10,165	303	(1,553)	290	9,205
Payables for annual leave	1,586	83	-	3	1,672
Loss carryforwards	29,302	(7,499)	-	-	21,803
Exchange differences on translation of the financial statements of foreign operations	59,634	-	(28,219)	-	31,415
Others	<u>15,710</u>	<u>6,722</u>	<u>-</u>	<u>943</u>	<u>23,375</u>
	<u>\$ 117,331</u>	<u>\$ (5)</u>	<u>\$ (29,772)</u>	<u>\$ 1,258</u>	<u>\$88,812</u>

(Continue
d)

			Recogniz ed in Other Compre- hensive Income (Loss)	Exchang e Differenc es	Closing Balance
	Opening Balance	Recogniz ed in Profit (Loss)			
<u>Deferred tax liabilities</u>					
Temporary differences					
Unrealized exchange gain	\$ 24	\$ 208	\$ -	\$ -	\$ 232
Land value increment tax	9,477	-	-	-	9,477
Unappropriated earnings of subsidiaries	<u>26,454</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,454</u>
	<u>\$35,955</u>	<u>\$ 208</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$36,163</u>

- c. Deductible temporary differences, unused loss carryforwards and unused investment credits for which no deferred tax assets have been recognized in the consolidated balance sheets.

	December 31	
	2023	2022
Loss carryforwards		
Expiry in 2026	\$ 141,783	\$ 144,721
Expiry in 2027	135,651	138,449
Expiry in 2028	320,399	235,100
Expiry in 2029	210,796	209,048
Expiry in 2030	400,618	406,569
Expiry in 2031	65,294	66,231
Expiry in 2032	25,798	26,960
Expiry in 2033	<u>63,231</u>	<u>-</u>
	<u>\$ 1,363,570</u>	<u>\$ 1,227,078</u>
Deductible temporary differences		
Impairment loss of property, plant and equipment	\$ 33,365	\$ 59,659
Others	<u>2,657</u>	<u>-</u>
	<u>\$ 36,022</u>	<u>\$ 59,659</u>

- d. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2023 comprised:

Unused Amount	Year of Expiry
\$ 141,783	2026
197,793	2027
320,399	2028
210,796	2029
400,618	2030
65,294	2031
25,798	2032
<u>63,231</u>	<u>2033</u>
<u>\$ 1,425,712</u>	

e. Income tax assessments

The income tax returns of the Company through 2021 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2023	2022
Basic earnings per share	\$ <u>1.75</u>	\$ <u>1.47</u>
Diluted earnings per share	\$ <u>1.75</u>	\$ <u>1.47</u>

The net profit and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

	For the Year Ended December 31	
	2023	2022
<u>Net profit for the year</u>	\$ <u>119,328</u>	\$ <u>100,230</u>

Number of shares

Unit: In Thousand Shares

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	68,000	68,000
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>122</u>	<u>111</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>68,122</u>	<u>68,111</u>

If the Company settles the bonuses or remuneration paid to employees in cash or shares, the Company assumed that the entire amount of the bonuses or remuneration will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. The dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. ADDITIONAL INFORMATION ON EXPENSES

a. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Recognized in operating costs	\$ 68,507	\$ 72,951
Recognized in operating expenses	<u>6,869</u>	<u>7,992</u>
	\$ <u>75,376</u>	\$ <u>80,943</u>
	For the Year Ended December 31	
	2023	2022

An analysis of amortization by function

Recognized in operating costs	\$ 294	\$ 107
Recognized in operating expenses	<u>4,207</u>	<u>4,013</u>

	<u>\$ 4,501</u>	<u>\$ 4,120</u>
--	-----------------	-----------------

b. Employee benefits expense

For the Year Ended December 31

	2023	2022
Post-employment benefits (Note 19)		
Defined contribution plans	\$ 29,775	\$ 27,473
Defined benefit plans	<u>2,607</u>	<u>2,725</u>
	32,382	30,198
Other employee benefits	<u>651,844</u>	<u>596,341</u>
	<u>\$ 684,226</u>	<u>\$ 626,539</u>
Employee benefits expense summarized by function		
Recognized in operating costs	\$ 538,273	\$ 483,584
Recognized in operating expenses	<u>145,953</u>	<u>142,955</u>
	<u>\$ 684,226</u>	<u>\$ 626,539</u>

In compliance with the Articles, the Company accrues the distribution of employees' compensation and remuneration of directors at rates of 2% to 10% and no higher than 3%, respectively, of net profit before income tax, employees' compensation and remuneration of directors. The appropriations of compensation of employees and remuneration of directors for 2023 and 2022, which were approved by the Company's board of directors on February 22, 2024 and February 23, 2023, respectively, are as follows:

Estimation ratio

For the Year Ended December 31

	2023	2022
Employees' compensation	3%	3%
Remuneration of directors	2%	2%

Amount

For the Year Ended December 31

	2023	2022
	Cash	Cash
Employees' compensation	<u>\$ 4,117</u>	<u>\$ 3,390</u>
Remuneration of directors	<u>\$ 2,744</u>	<u>\$ 2,260</u>

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate and adjusted in next year.

There was no difference between the actual amounts of the compensation of employees and the remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

Information on compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

26. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Iwatsu (Malaysia) Sdn. Bhd.	Manufacture of telecommunications and communications equipment	September 1, 2023	100	<u>\$ 96,010</u>

b. Assets acquired and liabilities assumed at the date of acquisition subsidiaries acquired

	Iwatsu (Malaysia) Sdn. Bhd.
Current assets	
Cash and cash equivalents	\$ 39,254
Trade receivables	38,897
Inventories	21,912
Other current assets	2,150
Non-current assets	
Property, plant and equipment	76,181
Others	1,879
Current liabilities	
Trade and other payables	(80,370)
Others	(504)
Non-current liabilities	
Others	<u>(1,362)</u>
	<u>\$ 98,037</u>

The initial accounting for the acquisition of Iwatsu (Malaysia) Sdn. Bhd. was only provisionally determined at the end of the period. The tax bases of Iwatsu (Malaysia) Sdn. Bhd.'s assets were required to be reset based on the market values of the assets. At the date of issuance of these consolidated financial statements, the necessary market valuations and other calculations have not been finalized, and they have, therefore, only been provisionally determined based on management's best estimate.

On acquisition date, the fair value of the receivables is equal to the book value from business combinations transaction of Iwatsu (Malaysia) Sdn. Bhd. The receivables are expected to be recoverable.

c. Net cash outflow on the acquisition of subsidiaries

	Iwatsu (Malaysia) Sdn. Bhd.
Consideration paid in cash	\$ 96,010

Less: Cash and cash equivalents acquired	<u>(39,254)</u>
	<u>\$ 56,756</u>

d. Gain recognized in bargain purchase transaction

	Iwatsu (Malaysia) Sdn. Bhd.
Consideration transferred	\$ 96,010
Less: Fair value of identifiable net assets acquired	<u>(98,037)</u>
Gain recognized in bargain purchase transaction	<u>\$ (2,027)</u>

e. Impact of acquisitions on the results of the Group

The financial results of the acquisition dates included in the consolidated statements of comprehensive income since the acquisition dates were as follows:

	Iwatsu (Malaysia) Sdn. Bhd.
Revenue	<u>\$ 57,010</u>
Loss	<u>\$ (6,235)</u>

Had Iwatsu (Malaysia) Sdn. Bhd. acquisition been in effect at the beginning of the financial year, the Group's revenue would have been \$2,292,418 thousand, and the profit would have been \$126,944 thousand for the the twelve months ended December 31, 2023. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the acquisition year, nor is it intended to be a projection of future results.

27. CAPITAL MANAGEMENT

The Group maintains its capital to support equipment upgrades. The Group's capital management is to ensure there are sufficient financial resources and operation plans, in order to meet the needs of working capital, capital expenditures, research and development fees, debt repayment and dividend distribution over the next 12 months.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The management considers that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values or their fair values cannot be measured reliably.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	\$ -	\$ 241	\$ -	\$ 241
Mutual funds	2,868	12,162	-	15,030
Limited partnership	<u>-</u>	<u>-</u>	<u>24,805</u>	<u>24,805</u>
	<u>\$ 2,868</u>	<u>\$ 12,403</u>	<u>\$ 24,805</u>	<u>\$ 40,076</u>
				(Continued)
	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
- domestic listed preferred shares	\$ 130,100	\$ -	\$ -	\$ 130,100
- domestic unlisted ordinary shares	<u>-</u>	<u>-</u>	<u>13,960</u>	<u>13,960</u>
	<u>\$ 130,100</u>	<u>\$ -</u>	<u>\$ 13,960</u>	<u>\$ 144,060</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	\$ -	\$ 2,583	\$ -	\$ 2,583
Mutual funds	<u>-</u>	<u>17,962</u>	<u>-</u>	<u>17,962</u>
	<u>\$ -</u>	<u>\$ 20,545</u>	<u>\$ -</u>	<u>\$ 20,545</u>
Financial assets at FVTOCI				
Investments in equity instruments				
- domestic listed preferred shares	\$ 35,264	\$ -	\$ -	\$ 35,264
- domestic unlisted ordinary shares	<u>-</u>	<u>-</u>	<u>9,800</u>	<u>9,800</u>
	<u>\$ 35,264</u>	<u>\$ -</u>	<u>\$ 9,800</u>	<u>\$ 45,064</u>
Financial liabilities at FVTPL				
Derivative instruments	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ 12</u>

There were no transfers between Levels transfers1 and 2 during the years ended December 31, 2023 and 2022.

2) Reconciliation of Level 3 fair value measurements of financial instruments:

For the year ended December 31, 2023

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
Balance at January 1	\$ -	\$ 9,800	\$ 9,800

Recognized in income (loss)	(195)	-	(195)
Recognized in other comprehensive income (loss)	-	(840)	(840)
Purchase	<u>25,000</u>	<u>5,000</u>	<u>30,000</u>
Balance at December 31	<u>\$ 24,805</u>	<u>\$ 13,960</u>	<u>\$ 38,765</u>

(Continued)

For the year ended December 31, 2022

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
Balance at January 1	\$ -	\$ 7,380	\$ 7,380
Recognized in other comprehensive income (loss)	<u>-</u>	<u>2,420</u>	<u>2,420</u>
Balance at December 31	<u>\$ -</u>	<u>\$ 9,800</u>	<u>\$ 9,800</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivative instruments - forward exchange contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Mutual funds	Using the median price of observable similar market transactions or the price of similar tools provided by the mutual fund management company.

4) Valuation techniques and inputs applied for the purpose of Level 3 fair value measurement

The fair values of unlisted equity securities and limited partnership - ROC were based on the fair value of net assets to determine the expected present value of the investment expectably.

c. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
Mandatorily classified as at FVTPL	\$ 40,076	\$ 20,545
Financial assets at amortized cost (1)	2,343,380	2,428,750
Financial assets at FVTOCI		
Equity instruments	144,060	45,064
<u>Financial liabilities</u>		
Amortized cost (2)	608,176	508,772

- 1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, investments in debt instruments, trade receivables, other receivables and guarantee deposits.
- 2) The balances include financial liabilities measured at amortized cost, which comprise short-term loan, trade payables, other payables and guarantee deposits.

d. Financial risk management objectives and policies

The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include currency risk, interest rate risk, credit risk and liquidity risk. In order to reduce financial risk, the Group is committed to identify, assess and avoid the uncertainty of the market and reduce the potential downside effects against the Group's financial performance due to market fluctuation.

The corporate treasury function is reviewed by the Company's board of directors and audit committee in accordance with related rules and internal control systems. The Group should implement the overall financial management objective as well as observe the levels of delegated authority and ensure that those with delegated authority carry out their duties.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk.

a) Foreign currency risk

The Group's primary operating activities and foreign operations were in foreign currencies, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing derivative financial instruments (including forward exchange contracts and currency swap contracts). The Group could reduce but would be unable to eliminate the effect caused by foreign currency risks under the use of derivative financial products.

The Group's derivative financial instruments did not qualify under hedged items due to the fact that such products were due within one year of the initial transaction.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period and carrying amount of derivatives with foreign currency risk exposure are set out in Note 31.

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in the NTD against each relevant currency. The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of reporting period, and the impact on pre-tax profit and the equity.

USD Impact (i)		EUR Impact (ii)	
For the Year Ended		For the Year Ended	
December 31		December 31	
2023	2022	2023	2022

Profit or loss	\$ 11,030	\$ 10,215	\$ 2,166	\$ 3,778
----------------	-----------	-----------	----------	----------

MYR Impact (iii)		RMB Impact (iv)	
For the Year Ended		For the Year Ended	
December 31		December 31	
2023	2022	2023	2022

Profit or loss	\$ 227	\$ -	\$ -	\$ 2,584
----------------	--------	------	------	----------

- i. This was mainly attributable to the exposure on outstanding receivables and financial assets instruments at FVTPL and payables in USD which were not in cash flow hedges at the end of the reporting period.
- ii. This was mainly attributable to the exposure on outstanding receivables and financial assets instruments at FVTPL and payables in EUR which were not in cash flow hedges at the end of the reporting period.
- iii. This was mainly attributable to the exposure on outstanding cash and cash equivalents and payables in MYR which were not in cash flow hedges at the end of the reporting period.
- iv. This was mainly attributable to the exposure on outstanding receivables and payables in RMB which were not in cash flow hedges at the end of the reporting period.

b) Interest rate risk

Interest rate risk refers to the risk of changes in the fair value of financial instruments and cash flow as a result of changes in the market rate.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period are as follows:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 1,619,148	\$ 1,732,116
Financial liabilities	43,328	-
Cash flow interest rate risk		
Financial assets	145,648	209,727

Sensitivity analysis

The sensitivity analyses were determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments held for a quarter at the end of the reporting period. If interest rates had been 10 basis points higher and all other variables were held constant, the Group's profit or loss would have been as follows:

	Market Rate Change Impact	
	2023	2022
Profit or loss	\$ 146	\$ 210

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a

financial loss to the Group. The Group is exposed to credit risk from trade receivables, deposits and other financial instruments. Business-related credit risk is managed separately from financial-related credit risk.

a) Business-related credit risk

To maintain the quality of receivables, the Group has established operating procedures to manage credit risk.

For individual customers, risk factors considered include the customer's financial position, credit agency rating, the Group's internal credit rating, and transaction history as well as current economic conditions that may affect the customer's ability to pay. The Group also has the right to use some credit protection enhancement tools, such as requiring advance payments, to reduce the credit risks involving certain customers.

The Group's concentration of credit risk of 83% and 87% of total trade receivables as of December 31, 2023 and 2022, respectively, was related to the Group's top ten customers. The credit concentration risk of the remaining accounts receivable is relatively insignificant.

b) Financial-related credit risk

Credit risk from bank deposits and other financial instruments are measured and monitored by the Group's finance department. However, since the Group's counterparties are all reputable financial institutions and government agencies, there are no significant financial-related credit risks.

3) Liquidity risk

The objective of liquidity risk management, is to maintain sufficient operating cash and cash equivalents in order to ensure that the Group has financial flexibility.

Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturities dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2023

	On Demand or Less than 1 Year	1-3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 563,653	\$ 426	\$ -	\$ 769	\$ 564,848
Fixed interest rate instruments	43,328	-	\$ -	-	43,328
Lease liabilities	<u>255</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>255</u>
	<u>\$ 607,236</u>	<u>\$ 426</u>	<u>\$ -</u>	<u>\$ 769</u>	<u>\$ 608,431</u>

December 31, 2022

	On Demand or Less than 1 Year	1-3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 507,587	\$ 435	\$ -	\$ 750	\$ 508,772
Lease liabilities	<u>27,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,666</u>
	<u>\$ 535,253</u>	<u>\$ 435</u>	<u>\$ -</u>	<u>\$ 750</u>	<u>\$ 536,438</u>

29. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, had been eliminated on consolidation and are not disclosed in this note. The details of transactions between the Group and other related parties are disclosed below.

a. Related parties and their relationships

<u>Related Party</u>	<u>Relationship with the Group</u>
Walsin Technology Corporation	The Company's major institutional shareholder
INFO-TEK Corporation	Other related party
VVG INC.	Other related party
Lite-On Technology Corporation	The Company's major institutional shareholder
PSA Charitable Foundation	Other related party

b. Sales of goods

Item	Related Party Category	<u>For the Year Ended December 31</u>	
		<u>2023</u>	<u>2022</u>
Sales of goods	The Company's major institutional shareholder	\$ 1,710	\$ 1,810
	Other related parties	<u>-</u>	<u>113</u>
		<u>\$ 1,710</u>	<u>\$ 1,923</u>

The sale of goods to related parties were made at the Company's usual conditions which had no significant difference with other non-related parties.

c. Purchases

Related Party Category	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Other related party	<u>\$ 55,862</u>	<u>\$ 67,104</u>

The purchases from related parties were made at the Company's usual conditions which had no significant difference with other non-related parties.

d. Other income and operating expenses

Item	Related Party Category	For the Year Ended December 31	
		2023	2022
Operating expenses	Other related parties (Note)	\$ 3,504	\$ 1,361
	The Company's major institutional shareholder	<u>2,851</u>	<u>2,669</u>
		<u>\$ 6,355</u>	<u>\$ 4,030</u>
Other income	Other related party	<u>\$ -</u>	<u>\$ 229</u>
Other income (Recognized as cost deductions)	Other related party	<u>\$ 1,522</u>	<u>\$ 1,994</u>

Note: For charity and community participation, the Company's board of directors held on February 23, 2023 resolved to donate the PSA Charitable Foundation with a limit amount of NT\$1 million for 2023. It is for the foundation to handle various charitable public welfare activities. The actual donation amount of NT\$1 million has been paid in 2023.

e. Receivables from related parties (excluding loans to related parties)

Item	Related Party Category	December 31	
		2023	2022
Trade receivables	The Company's major institutional shareholder	\$ 491	\$ 1,231
	Other related party	<u>-</u>	<u>118</u>
		<u>\$ 491</u>	<u>\$ 1,349</u>
Other receivables	Other related party- INFO-TEK Corporation	\$ 3,531	\$ 10,595
	The Company's major institutional shareholder	<u>-</u>	<u>759</u>
		<u>\$ 3,531</u>	<u>\$ 11,354</u>

The outstanding trade receivables from related parties are unsecured.

f. Payables to related parties (excluding borrowings from related parties)

Item	Related Party Category	December 31	
		2023	2022
Trade payables	Other related parties	<u>\$ 13,469</u>	<u>\$ 24,856</u>
Other payables	Other related parties	\$ 406	\$ 2,418
	The Company's major institutional shareholder	<u>129</u>	<u>129</u>
		<u>\$ 535</u>	<u>\$ 2,547</u>

The outstanding trade payables to related parties are unsecured.

g. Prepayments

December 31

Item	Related Party Category	2023	2022
Other current assets	Other related party	\$ 1,466	\$ -

h. Compensation of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 8,426	\$ 8,483
Termination benefits	108	108
	<u>\$ 8,534</u>	<u>\$ 8,591</u>

The remuneration of directors and key executives was determined by the remuneration committee with regard to the performance of individuals and market trends.

30. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

For charity and community participation, the Company's board of directors on February 22, 2024, which resolved to donate the PSA Charitable Foundation with a limit amount of NT\$7 hundred thousand. It is for the foundation to handle various charitable public welfare activities.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies are as follows:

December 31, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,217	30.6550 (USD:NTD)	\$ 37,292
USD	3,169	7.0857 (USD:RMB)	97,159
USD	6,144	4.5720 (USD:MYR)	188,332
EUR	1,078	33.9014 (EUR:NTD)	36,535
EUR	492	5.0562 (EUR:MYR)	16,682
MYR	2,205	0.2187 (MYR:USD)	14,786
JPY	200,000	0.0071 (JPY:USD)	43,328

Non-monetary items

Derivative instruments

USD	298	4.5720 (USD:MYR)	241
-----	-----	------------------	-----

Financial liabilities

Monetary items			
USD	429	30.6550 (USD:NTD)	13,136
USD	419	7.0857 (USD:RMB)	12,846
USD	2,187	4.5720 (USD:MYR)	67,051
EUR	203	33.9014 (EUR:NTD)	6,871
EUR	89	5.0562 (EUR:MYR)	3,030
MYR	1,528	0.2187 (MYR:USD)	10,245
JPY	200,000	0.0071 (JPY:USD)	43,328

(Continued)

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 2,821	30.6600 (USD:NTD)	\$ 86,504
USD	3,934	6.9439 (USD:RMB)	120,613
USD	5,838	4.3890 (USD:MYR)	179,004
EUR	2,330	32.6130 (EUR:NTD)	75,989
EUR	359	4.6686 (EUR:MYR)	11,708
RMB	11,707	0.1440 (RMB:USD)	51,690
Non-monetary items			
Derivative instruments			
USD	2,540	4.3890 (USD:MYR)	2,583

Financial liabilities

Monetary items			
USD	776	30.6600 (USD:NTD)	23,806
USD	727	6.9439 (USD:RMB)	22,296
USD	1,886	4.3890 (USD:MYR)	57,837
EUR	169	32.6130 (EUR:NTD)	5,509
EUR	83	4.6686 (EUR:MYR)	2,720
Non-monetary items			
Derivative instruments			
EUR	120	4.6686 (EUR:MYR)	12

(Concluded)

The Group is mainly exposed to the USD, EUR, MYR and RMB. The following information was aggregated by the functional currencies of the Group, and the exchange rates between the respective functional currencies and the presentation currency are disclosed. The significant realized and unrealized foreign exchange gains (losses) are as follows:

For the Year Ended December 31				
Functional Currency	2023		2022	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1 (NTD:NTD)	\$ 6,047	1 (NTD:NTD)	\$ 9,206
USD	31.0901 (USD:NTD)	(632)	29.6157 (USD:NTD)	(13,647)
RMB	4.4334 (RMB:NTD)	2,868	4.4601 (RMB:NTD)	12,402
MYR	6.8647 (MYR:NTD)	<u>8,844</u>	6.7672 (MYR:NTD)	<u>3,914</u>
		<u>\$ 17,127</u>		<u>\$ 11,875</u>

32. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided: None.
- 2) Endorsements/guarantees provided: None.
- 3) Marketable securities held (excluding investment in subsidiaries, associates and jointly controlled entities): See Table 1 attached.
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: See Table 2 attached.
- 5) Acquisitions of individual real estate properties at costs of at least NT \$300 million or 20% of the paid-in capital: None.
- 6) Disposals of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- 9) Trading in derivative instruments: See Note 7.
- 10) Intercompany relationships and significant intercompany transactions: See Table 3 attached.

b. Information on investees: See Table 4 attached.

c. Information on investments in mainland China:

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. See Table 5 attached.
- 2) Any of the following significant transactions with investee companies in mainland China, either

directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: See Table 6 attached.

- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- d. Information on major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: See Table 7 attached.

33. SEGMENT INFORMATION

The Group is organized and managed as a single reportable business segment. The Group's main operations are the manufacture and sale of rubber products, and is considered a single segment. The basis of information reported to the chief operating decision maker is the same as the consolidated financial statements. Because the basis of segment information reported to the chief operating decision maker is the same as the consolidated financial statements, the segment revenue and results for the years ended December 31, 2023 and 2022 can be referred to in the consolidated statements of comprehensive income and the segment assets and liabilities as of December 31, 2023 and 2022 can be referred to in the consolidated balance sheets.

a. Geographical information

The Group operates in three principal geographical areas - China, Malaysia and Taiwan.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2023	2022	2023	2022
Taiwan	\$ 537,537	\$ 543,252	\$ 58,350	\$ 63,906
United States	495,712	446,764	-	-
Malaysia	443,927	377,166	369,101	277,592
Finland	153,479	208,558	-	-
Portugal	140,631	123,353	-	-
China	66,554	166,020	17,058	45,513
Others	246,586	159,896	-	-
	<u>\$ 2,084,426</u>	<u>\$ 2,025,009</u>	<u>\$ 444,509</u>	<u>\$ 387,011</u>

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets and other

non-current assets.

b. Information about major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
Customer A	\$ 495,479	\$ 444,636
Customer B	409,056	426,119
Customer C	374,625	323,471
Customer D	Note	208,558

Note: The revenue amount does not achieve 10% to the Group's revenue.

TABLE 1

SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Held Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units (In Thousands)	Carrying Value (Foreign Currencies in Thousands)	Percentage of Ownership (%)	Fair Value (Foreign Currencies in Thousands)	
Silitech Technology Corporation	<u>Ordinary shares</u>							
	Chi Mei Mold Co., Ltd.	-	Financial assets at FVTOCI- non-current	1,300	\$ 9,065	3.71	\$ 9,065	
	RTR-TECH Technology Co., Ltd.	-	"	6,820	-	9.46	-	
	Walsin New Energy Corporation	Supervisor	"	500	4,895	10.00	4,895	
	Fubon Financial Holding Co., Ltd. Preferred Shares C	-	"	640	35,200	0.04	35,200	
	Hotai Finance Co., Ltd. Preferred Shares B	-	"	1,000	94,900	1.00	94,900	
	<u>Limited Partnership</u>							
	NEXUS CVC Partners Fund LP.	-	Financial assets at FVTPL- non-current	-	24,805		24,805	
	<u>Corporate bond</u>							
	BMW US CAPITAL LLC		Financial assets at amortized cost- non-current	-	18,008		-	
Silitech (Bermuda) Holding Ltd.	<u>Fund</u>							
	Innovation Works Development Fund, L.P.	-	Financial assets at FVTPL- non-current	-	US\$ 397		US\$ 397	
	MS USD LIQUID QUALIF ACC FUND LVNAV (LUX LISTING)	-	Financial assets at FVTPL- current	-	US\$ 45		US\$ 45	
	BLACKROCK ICS US DOLLAR LIQUIDITY FUND (IRE LISTING)	-	"	-	US\$ 49		US\$ 49	
	<u>Corporate bond</u>							
	Formosa Group Cayman Ltd	-	Financial assets at amortized cost- non-current	-	US\$ 1,345		-	
	TSMC Global Ltd	-	"	-	US\$ 1,509		-	
	HSBC Holdings Plc	-	"	-	US\$ 1,714		-	
	TSMC Global Ltd	-	"	-	US\$ 1,002		-	
	United Overseas Bank Ltd	-	"	-	US\$ 903		-	
	Saudi Arabian Oil Co	-	"	-	US\$ 1,008		-	
	Citigroup Inc	-	"	-	US\$ 1,051		-	
	HSBC Holdings Plc	-	"	-	US\$ 1,060		-	
	British Telecommunications	-	"	-	US\$ 1,492		-	
	Prudential Funding Asia Plc	-	"	-	US\$ 2,269		-	
	BPCE SA	-	"	-	US\$ 2,341		-	
	National Australia Bank Ltd/New York	-	"	-	US\$ 2,510		-	
	Dell International LLC/Emc Corp	-	"	-	US\$ 1,526		-	
	Verizon Communications Inc	-	"	-	US\$ 1,346		-	
	Standard Chartered Bank	-	"	-	US\$ 2,791		-	

(Continued)

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Held Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units (In Thousands)	Carrying Value (Foreign Currencies in Thousands)	Percentage of Ownership (%)	Fair Value (Foreign Currencies in Thousands)	
Silitech (Bermuda) Holding Ltd.	Sumitomo Mitsui Trust Bank Ltd	-	Financial assets at amortized cost- non-current	-	US\$ 1,821		\$ -	
	Saudi Arabian Oil Co	-	"	-	US\$ 1,720		-	
	Nestle Holdings Inc	-	"	-	US\$ 2,092		-	
	Temasek Financial (I) Ltd	-	"	-	US\$ 1,496		-	
	International Business Machines	-	"	-	US\$ 648		-	
	Metropolitan Life Global Funding	-	"	-	US\$ 1,480		-	

(Concluded)

TABLE 2

SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

**ACQUISITION OF INDIVIDUAL REAL ESTATE PROPERTIES AT COST OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Type and Name of Marketable Securities (Note 1)	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain/(Loss) on Disposal	Number of Shares	Amount (Note 2)
Silitech Technology Corporation	Silitech Technology Corporation Sdn. Bhd.	Investments accounted for using the equity method	Silitech (Bermuda) Holding Ltd.	Sub-subsidiary	-	\$ -	21,400,000	\$ 694,259	-	\$ -	\$ -	\$ -	21,400,000	\$ 694,259

Note 1: The marketable securities listed in the table above refer to marketable securities derived from stocks, bonds, beneficiary certificates and securities derived from the above listed items.

Note 2: The amount stated was the original acquisition cost, excluding the amount of investment profit and loss.

SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transaction			
				Financial Statement Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets (%) (Note 3)
0	Silitech Technology Corporation	Silitech Technology Corporation Sdn. Bhd.	a.	Management service revenue	\$ 40,587	Determined by contract	2
1	Silitech Technology Corporation Limited	Silitech Technology Corporation	b.	Sales	41,646	No significant difference	2
2	Xurong Electronic (Shenzhen) Co., Ltd.	Silitech Technology Corporation Limited	c.	Sales	41,646	No significant difference	2

Note 1: The Parent Company and its subsidiaries are coded as follows:

- a. The Parent Company is coded “0”.
- b. The subsidiaries are coded consecutively beginning from “1” in the order presented in the table above.

Note 2: Nature of relationships are coded as follows:

- a. From the Parent Company to its subsidiary.
- b. From a subsidiary to its Parent Company.
- c. Between subsidiaries.

Note 3: The percentage calculation is based on the consolidated total operating revenue or total assets. For balance sheet items, each item’s end-of-period balance is shown as a percentage to the consolidated total assets as of December 31, 2023. For profit or loss items, cumulative amounts are shown as percentages to consolidated total operating revenue for the year ended December 31, 2023.

Note 4: The table above only discloses related-party transactions which are material.

TABLE 4

SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

**NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Losses) of the Investee	Share of Profits/(Losses) of Investee	Note
				December 31, 2023	December 31, 2022	Number of Shares	Percentage of Ownership (%)	Carrying Value			
Silitech Technology Corporation	Silitech (BVI) Holding Ltd.	British Virgin Islands	Investment activities	US\$ 29,028	US\$ 52,182	29,028,390	100	\$ 1,291,690	US\$ 749	\$ 28,529	Subsidiary (Note 1)
	Silitech Technology Corporation Sdn. Bhd.	Malaysia	Manufacture of computer peripheral products	US\$ 23,154	US\$ -	21,400,000	100	784,418	MYR 16,620	102,398	Subsidiary (Note 1)
	Iwatsu (Malaysia) Sdn. Bhd.	Malaysia	Manufacture of telecommunications and communications equipment	US\$ 3,018	US\$ -	40,000,000	100	88,330	(US\$ 503)	(6,235)	Subsidiary (Note 1)
Silitech (BVI) Holding Ltd.	Silitech (Bermuda) Holding Ltd.	Bermuda	Investment activities	US\$ 28,978	US\$ 52,132	28,978,390	100	US\$ 41,535	US\$ 727	N/A	Sub-subsubsidiary (Note 1)
Silitech (Bermuda) Holding Ltd.	Silitech Technology Corporation Limited	Hong Kong	Manufacture of plastic and computer peripheral products	US\$ 8,000	US\$ 8,000	62,400,000	100	US\$ 6,778	(RMB 3,319)	N/A	Third-tier subsidiary (Note 1)
	Silitech Technology Corporation Sdn. Bhd.	Malaysia	Manufacture of computer peripheral products	US\$ -	US\$ 5,632	-	-	US\$ -	MYR 16,620	N/A	Third-tier subsidiary (Note 1)

Note 1: All amounts have been eliminated upon consolidation.

Note 2: Refer to Table 5 for information on investments in mainland China.

TABLE 5

SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investments from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investments from Taiwan as of December 31, 2023	Net Income (Losses) of the Investee Company	Percentage of Ownership (%)	Share of Profits/(Losses) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023	Note
					Outflow	Inflow							
Xurong Electronic (Shenzhen) Co., Ltd.	Manufacture of touch panels and plastic and rubber assemblies	\$ 85,834 (US\$ 2,800)	Note 1	\$ 203,354	\$ -	\$ -	\$ 203,354	\$ (16,144) (RMB -3,641)	100	\$ (16,144) (RMB -3,641)	\$ 139,215 (RMB 32,185)	\$ 4,139,980 (US\$ 122,919) (RMB 71,822)	Note 6
Silitech Technology (Suzhou) Co., Ltd.	Manufacture and sale of automotive parts	-	Note 1	1,072,925 (US\$ 35,000)	-	-	1,072,925 (US\$ 35,000)	-	-	-	-	1,225,698 (US\$ 8,796) (RMB 214,783)	

Accumulated Investments in Mainland China as of December 31,2023	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on Investment
\$ 1,368,244 (Note 4) (US\$ 38,000) (NT\$ 203,354)	\$ 1,518,607 (Note 4) (US\$ 42,905) (NT\$ 203,354)	\$6,935,867 (Note 3)

- Note 1: Indirect investment in mainland China through holding companies located in a third country.
- Note 2: All the financial statements used as basis for calculating the investment amounts were all audited by the independent auditors.
- Note 3: The Company’s upper limit on investments in China (calculated based on the higher of 60% of Silitech Technology Corporation’s net worth or consolidated net worth of \$80 million, plus accumulated inward remittance of share capital or earnings from subsidiaries in mainland China): \$2,616,981 (net worth) × 60% + \$5,365,678 = \$6,935,867 ◦
- Note 4: Investment amounts approved by the Ministry of Economic Affairs, R.O.C. are as follows:

Name of Investee	Order No.	Approved Amount
Xurong Electronic (Shenzhen) Co., Ltd.	091030841	NT\$ 203,354
Silitech Electronic (Changshu) Ltd. (liquidated in October 2010)	093032599	US\$ 3,000
Silitech Technology (Suzhou) Co., Ltd. (liquidated in January 2020) (Note 6)	10930007090	US\$ (43,000)
Silitech Technology (Suzhou) Co., Ltd. (liquidated in January 2020) (Note 6)	09600170390	US\$ 20,000
Silitech Technology (Suzhou) Co., Ltd. (liquidated in January 2020) (Note 6)	09600164790	US\$ 2,000
Silitech Technology (Suzhou) Co., Ltd. (liquidated in January 2020) (Note 6)	09500326290	US\$ 11,000
Silitech Technology (Suzhou) Co., Ltd. (liquidated in January 2020) (Note 6)	09700434630	US\$ 45,000
Silitech Plating (Shenzhen) Co., Ltd. (liquidated in September 2012)	09500004400	US\$ 605
Suzhou Xulong Mold Producing Co., Ltd. (liquidated in May 2018)(Notes 5 and 7)	09700063560	US\$ 1,200
Suzhou Xulong Mold Producing Co., Ltd. (liquidated in May 2018)(Notes 5 and 7)	10000321080	US\$ 1,500
Silitech Surface Treatment (Shenzhen) Co., Ltd. (liquidated in December 2012)	09900449200	US\$ 1,600

- Note 5: Including accumulated investments of US\$2,700 thousand which are not from Taiwan (R.O.C).
- Note 6: Silitech Technology (Suzhou) Co., Ltd. was dissolved after liquidation in January 2020. The share capital of RMB21,720 thousand was remitted to Silitech (Bermuda) Holding Ltd.
- Note 7: Suzhou Xulong Mold Producing Co., Ltd. was dissolved after liquidation in May 2018. The share capital of US\$58 thousand was remitted to Silitech Technology Corporation Limited and was approved on June 25, 2018 by Order No. 10730038150.
- Note 8: All intercompany investments have been eliminated upon consolidation.

TABLE 6

SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized
		Amount	Percentage (%)		Payment Terms	Comparison with Normal Transactions	Ending Balance	Percentage (%)	
Xurong Electronic (Shenzhen) Co., Ltd.	Purchase	\$ 41,646	8	No significant difference	90 days	90-120 days	\$ (9,699)	8	\$ 50

Note: All intercompany transactions have been eliminated upon consolidation.

TABLE 7**SILITECH TECHNOLOGY CORPORATION****INFORMATION ON MAJOR SHAREHOLDERS****DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Walsin Technology Corporation	17,000,000	25.00
Lite-On Technology Corporation	11,707,548	17.21

Note: The information on the major shareholder listed in the table above is based on the total number of ordinary and preference shares (including treasury shares) owned by the shareholder at a minimum shareholding percentage of 5%, and which have been delivered as non-physical securities to the Taiwan Depository & Clearing Corporation on the last business day at the end of the quarter. The actual number of shares delivered as non-physical securities and the number of shares recorded in the Company's consolidated financial statements may be different due to differences in the basis of preparation and calculation.

6.5 Financial Statements for the Most Recent Years

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Silitech Technology Corporation

Opinion

We have audited the accompanying financial statements of Silitech Technology Corporation (the “Company”), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, based on our audits and the report of other auditors (refer to the Other Matter paragraph), 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards accepted in 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. Based on our audits and the report of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the 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 identified in the audit of the Company's financial statements for the year ended December 31, 2023 are described as follows:

Occurrence of revenue from specific customers

The major operating revenue of the Company is mechanical components. In 2023, the operating revenue has declined compared with 2022 due to the weak demand for consumer electronics, of which the operating revenue from specific customers is significant and growth rate reaches certain standards, the auditors assessed that the revenue generated by this specific customers is an item of concern to users of financial statements. Therefore, we considered the occurrence of revenue from specific customers as a key audit matter.

The main audit procedures performed in respect of the occurrence of revenue from specific customers included the following:

1. We understood and tested the design and operating effectiveness of the internal controls relevant to revenue recognition.
2. We obtained the occurrence of recorded revenue from specific customers, determined the appropriate sampling method and sample quantity, and checked documents including customer orders, deliver orders and invoices. We assessed the amount is correct and has been eligible for revenue recognition.
3. We checked, on a sampling basis, the collection reversal records and collection vouchers, and assessed whether the amount is correct and the payer is the same as the buyer, to corroborate the authenticity of sale.
4. We calculated and analyzed whether the account receivable turnover days of specific customers are reasonable, and compared the general credit conditions to see if there is any significant abnormality.

For the accounting policy on revenue recognition refer to Note 4 to the financial statements.

Other Matter

As described in Note 12 to the accompanying financial statements, we did not audit the financial statements of some investees accounted for using the equity method. The financial statements of the aforementioned investees accounted for using the equity method were audited by other auditors; our opinion, insofar as it relates to the related amounts included herein, is based solely on the report of other auditors. The amount of total investments in these investees accounted for using the equity method was NT\$88,330 thousand, representing 3.05% of the Company's total assets as of December 31, 2023, and the share of income/(loss) of subsidiaries accounted for using the equity method for the years ended December 31, 2023 was NT\$(9,707) thousand, representing (11.93%) of the comprehensive income.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the auditing standards accepted in 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 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 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 financial statements, including the disclosures, and whether the 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 entities or business activities within the Company to express an opinion on the 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 financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Yen-Chun Chen and Meng-Chieh Chiu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 22, 2024

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

SILITECH TECHNOLOGY CORPORATION

BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 11,466	-	\$ 440,163	15
Financial assets at amortized cost - current (Notes 4 and 9)	100,000	4	-	-
Trade receivables, net (Notes 4 and 10)	151,366	5	134,206	5
Trade receivables from related parties, net (Notes 4, 10 and 26)	10,975	-	13,329	1
Other receivables (Note 4)	6,189	-	9,335	-
Other receivables from related parties (Notes 4 and 26)	3,917	-	12,645	-
Current tax assets (Note 4)	212	-	4	-
Inventories (Notes 4 and 11)	129,783	5	87,930	3
Other current assets (Note 26)	<u>13,290</u>	<u>1</u>	<u>20,042</u>	<u>1</u>
Total current assets	<u>427,198</u>	<u>15</u>	<u>717,654</u>	<u>25</u>
NON-CURRENT ASSETS				
Financial assets at FVTPL - non-current (Notes 4 and 7)	24,805	1	-	-
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4 and 8)	144,060	5	45,064	2
Financial assets at amortized cost - non-current (Notes 4 and 9)	18,008	-	-	-
Investments accounted for using the equity method (Notes 4 and 12)	2,164,438	75	1,981,420	69
Property, plant and equipment (Notes 4 and 13)	54,533	2	57,772	2
Other Intangible assets (Note 4)	3,267	-	4,699	-
Deferred tax assets (Notes 4 and 20)	59,145	2	59,877	2
Refundable deposits (Note 4)	175	-	175	-
Other non-current assets	<u>375</u>	<u>-</u>	<u>1,260</u>	<u>-</u>
Total non-current assets	<u>2,468,806</u>	<u>85</u>	<u>2,150,267</u>	<u>75</u>
TOTAL	<u>\$ 2,896,004</u>	<u>100</u>	<u>\$ 2,867,921</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade payables (Note 4)	\$ 106,642	4	\$ 84,027	3
Trade payables to related parties (Notes 4 and 26)	20,343	1	47,120	2
Other payables (Notes 4 and 15)	96,890	3	100,909	4
Other payables to related parties (Notes 4 and 26)	1,274	-	2,547	-
Current tax liabilities (Notes 4 and 20)	2,473	-	-	-
Provisions- current (Note 4)	2,970	-	2,757	-
Other current liabilities	<u>4,463</u>	<u>-</u>	<u>9,124</u>	<u>-</u>
Total current liabilities	<u>235,055</u>	<u>8</u>	<u>246,484</u>	<u>9</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 20)	36,067	1	36,163	1
Net defined benefit liabilities - non-current (Notes 4 and 16)	<u>7,901</u>	<u>1</u>	<u>8,855</u>	<u>-</u>
Total non-current liabilities	<u>43,968</u>	<u>2</u>	<u>45,018</u>	<u>1</u>
Total liabilities	<u>279,023</u>	<u>10</u>	<u>291,502</u>	<u>10</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 17)				
Share capital				
Ordinary shares	<u>680,000</u>	<u>23</u>	<u>680,000</u>	<u>24</u>
Capital surplus	<u>630,074</u>	<u>22</u>	<u>630,074</u>	<u>22</u>
Retained earnings				
Legal reserve	1,120,368	39	1,109,766	38
Special reserve	206,863	7	316,814	11
Unappropriated earnings	<u>285,807</u>	<u>10</u>	<u>108,230</u>	<u>4</u>
Total retained earnings	<u>1,613,038</u>	<u>56</u>	<u>1,534,810</u>	<u>53</u>
Other equity	<u>(306,131)</u>	<u>(11)</u>	<u>(268,465)</u>	<u>(9)</u>
Total equity	<u>2,616,981</u>	<u>90</u>	<u>2,576,419</u>	<u>90</u>
TOTAL	<u>\$ 2,896,004</u>	<u>100</u>	<u>\$ 2,867,921</u>	<u>100</u>

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche auditors' report date February 22, 2024)

SILITECH TECHNOLOGY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 18 and 26)	\$ 799,428	100	\$ 918,065	100
COST OF GOODS SOLD (Notes 11, 22 and 26)	<u>(676,311)</u>	<u>(85)</u>	<u>(764,974)</u>	<u>(83)</u>
GROSS PROFIT	123,117	15	153,091	17
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES (Note 4)	(248)	-	(397)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES (Note 4)	<u>397</u>	<u>-</u>	<u>94</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>123,266</u>	<u>15</u>	<u>152,788</u>	<u>17</u>
OPERATING EXPENSES (Notes 22 and 26)				
Selling and marketing expenses	(23,366)	(3)	(23,638)	(3)
General and administrative expenses	(95,246)	(12)	(91,310)	(10)
Research and development expenses	(16,988)	(2)	(22,825)	(2)
Expected credit loss	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>(135,601)</u>	<u>(17)</u>	<u>(137,773)</u>	<u>(15)</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(12,335)</u>	<u>(2)</u>	<u>15,015</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES (Notes 19 and 26)				
Interest income	5,101	1	2,286	-
Other income	7,340	1	6,560	1
Other gains and losses	5,757	1	9,258	1
Finance costs	(15)	-	-	-
Expected credit losses	(183)	-	-	-
Share of profit or loss of subsidiaries and associates	<u>124,692</u>	<u>15</u>	<u>74,230</u>	<u>8</u>
Total non-operating income and expenses	<u>142,692</u>	<u>18</u>	<u>92,334</u>	<u>10</u>
PROFIT BEFORE INCOME TAX	130,357	16	107,349	12
INCOME TAX EXPENSE (Notes 4 and 20)	<u>(11,029)</u>	<u>(1)</u>	<u>(7,119)</u>	<u>(1)</u>
NET PROFIT FOR THE YEAR	<u>119,328</u>	<u>15</u>	<u>100,230</u>	<u>11</u>

(Continued)

SILITECH TECHNOLOGY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 16)	\$ (22)	-	\$ 5,213	1
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(6,004)	(1)	(716)	-
Share of the other comprehensive income of subsidiaries and associates accounted for using the equity method	(283)	-	1,619	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 20)	<u>5</u>	<u>-</u>	<u>(1,043)</u>	<u>-</u>
	<u>(6,304)</u>	<u>(1)</u>	<u>5,073</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(39,577)	(5)	141,097	15
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 20)	<u>7,915</u>	<u>1</u>	<u>(28,219)</u>	<u>(3)</u>
	<u>(31,662)</u>	<u>(4)</u>	<u>112,878</u>	<u>12</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(37,966)</u>	<u>(5)</u>	<u>117,951</u>	<u>13</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 81,362</u>	<u>10</u>	<u>\$ 218,181</u>	<u>24</u>
EARNINGS PER SHARE (IN NTD; Note 21)				
Basic	<u>\$ 1.75</u>		<u>\$ 1.47</u>	
Diluted	<u>\$ 1.75</u>		<u>\$ 1.47</u>	

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche auditors' report date February 22, 2024)

(Concluded)

SILITECH TECHNOLOGY CORPORATION

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	Share Capital		Capital Surplus	Retained Earnings			Other Equity		Total Equity
	Ordinary Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Loss on Financial Assets at FVTOCI	
BALANCE AT JANUARY 1, 2022	68,000	\$ 680,000	\$ 630,074	\$ 1,109,766	\$ 284,510	\$ 66,475	\$ (238,542)	\$ (142,085)	\$ 2,390,198
Appropriation of the 2021 earnings									
Special reserve	-	-	-	-	32,304	(32,304)	-	-	-
Cash dividends	-	-	-	-	-	(31,960)	-	-	(31,960)
Net profit for the year ended December 31, 2022	-	-	-	-	-	100,230	-	-	100,230
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	5,789	112,878	(716)	117,951
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	106,019	112,878	(716)	218,181
BALANCE AT DECEMBER 31, 2022	68,000	680,000	630,074	1,109,766	316,814	108,230	(125,664)	(142,801)	2,576,419
Appropriation of the 2022 earnings									
Legal reserve	-	-	-	10,602	-	(10,602)	-	-	-
Special reserve reversed	-	-	-	-	(109,951)	109,951	-	-	-
Cash dividends	-	-	-	-	-	(40,800)	-	-	(40,800)
Net profit for the year ended December 31, 2023	-	-	-	-	-	119,328	-	-	119,328
Other comprehensive loss for the year ended December 31, 2023, net of income tax	-	-	-	-	-	(300)	(31,662)	(6,004)	(37,966)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	119,028	(31,662)	(6,004)	81,362
BALANCE AT DECEMBER 31, 2023	68,000	\$ 680,000	\$ 630,074	\$ 1,120,368	\$ 206,863	\$ 285,807	\$ (157,326)	\$ (148,805)	\$ 2,616,981

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche auditors' report dated February 22, 2024)

SILITECH TECHNOLOGY CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 130,357	\$ 107,349
Adjustments for:		
Depreciation expense	15,435	16,783
Amortization expense	3,124	2,824
Expected credit loss on trade receivables	184	-
Net loss on fair value change of financial assets at FVTPL	290	-
Finance costs	15	-
Interest income	(5,101)	(2,286)
Dividend income	(1,152)	(211)
Share of profit of subsidiaries and associates	(124,692)	(74,230)
Net gain on disposal of property, plant and equipment	-	(52)
Write-downs of inventories	959	550
Unrealized (loss) gain on the transactions with subsidiaries	(149)	303
Gain recognized in bargain purchase transaction	(2,027)	-
Changes in operating assets and liabilities		
Financial assets as at FVTPL	(95)	-
Notes receivable	-	738
Trade receivables	(17,161)	5,535
Trade receivables from related parties	2,354	2,807
Other receivables	4,297	(5,286)
Other receivables from related parties	8,728	(7,407)
Inventories	(42,812)	4,675
Other current assets	6,752	(1,456)
Trade payables	22,615	(20,022)
Trade payables to related parties	(26,777)	16,756
Other payables	(7,028)	20,603
Other payables to related parties	(1,273)	151
Provisions	213	1,547
Other current liabilities	(4,661)	3,498
Net defined benefit liabilities-non current	(976)	44
Cash (used in) generated from operations	(38,581)	73,213
Interest received	3,727	2,259
Dividends received	1,152	211
Interest paid	(15)	-
Net cash (used in) generated from operating activities	(33,717)	75,683
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at FVTOCI	(105,000)	-
Purchase of financial assets at amortized cost	(118,176)	-
Purchase of financial assets at FVTPL	(25,000)	-
Net cash outflow on acquisition of subsidiaries	(790,269)	-

(Continued)

SILITECH TECHNOLOGY CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Proceeds from capital reduction of investees accounted for using equity method	\$ 694,259	\$ -
Payments for property, plant and equipment	(9,187)	(7,478)
Proceeds from disposal of property, plant and equipment	-	52
Payments for intangible assets	(1,692)	(2,374)
Decrease in other non-current assets	<u>885</u>	<u>4</u>
Net cash used in investing activities	<u>(354,180)</u>	<u>(9,796)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid	<u>(40,800)</u>	<u>(31,960)</u>
Net cash used in financing activities	<u>(40,800)</u>	<u>(31,960)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(428,697)	33,927
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>440,163</u>	<u>406,236</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 11,466</u>	<u>\$ 440,163</u>

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche auditors' report dated February 22, 2024)

(Concluded)

SILITECH TECHNOLOGY CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Silitech Technology Corporation (the “Company”) was established in October 2001 and listed on the Taiwan Stock Exchange in March 2004, and is mainly engaged in the manufacture and sale of modules and rubber (plastic) products.

The financial statements of the Company are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s board of directors and authorized for issue on February 22, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Company’s accounting policies:

Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Company should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- the Company may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- (6) the Company changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- (7) the Company chose the accounting policy from options permitted by the standards;
- (8) the accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- (9) the accounting policy relates to an area for which the Company is required to make significant judgments or assumptions in applying an accounting policy, and the Company discloses those

- judgments or assumptions; or
- (10) the accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

See Note 4 for the disclosure of accounting policies.

Amendments to IAS 8 “Definition of Accounting Estimates”

The Company applied to the amendments on January 1, 2023. The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Company may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Company uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

- b. The IFRSs endorsed by the FSC for application starting from 2024

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Leases Liability in a Sale and leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company’s financial position and financial performance.

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note2: An entity shall apply those amendments for annual reporting periods beginning on or after

January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments and contingent consideration for acquiring subsidiaries which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, the share of other comprehensive income of subsidiaries, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Business combinations under common control

Business combinations under common control are accounted for applying the book-value method. Comparative information of the prior period in the consolidated financial statements is restated as if the combination had already occurred.

e. Foreign currencies

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting the financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries in other countries that use currencies which are different from the currency of the Company) are translated into New Taiwan dollars using the exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of the Company are reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, work in progress and finished goods. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Investments in subsidiaries

Investments in subsidiaries are accounted for using the equity method.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, investments in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiary attributable to the Company.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

When the Company transacts with its subsidiaries, profits and losses resulting from the transactions with the subsidiaries are recognized in the Company's financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

h. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If an asset's lease term is shorter than its useful life, such an asset is depreciated over the lease term. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and

subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant and equipment and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of such assets is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value-in-use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. Reversals of impairment loss are recognized in profit or loss.

k. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to an acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

A financial asset is classified as at FVTPL when such a financial asset is mandatorily classified. Financial assets mandatorily classified as at FVTPL include investments in equity

instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 25.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents and trade receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and
- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including forward exchange contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

l. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

m. Revenue recognition

The Company identifies contracts with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods comes from sales of rubber goods. Sales of goods are recognized as revenue when the goods are shipped or delivered to the customer because that is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers, and bears the risks of obsolescence. Trade receivables are recognized concurrently.

n. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a

recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

o. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

p. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent

from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Based on the assessment of the Company's management, the accounting policies, estimates, and assumptions adopted by the Company have not been subject to material accounting judgements, estimates and assumptions uncertainty.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 39	\$ 83
Checking accounts and demand deposits	11,427	45,222
Cash equivalents		
Time deposits	-	394,858
	<u>\$ 11,466</u>	<u>\$ 440,163</u>

The market rate intervals of cash in the bank at the end of the reporting period were as follows:

	December 31	
	2023	2022
Time deposits	-	0.91%-0.98%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	December 31	
	2023	2022
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Limited Partnership	<u>\$ 24,805</u>	<u>\$ -</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVTOCI")

	December 31	
	2023	2022
<u>Non-current</u>		
Domestic investments		
Listed preferred shares	\$ 130,100	\$ 35,264
Unlisted ordinary shares	<u>13,960</u>	<u>9,800</u>
	<u>\$ 144,060</u>	<u>\$ 45,064</u>

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
<u>Current</u>		
Time deposits with original maturities of more than 3 months (a)	\$ 100,000	\$ -

	December 31	
	2023	2022
<u>Non-current</u>		
Foreign corporate bond (b)	\$ 18,183	\$ -
Less: Allowance for impairment loss	<u>(175)</u>	<u>-</u>
	\$ 18,008	\$ -

- c. The interest rate of time deposits with original maturities of more than 3 months was 1.40% per annum as of December 31, 2023.
- d. The Company purchased 5 year corporate bonds, with the maturity is 2028, the coupon rate was 5.05%, and the effective interest rate was 5.36%.

The Company's exposure and the external credit ratings are continuously monitored. The Company reviews changes in bond yields and other public information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

In determining the expected credit losses for debt instrument investments, the Company considers the historical probability of default and loss given default of each credit rating supplied by external rating agencies, the current financial condition of the debtors and the future prospects of the industries.

10. TRADE RECEIVABLES

	December 31	
	2023	2022
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 162,342	\$ 147,535
Less: Allowance for impairment loss	<u>(1)</u>	<u>-</u>
	<u>\$ 162,341</u>	<u>\$ 147,535</u>

The average credit period of sales of goods was 60-90 days and no interest was charged on trade receivables. In order to minimize credit risk, the management of the Company has regularly evaluated for credit approvals

and carried out other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company estimates expected credit losses according to the prescribed approach, which permits the recognition of lifetime expected losses for all trade receivables. The expected credit losses on trade receivables are estimated using an allowance matrix, which takes into consideration the historical credit loss experience with the respective debtor, the current financial position of the debtor, economic condition of the industry in which the customer operates and industry outlooks. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or when the trade receivables are over 240 days past due, whichever occurs earlier. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Company's provision matrix.

December 31, 2023

	Not Past Due	Up to 60 Days	Total
Expected credit loss rate	-	0.1%	
Gross carrying amount	\$ 161,326	\$ 1,016	\$ 162,342
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(1)</u>	<u>(1)</u>
Amortized cost	<u>\$ 161,326</u>	<u>\$ 1,015</u>	<u>\$ 162,341</u>

December 31, 2022

	Not Past Due	Up to 60 Days	Total
Expected credit loss rate	-	-	
Gross carrying amount	\$ 147,505	\$ 30	\$ 147,535
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 147,505</u>	<u>\$ 30</u>	<u>\$ 147,535</u>

The movements of the loss allowance of trade receivables are as follows:

	December 31	
	2023	2022
Balance at January 1	\$ -	\$ -
Add: Expected credit loss	<u>1</u>	<u>-</u>
Balance at December 31	<u>\$ 1</u>	<u>\$ -</u>

11. INVENTORIES, NET

	December 31	
	2023	2022
Raw materials	\$ 66,733	\$ 40,369
Work in progress	31,627	23,493
Finished goods	27,459	19,510
Supplies	3,427	3,386
Merchandise	<u>537</u>	<u>1,172</u>
	<u>\$ 129,783</u>	<u>\$ 87,930</u>

The cost of inventories recognized as cost of goods sold included the inventory write-downs and disposals.

	For the Year Ended December 31	
	2023	2022
Inventory write-downs	\$ 959	\$ 550
Loss of inventory scrapped	11	22

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

<u>Investments in Subsidiaries</u>	December 31	
	2023	2022
Silitech (BVI) Holding Ltd.	\$1,291,690	\$1,271,533
Silitech Technology Corporation. Sdn. Bhd.	784,418	709,887
Iwatsu (Malaysia) Sdn. Bhd.	<u>88,330</u>	<u>-</u>
	<u>\$2,164,438</u>	<u>\$1,981,420</u>

<u>Name of Company</u>	Proportion of Ownership and Voting Rights (%)	
	December 31	
	2023	2022
Silitech (BVI) Holding Ltd.	100	100
Silitech Technology Corporation. Sdn. Bhd.	100	-
Iwatsu (Malaysia) Sdn. Bhd.	100	-

- a. The Company adjusted the organization structure on January 2023 and acquired 100% equity of Silitech Technology Corporation Sdn. Bhd. from Silitech (Bermuda) Holding Ltd. The aforementioned transaction was an organizational restructuring under common control; hence, the book-value method is applied in transaction and the comparative information of the prior period in the financial statements is restated as if the acquisition had already occurred. Since the entities involved in the restructuring are all 100% owned subsidiaries in the consolidated statements, there is no impact on the single items of financial statements. Only component items will be adjusted for disclosure amounts retrospectively.
- b. The company acquired 100% equity of Iwatsu (Malaysia) Sdn. Bhd. on September 2023, see Note 23.

13. PROPERTY, PLANT AND EQUIPMENT, NET

	Freehold Land	Building s	Machine ry Equipm ent	Testing Equipm ent	Transpo rtation Equipm ent	Office Equipm ent	Other Equipm ent	Total
<u>Cost</u>								
Balance at January 1, 2023	\$9,789	\$ 164,280	\$ 89,473	\$ 39,977	\$ 3,492	\$ 51,239	\$ 10,485	\$ 368,735
Additions	-	-	7,456	276	-	3,803	661	12,196
Disposals	-	-	-	-	-	-	(435)	(435)
Balance at December 31, 2023	<u>\$9,789</u>	<u>\$ 164,280</u>	<u>\$ 96,929</u>	<u>\$ 40,253</u>	<u>\$ 3,492</u>	<u>\$ 55,042</u>	<u>\$ 10,711</u>	<u>\$ 380,496</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2023	\$ -	\$ 141,063	\$ 57,404	\$ 34,092	\$ 2,949	\$ 45,950	\$ 10,431	\$ 291,889
Depreciation expense	-	2,299	7,894	1,378	115	3,630	119	15,435
Disposals	-	-	-	-	-	-	(435)	(435)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 143,362</u>	<u>\$ 65,298</u>	<u>\$ 35,470</u>	<u>\$ 3,064</u>	<u>\$ 49,580</u>	<u>\$ 10,115</u>	<u>\$ 306,889</u>
<u>Accumulated impairment</u>								
Balance at January 1, 2023	\$ -	\$ 64	\$ 14,312	\$ 4,507	\$ -	\$ 191	\$ -	\$ 19,074
Disposals	-	-	-	-	-	-	-	-
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 64</u>	<u>\$ 14,312</u>	<u>\$ 4,507</u>	<u>\$ -</u>	<u>\$ 191</u>	<u>\$ -</u>	<u>\$ 19,074</u>
Net balance at December 31, 2023	<u>\$9,789</u>	<u>\$ 20,854</u>	<u>\$ 17,319</u>	<u>\$ 276</u>	<u>\$ 428</u>	<u>\$ 5,271</u>	<u>\$ 596</u>	<u>\$ 54,533</u>
<u>Cost</u>								
Balance at January 1, 2022	\$9,789	\$ 164,280	\$ 101,555	\$ 53,571	\$ 2,921	\$ 57,228	\$ 12,319	\$ 401,663
Additions	-	-	2,718	155	571	3,093	-	6,537
			(14,800)	(13,749)		(9,082)	(1,834)	(39,465)
Disposals	-	-))	-)))
Balance at December 31,	<u>\$9,789</u>	<u>\$ 164,280</u>	<u>\$ 89,473</u>	<u>\$ 39,977</u>	<u>\$ 3,492</u>	<u>\$ 51,239</u>	<u>\$ 10,485</u>	<u>\$ 368,735</u>

2022

Accumulated
depreciation

Balance at January 1, 2022	\$ -	\$ 138,763	\$ 58,541	\$ 45,725	\$ 2,921	\$ 49,851	\$ 11,093	\$ 306,894
Depreciation expense	-	2,300	7,681	1,740	28	4,616	418	16,783
			<u>(8,818)</u>	<u>(13,373)</u>		<u>(8,517)</u>	<u>(1,080)</u>	<u>(31,788)</u>
Disposals	-	-))	-)))
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 141,063</u>	<u>\$ 57,404</u>	<u>\$ 34,092</u>	<u>\$ 2,949</u>	<u>\$ 45,950</u>	<u>\$ 10,431</u>	<u>\$ 291,889</u>

Accumulated
impairment

Balance at January 1, 2022	\$ -	\$ 64	\$ 20,294	\$ 4,883	\$ -	\$ 756	\$ 754	\$ 26,751
			<u>(5,982)</u>					<u>(7,677)</u>
Disposals	-	-)	(376)	-	(565)	(754)	
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 64</u>	<u>\$ 14,312</u>	<u>\$ 4,507</u>	<u>\$ -</u>	<u>\$ 191</u>	<u>\$ -</u>	<u>\$ 19,074</u>
Net balance at December 31, 2022	<u>\$ 9,789</u>	<u>\$ 23,153</u>	<u>\$ 17,757</u>	<u>\$ 1,378</u>	<u>\$ 543</u>	<u>\$ 5,098</u>	<u>\$ 54</u>	<u>\$ 57,772</u>

As a result of the life cycle of some products, the estimated future cash flows expected to arise from the related equipment decreased due to equipment idling caused by insufficient capacity. The Company carried out a review of the recoverable amount of the related equipment and determined that the carrying amount had exceeded the recoverable amount. As of December 31, 2023, and 2022, the impairment losses recognized were \$19,074 thousand, respectively. As of December 31, 2022, the impairment loss decreased due to the disposal of equipment amounting to \$7,677 thousand.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Plant structures	45 years
Electricity and barrier constructions	5-10 years
Machinery equipment	5 years
Testing equipment	3 years
Transportation equipment	5 years
Office equipment	3 years
Other equipment	2 years

14. LEASE ARRANGEMENTS

Other Lease Information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases and low-value asset leases	\$ 2,103	\$ 1,900
Total cash outflow for leases	\$ 2,103	\$ 1,900

The Company's lease of certain office equipment qualify as short-term leases and low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. OTHER PAYABLES

	December 31	
	2023	2022
Payroll and Bonus	\$ 34,679	\$ 36,150
Employees' leave	8,666	7,659
Services	7,073	8,722
Insurance	4,993	3,694
Equipment	4,347	1,338
Tooling	3,837	7,652
Others	33,295	35,694
	<u>\$ 96,890</u>	<u>\$ 100,909</u>

16. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2.5% of total monthly salaries to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 14,061	\$ 17,128
Fair value of plan assets	<u>(6,160)</u>	<u>(8,273)</u>
Net defined benefit liabilities	<u>\$ 7,901</u>	<u>\$ 8,855</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	<u>\$ 28,470</u>	<u>\$ (14,446)</u>	<u>\$ 14,024</u>
Service cost			
Current service cost	532	-	532
Net interest expense (income)	<u>142</u>	<u>(74)</u>	<u>68</u>
Recognized in loss (profit)	<u>674</u>	<u>(74)</u>	<u>600</u>
Remeasurement			
Return on plan assets	-	(1,218)	(1,218)
Actuarial gain - changes in financial assumptions	(1,973)	-	(1,973)
Actuarial gain - experience adjustments	<u>(2,022)</u>	<u>-</u>	<u>(2,022)</u>
Recognized in other comprehensive income	<u>(3,995)</u>	<u>(1,218)</u>	<u>(5,213)</u>
Contributions from the employer	-	(556)	(556)
Benefits paid	<u>(8,021)</u>	<u>8,021</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 17,128</u>	<u>\$ (8,273)</u>	<u>\$ 8,855</u>
Service cost			
Current service cost	271	-	271
Net interest expense (income)	<u>257</u>	<u>(127)</u>	<u>130</u>
Recognized in loss (profit)	<u>528</u>	<u>(127)</u>	<u>401</u>
Remeasurement			
Return on plan assets	-	(83)	(83)
Actuarial loss - changes in financial assumptions	359	-	359
Actuarial gain - experience adjustments	<u>(254)</u>	<u>-</u>	<u>(254)</u>
Recognized in other comprehensive income	<u>105</u>	<u>(83)</u>	<u>22</u>
Contributions from the employer	-	(1,377)	(1,377)
Benefits paid	<u>(3,700)</u>	<u>3,700</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 14,061</u>	<u>\$ (6,160)</u>	<u>\$ 7,901</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2023	2022
Operating costs	\$ 266	\$ 391
Selling and marketing expenses	34	50
General and administrative expenses	76	112
Research and development expenses	<u>25</u>	<u>47</u>

\$ 401 \$ 600

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rate(s)	1.25%	1.5%
Expected rate(s) of salary increase	3%	3%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2023	2022
Discount rate(s)		
0.25% increase	\$ <u>(359)</u>	\$ <u>(450)</u>
0.25% decrease	\$ <u>372</u>	\$ <u>467</u>
Expected rate(s) of salary increase		
0.25% increase	\$ <u>359</u>	\$ <u>452</u>
0.25% decrease	\$ <u>(349)</u>	\$ <u>(438)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	2022
The expected contributions to the plan for the next year	\$ <u>547</u>	\$ <u>365</u>
The average duration of the defined benefit obligation	10.1 ears	10.5 years

17. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2023	2022
Number of shares authorized (in thousands)	<u>300,000</u>	<u>300,000</u>
Amount of shares authorized	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>68,000</u>	<u>68,000</u>
Amount of shares issued	<u>\$ 680,000</u>	<u>\$ 680,000</u>

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as <u>cash dividends, or transferred to share capital</u>		
Additional paid-in capital in excess of par-common stock	<u>\$ 630,074</u>	<u>\$ 630,074</u>

Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's paid in capital).

c. Retained earnings and dividend policy

According to the Company's dividend policy, if there is a net profit after tax upon the final settlement of accounts of each fiscal year, the Company shall first offset any previous accumulated losses (including adjustment of unappropriated earnings, if any) and set aside a legal reserve at 10% of the net profit, unless the accumulated legal reserve is equal to the total paid-in capital of the Company; then, it shall set aside or reverse a special reserve in accordance with the relevant laws or regulations or as requested by the authorities in charge. The remaining net profit, plus the beginning unappropriated earnings (including adjustment of unappropriated earnings, if any), shall be distributed as dividends to shareholders according to the distribution plan proposed by the board of directors and submitted to the shareholders in the shareholders' meeting for approval. For the policies on the distribution of compensation of employees and remuneration of directors, refer to Note 22 (b) Employee benefits expenses.

According to the Company's dividend policy of the Company's Articles, the Company cooperates with present and future development plans in mind and takes into consideration the investment environment, international or domestic competition while simultaneously meeting shareholders' interests. When there is no cumulative loss, the Company shall distribute dividends to shareholders at a percentage of no less than 30% of the net profit after tax. Dividends could be distributed either through cash or shares, and cash dividends distributed shall not be less than 50% of the total dividends distributed for the year.

In case there are no earnings for distribution in a certain year, or the earnings of a certain year are significantly less than the earnings actually distributed by the Company in the previous year, or considering the financial, business or operational factors of the Company, the Company may allocate a portion or all of its reserves for distribution in accordance with relevant laws or regulations or the orders of the authorities in charge.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

With respect to the book net amount of other deductions from equity for the period in which it arises, the Company shall allocate an equivalent amount of special reserve shall be allocated from the amount of the after-tax net profit for the period, plus items other than after-tax net profit for the period, that are included in the undistributed earnings of the period. If there remains any insufficiency, it shall be allocated from the undistributed earnings of the previous period.

With respect to the cumulative net amount of other deductions from equity in a preceding period, the Company shall allocate an amount of special reserve equal to the amount allocated to undistributed earnings for the preceding period.

The appropriation of earnings for 2022 and 2021 resolved in the shareholders' meetings on June 14, 2023 and June 10, 2022 was as follows:

	Appropriation of Earnings	
	2022	2021
Legal reserve	\$ 10,602	\$ -
Special reserve	\$ (109,951)	\$ 32,304
Cash dividends	\$ 40,800	\$ 31,960
Cash dividends per share (NT\$)	\$ 0.60	\$ 0.47

18. REVENUE

	For the Year Ended December 31	
	2023	2022
Customer contracts revenue		
Product operating revenue	\$ 758,841	\$ 882,551
Management service revenue	\$ 40,587	\$ 35,514
	<u>\$ 799,428</u>	<u>\$ 918,065</u>

19. NON-OPERATING INCOME AND EXPENSES

a. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	\$ 3,925	\$ 2,286
Financial assets at amortized cost	<u>1,176</u>	<u>-</u>
	<u>\$ 5,101</u>	<u>\$ 2,286</u>

b. Other income

	For the Year Ended December 31	
	2023	2022
Rental income	\$ 887	\$ 1,610
Dividends	1,152	211
Gain recognized in bargain purchase transaction	2,027	-
Others	<u>3,274</u>	<u>4,739</u>
	<u>\$ 7,340</u>	<u>\$ 6,560</u>

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Foreign currency exchange gain	\$ 6,047	\$ 9,206
Gain on disposal of property, plant and equipment	-	52
Net loss on financial assets at FVTPL	<u>(290)</u>	<u>-</u>
	<u>\$ 5,757</u>	<u>\$ 9,258</u>

d. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2023	2022
Foreign exchange gain	\$ 14,508	\$ 21,287
Foreign exchange loss	<u>(8,461)</u>	<u>(12,081)</u>
Net foreign exchange gain	<u>\$ 6,047</u>	<u>\$ 9,206</u>

20. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense listed as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
Surtax on unappropriated earnings	\$ 2,473	\$ -
Deferred tax		
In respect of the current period	<u>8,556</u>	<u>7,119</u>
Income tax expense recognized in profit or loss	<u>\$ 11,029</u>	<u>\$ 7,119</u>

A reconciliation of accounting profit and income tax expense listed as follows:

	For the Year Ended December 31	
	2023	2022
Profit before income tax	<u>\$ 130,357</u>	<u>\$ 107,349</u>
Income tax expense calculated at the statutory rate	\$ 26,071	\$ 21,470
Nondeductible items in determining taxable income	373	541
Tax-exempt income	(819)	(42)
Surtax on unappropriated earnings	2,473	-
Unrecognized temporary differences	<u>(17,069)</u>	<u>(14,850)</u>
Income tax expense recognized in profit or loss	<u>\$ 11,029</u>	<u>\$ 7,119</u>

b. Deferred tax assets and liabilities

The movements of deferred tax assets and liabilities listed as follows:

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehen sive Income (Loss)	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized loss on inventories	\$ 575	\$ 192	\$ -	\$ 767
Unrealized exchange loss	72	275	-	347
Defined benefit obligation	3,676	-	5	3,681
Exchange differences on translation of the financial statements of foreign operations	31,415	-	7,915	39,330
Payables for annual leave	1,532	201	-	1,733
Loss carryforwards	21,803	(9,375)	-	12,428
Others	<u>804</u>	<u>55</u>	<u>-</u>	<u>859</u>
	<u>\$59,877</u>	<u>\$(8,652)</u>	<u>\$ 7,920</u>	<u>\$59,145</u>

Deferred tax liabilities

Temporary differences				
Unrealized exchange gain	\$ 232	\$ (96)	\$ -	\$ 136
Land value increment tax	9,477	-	-	9,477
Share of profit of subsidiaries	<u>26,454</u>	<u>-</u>	<u>-</u>	<u>26,454</u>
	<u>\$36,163</u>	<u>\$ (96)</u>	<u>\$ -</u>	<u>\$36,067</u>

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehen sive Income (Loss)	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized loss on inventories	\$ 466	\$ 109	\$ -	\$ 575

Unrealized exchange loss	74	(2)	-	72
Defined benefit obligation	4,719	-	(1,043)	3,676
Exchange differences on translation of the financial statements of foreign operations	59,634	-	(28,219)	31,415
Payables for annual leave	1,449	83	-	1,532
Loss carryforwards	29,302	(7,499)	-	21,803
Others	<u>406</u>	<u>398</u>	<u>-</u>	<u>804</u>
	<u>\$96,050</u>	<u>\$(6,911)</u>	<u>\$(29,262)</u>	<u>\$59,877</u>

Deferred tax liabilities

Temporary differences				
Unrealized exchange gain	\$ 24	\$ 208	\$ -	\$ 232
Land value increment tax	9,477	-	-	9,477
Share of profit of subsidiaries	<u>26,454</u>	<u>-</u>	<u>-</u>	<u>26,454</u>
	<u>\$35,955</u>	<u>\$ 208</u>	<u>\$ -</u>	<u>\$36,163</u>

- c. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the balance sheets

	December 31	
	2023	2022
Loss carryforwards		
Expiry in 2027	\$ 604	\$ 604
Expiry in 2028	63,661	63,661
Expiry in 2029	86,573	86,573
Expiry in 2030	113,413	113,413
Expiry in 2031	<u>20,076</u>	<u>20,091</u>
	<u>\$ 284,327</u>	<u>\$ 284,342</u>

- d. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2023 comprised:

Unused Amount	Year of Expiry
\$ 62,747	2027
63,661	2028
86,573	2029
113,413	2030
<u>20,076</u>	<u>2031</u>
<u>\$ 346,470</u>	

e. Income tax assessments

The income tax returns of the Company through 2021 have been assessed by the tax authorities.

21. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2023	2022
Basic earnings per share	<u>\$ 1.75</u>	<u>\$ 1.47</u>
Diluted earnings per share	<u>\$ 1.75</u>	<u>\$ 1.47</u>

The net profit and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

	For the Year Ended December 31	
	2023	2022
<u>Net profit for the year</u>	<u>\$ 119,328</u>	<u>\$ 100,230</u>

Number of shares

Unit: In Thousand Shares

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	68,000	68,000
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>122</u>	<u>111</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>68,122</u>	<u>68,111</u>

If the Company settles the bonuses or remuneration paid to employees in cash or shares, the Company assumed that the entire amount of the bonuses or remuneration will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. The dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

22. ADDITIONAL INFORMATION ON EXPENSES

a. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Recognized in operating costs	\$ 10,345	\$ 10,580
Recognized in operating expenses	<u>5,090</u>	<u>6,203</u>
	<u>\$ 15,435</u>	<u>\$ 16,783</u>
	For the Year Ended December 31	

	2023	2022
An analysis of amortization by function		
Recognized in operating expenses	\$ 2,957	\$ 2,824
Recognized in operating costs	<u>167</u>	<u>-</u>
	<u>\$ 3,124</u>	<u>\$ 2,824</u>
b. Employee benefits expense		
	For the Year Ended December 31	
	2023	2022
Post-employment benefits (Note 16)		
Defined contribution plans	\$ 7,628	\$ 7,595
Defined benefit plans	<u>401</u>	<u>600</u>
	8,029	8,195
Other employee benefits	<u>231,389</u>	<u>221,134</u>
	<u>\$ 239,418</u>	<u>\$ 229,329</u>
Employee benefits expense summarized by function		
Recognized in operating costs	\$ 161,484	\$ 145,981
Recognized in operating expenses	<u>77,934</u>	<u>83,348</u>
	<u>\$ 239,418</u>	<u>\$ 229,329</u>

In compliance with the Articles, the Company accrues the distribution of employees' compensation and remuneration of directors at rates of 2% to 10% and no higher than 3%, respectively, of net profit before income tax, employees' compensation and remuneration of directors. The appropriations of compensation of employees and remuneration of directors for 2023 and 2022, which were approved by the Company's board of directors on February 22, 2024 and February 23, 2023, respectively, are as follows:

Estimation ratio

	For the Year Ended December 31	
	2023	2022
Employees' compensation	3%	3%
Remuneration of directors	2%	2%

Amount

	For the Year Ended December 31	
	2023	2022
	Cash	Cash
Employees' compensation	<u>\$ 4,117</u>	<u>\$ 3,390</u>
Remuneration of directors	<u>\$ 2,744</u>	<u>\$ 2,260</u>

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of the compensation of employees and the remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021.

Information on compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

23. ACQUISITION OF A SUBSIDIARY- CONSTITUTE A BUSINESS

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Iwatsu (Malaysia) Sdn. Bhd.	Manufacture of telecommunications and communications equipment	September 1, 2023	100	<u>\$ 96,010</u>

For instructions on acquiring Iwatsu (Malaysia) Sdn. Bhd., please refer to Note 26 of 2023 Consolidated Financial Report.

24. CAPITAL MANAGEMENT

The Company maintains its capital to support equipment upgrades. The Company's capital management is to ensure there are sufficient financial resources and operation plans, in order to meet the needs of working capital, capital expenditures, research and development fees, debt repayment and dividend distribution over the next 12 months.

25. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments that are not measured at fair value

The management considers that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values or their fair values cannot be measured reliably.

- b. Fair value of financial instruments that are measured at fair value on a recurring basis

- 1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Limited partnership	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,805</u>	<u>\$ 24,805</u>
Financial assets at FVTOCI				
Investments in equity instruments				
- domestic listed preferred shares	\$ 130,100	\$ -	\$ -	\$ 130,100
- domestic unlisted ordinary shares	<u>-</u>	<u>-</u>	<u>13,960</u>	<u>13,960</u>
	<u>\$ 130,100</u>	<u>\$ -</u>	<u>\$ 13,960</u>	<u>\$ 144,060</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
- domestic listed preferred shares	\$ 35,264	\$ -	\$ -	\$ 35,264
- domestic unlisted ordinary shares	<u>-</u>	<u>-</u>	<u>9,800</u>	<u>9,800</u>

\$ 35,264 \$ - \$ 9,800 \$ 45,064

There were no transfers between Levels 1 and 2 during the years ended December 31, 2023 and 2022.

2) Reconciliation of Level 3 fair value measurements of financial instruments:

For the year ended December 31, 2023

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
Balance at January 1	\$ -	\$ 9,800	\$ 9,800
Recognized in income (loss)	(195)	-	(195)
Recognized in other comprehensive income (loss)	-	(840)	(840)
Purchase	<u>25,000</u>	<u>5,000</u>	<u>30,000</u>
Balance at December 31	<u>\$ 24,805</u>	<u>\$ 13,960</u>	<u>\$ 38,765</u>

For the year ended December 31, 2022

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
Balance at January 1	\$ -	\$ 7,380	\$ 7,380
Recognized in other comprehensive income (loss)	<u>-</u>	<u>2,420</u>	<u>2,420</u>
Balance at December 31	<u>\$ -</u>	<u>\$ 9,800</u>	<u>\$ 9,800</u>

3) Valuation techniques and inputs applied for the purpose of Level 3 fair value measurement

The fair values of unlisted equity securities and limited partnership - ROC were based on the fair value of net assets to determine the expected present value of the investment expectably.

c. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
Mandatorily classified as at FVTPL	\$ 24,805	\$ -
Financial assets at amortized cost (1)	302,096	609,853
Financial assets at FVTOCI		
Equity instruments	144,060	45,064
<u>Financial liabilities</u>		
Amortized cost (2)	225,149	234,603

- 1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, investments in debt instruments, trade receivables, other receivables and guarantee deposits.

- 2) The balances include financial liabilities measured at amortized cost, which comprise trade payables and other payables.

d. Financial risk management objectives and policies

The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include currency risk, interest rate risk, credit risk and liquidity risk. In order to reduce financial risk, the Company is committed to identify, assess and avoid the uncertainty of the market and reduce the potential downside effects against the Company's financial performance due to market fluctuation.

The corporate treasury function is reviewed by the Company's board of directors and audit committee in accordance with related rules and internal control systems. The Company should implement the overall financial management objective as well as observe the levels of delegated authority and ensure that those with delegated authority carry out their duties.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Company entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk.

a) Foreign currency risk

The Company's primary operating activities and foreign investment structures were in foreign currencies, which exposed the Company to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing derivative financial instruments (i.e., currency swap contracts). The Company could reduce but would be unable to eliminate the effect caused by foreign currency risks under the use of derivative financial products.

The Company's derivative financial instruments did not qualify under hedged items due to the fact that such products were due within 1 year of the initial transaction.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 28.

Sensitivity analysis

The following table details the Company's sensitivity to a 5% increase and decrease in the NTD against the USD and the EUR. The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of reporting period and the impact on pre-tax profit and the equity.

	USD Impact (i)		EUR Impact (ii)	
	For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022
Profit or loss	\$ 1,208	\$ 3,135	\$ 1,483	\$ 3,524

- i. This was mainly attributable to the exposure on outstanding receivables and payables in USD in cash flow hedges at the end of the reporting period.

- ii. This was mainly attributable to the exposure on outstanding receivables and payables in EUR in cash flow hedges at the end of the reporting period.

b) Interest rate risk

Interest rate risk refers to the risk of changes in the fair value of financial instruments and cash flow as a result of changes in the market rate.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period are as follows:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 118,008	\$ 394,858
Cash flow interest rate risk		
Financial assets	11,427	45,221

Sensitivity analysis

The sensitivity analyses were determined based on the Company's exposure to interest rates for both derivatives and non-derivative instruments held for a quarter at the end of the reporting period. If interest rates had been 10 basis points higher and all other variables were held constant, the Company's profit or loss would be as follows:

	Market Rate Change Impact	
	2023	2022
Profit or loss	\$ 11	\$ 45

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company is exposed to credit risk from trade receivables, deposits and other financial instruments. Credit risk on business-related exposures is managed separately from that on financial-related credit risk.

a) Business-related credit risk

To maintain the quality of receivables, the Company has established operating procedures to manage credit risk.

For individual customers, risk factors considered include the customer's financial position, credit agency rating, the Company's internal credit rating, and transaction history as well as current economic conditions that may affect the customer's ability to pay. The Company also has the right to use some credit protection enhancement tools, such as requiring advance payments, to reduce the credit risks involving certain customers.

The Company's concentration of credit risk of 92% and 91% of total trade receivables as of December 31, 2023 and 2022, respectively, was related to the Company's top ten customers. The credit concentration risk of the remaining accounts receivable is relatively insignificant.

b) Financial-related credit risk

Credit risk from bank deposits and other financial instruments are measured and monitored by the Company's finance department. However, since the Company's counterparties are all reputable financial institutions and government agencies, there are no significant financial-related credit risks.

3) Liquidity risk

The objective of liquidity risk management is to maintain sufficient operating cash and cash equivalents in order to ensure that the Company has financial flexibility.

Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturities dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2023

	On Demand or Less than 1 Year	1-3 Years	Over 3 Years to 5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 225,149	\$ -	\$ -	\$ -

December 31, 2022

	On Demand or Less than 1 Year	1-3 Years	Over 3 Years to 5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 234,603	\$ -	\$ -	\$ -

26. TRANSACTIONS WITH RELATED PARTIES

The details of transactions between the Company and other related parties are disclosed below.

a. Related parties and their relationships

Related Party	Relationship with the Company
Walsin Technology Corporation	The Company's major institutional shareholder
INFO-TEK Corporation	Other related party
VVG INC.	Other related party
Lite-On Technology Corporation	The Company's major institutional shareholder
PSA Charitable Foundation	Other related party
Silitech Technology Corporation Limited	Subsidiary

Silitech Technology Corporation Sdn. Bhd.	Subsidiary
Xurong Electronic (Shenzhen) Co., Ltd.	Subsidiary

b. Sales of goods

Item	Related Party Category	For the Year Ended December 31	
		2023	2022
Sales of goods	The Company's major institutional shareholder	\$ 1,710	\$ 1,810
	Subsidiary	456	199
	Other related party	-	113
Management service revenue	Subsidiary	<u>40,587</u>	<u>35,514</u>
		<u>\$ 42,753</u>	<u>\$ 37,636</u>

The sale of goods to related parties were made at the Company's usual list prices and conditions which had no significant difference with other non-related parties. The subsidiary's management service revenue was determined by the contract.

c. Purchases

Related Party Category	For the Year Ended December 31	
	2023	2022
Other related party- INFO-TEK Corporation	\$ 52,932	\$ 67,104
Subsidiary - Silitech Technology Corporation Limited	<u>41,646</u>	<u>90,696</u>
	<u>\$ 94,578</u>	<u>\$ 157,800</u>

The purchases from related parties were made at the Company's usual conditions which had no significant difference with other non-related parties.

d. Other income and operating expenses

Item	Related Party Category	For the Year Ended December 31	
		2023	2022
Operating expenses	Other related parties (Note)	\$ 3,504	\$ 1,361
	The Company's major institutional shareholder	<u>2,851</u>	<u>2,669</u>
		<u>\$ 6,355</u>	<u>\$ 4,030</u>
Other income	Other related party	<u>\$ -</u>	<u>\$ 229</u>
Other income (Recognized as cost deductions)	Other related party	<u>\$ 1,522</u>	<u>\$ 1,994</u>

Note: For charity and community participation, the Company's board of directors held on February 23, 2023 resolved to donate the PSA Charitable Foundation with a limit amount of NT\$1 million for 2023. It is for the foundation to handle various charitable public welfare activities. The actual donation amount of NT\$1 million has been paid in 2023.

e. Receivables from related parties (excluding loans to related parties)

Item	Related Party Category	December 31	
		2023	2022
Trade receivables	Subsidiary	\$ 10,484	\$ 11,980
	The Company's major institutional shareholder	491	1,231
	Other related party	-	118
		<u>\$ 10,975</u>	<u>\$ 13,329</u>
Other receivables	Other related party - INFO-TEK Corporation	\$ 3,531	\$ 10,595
	Subsidiary	386	1,291
	The Company's major institutional shareholder	-	759
		<u>\$ 3,917</u>	<u>\$ 12,645</u>

The outstanding trade receivables from related parties are unsecured.

f. Payables to related parties (excluding borrowings from related parties)

Item	Related Party Category	December 31	
		2023	2022
Trade payables	Other related party - INFO-TEK Corporation	\$ 10,644	\$ 24,856
	Subsidiary-Silitech Technology Corporation Limited	9,459	22,261
	Subsidiary	240	3
		<u>\$ 20,343</u>	<u>\$ 47,120</u>

(Continued)

Item	Related Party Category	December 31	
		2023	2022
Other payables	Subsidiary	\$ 739	\$ -
	Other related parties	406	2,418
	The Company's major institutional shareholder	129	129
		<u>\$ 1,274</u>	<u>\$ 2,547</u>

The outstanding trade payables to related parties are unsecured.

g. Prepayments

Item	Related Party Category	December 31	
		2023	2022
Other current assets	Other related party - INFO-TEK Corporation	<u>\$ 1,466</u>	<u>\$ -</u>

h. Compensation of key management personnel

For the Year Ended December 31	
2023	2022

Short-term employee benefits	\$ 8,426	\$ 8,483
Termination benefits	<u>108</u>	<u>108</u>
	<u>\$ 8,534</u>	<u>\$ 8,591</u>

The remuneration of directors and key executives was determined by the remuneration committee with regard to the performance of individuals and market trends.

27. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

For charity and community participation, the Company's board of directors on February 22, 2024, which resolved to donate the PSA Charitable Foundation with a limit amount of NT\$7 hundred thousand. It is for the foundation to handle various charitable public welfare activities.

28. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies are as follows:

December 31, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,217	30.6650	\$ 37,292
EUR	1,078	33.9014	36,535

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Non-monetary items			
Investments accounted for using the equity method			
USD	45,018	30.6550	1,380,020
MYR	117,004	6.7042	784,418

Financial liabilities

Monetary items			
USD	429	30.6550	13,136
EUR	203	33.9014	6,871

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			

Monetary items				
USD	\$	2,821	30.6600	\$ 86,504
EUR		2,330	32.6130	75,989
Non-monetary items				
Investments accounted for using the equity method				
USD		64,626	30.6600	1,981,420
<u>Financial liabilities</u>				
Monetary items				
USD		776	30.6600	23,806
EUR		169	32.6130	5,509

The significant unrealized foreign exchange gains (losses) are as follows:

For the Year Ended December 31				
Functional Currency	2023		2022	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	31.0901 (USD:NTD)	\$ (1,019)	29.6157 (USD:NTD)	\$ (259)
EUR	33.9493 (EUR:NTD)	(33)	32.1083 (EUR:NTD)	1,060
JPY	0.2158 (JPY:NTD)	<u>-</u>	0.2262 (JPY:NTD)	<u>(1)</u>
		<u>\$ (1,052)</u>		<u>\$ 800</u>

29. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided: None.
- 2) Endorsements/guarantees provided: None.
- 3) Marketable securities held (excluding investment in subsidiaries, associates and jointly controlled entities): See Table 1 attached.
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: See Table 2 attached.
- 5) Acquisitions of individual real estate properties at costs of at least NT \$300 million or 20% of the paid-in capital: None.
- 6) Disposals of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.

- 9) Trading in derivative instruments: None.
- b. Information on investees: See Table 3 attached.
- c. Information on investments in mainland China:
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. See Table 4 attached.
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: See Table 5 attached.
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- d. Information on major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: See Table 6 attached.

TABLE 1

SILITECH TECHNOLOGY CORPORATION

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Held Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units (In Thousands)	Carrying Value (Foreign Currencies in Thousands)	Percentage of Ownership (%)	Fair Value (Foreign Currencies in Thousands)	
Silitech Technology Corporation	<u>Ordinary shares</u>							
	Chi Mei Mold Co., Ltd.	-	Financial assets at FVTOCI- non-current	1,300	\$ 9,065	3.71	\$ 9,065	
	RTR-TECH Technology Co., Ltd.	-	"	6,820	-	9.46	-	
	Walsin New Energy Corporation	Supervisor	"	500	4,895	10.00	4,895	
	Fubon Financial Holding Co., Ltd. Preferred Shares C	-	"	640	35,200	0.04	35,200	
	Hotai Finance Co., Ltd. Preferred Shares B	-	"	1,000	94,900	1.00	94,900	
	<u>Limited Partnership</u>							
	NEXUS CVC Partners Fund LP.	-	Financial assets at FVTPL- non-current	-	24,805		24,805	
	<u>Corporate bond</u>							
	BMW US CAPITAL LLC	-	Financial assets at amortized cost- non-current	-	18,008		-	

TABLE 2

SILITECH TECHNOLOGY CORPORATION

**ACQUISITION OF INDIVIDUAL REAL ESTATE PROPERTIES AT COST OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Type and Name of Marketable Securities (Note 1)	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain/(Loss) on Disposal	Number of Shares	Amount (Note 2)
Silitech Technology Corporation	Silitech Technology Corporation Sdn. Bhd.	Investments accounted for using the equity method	Silitech (Bermuda) Holding Ltd.	Sub-subsidiary	-	\$ -	21,400,000	\$ 694,259	-	\$ -	\$ -	\$ -	21,400,000	\$ 694,259

Note 1: The marketable securities listed in the table above refer to marketable securities derived from stocks, bonds, beneficiary certificates and securities derived from the above listed items.

Note 2: The amount stated was the original acquisition cost, excluding the amount of investment profit and loss.

TABLE 3

SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

**NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Losses) of the Investee	Share of Profits/(Losses) of Investee	Note
				December 31, 2023	December 31, 2022	Number of Shares	Percentage of Ownership (%)	Carrying Value			
Silitech Technology Corporation	Silitech (BVI) Holding Ltd.	British Virgin Islands	Investment activities	US\$ 29,028	US\$ 52,182	29,028,390	100	\$ 1,291,690	US\$ 749	\$ 28,529	Subsidiary (Note 1)
	Silitech Technology Corporation Sdn. Bhd.	Malaysia	Manufacture of computer peripheral products	US\$ 23,154	US\$ -	21,400,000	100	784,418	MYR 16,620	102,398	Subsidiary
	Iwatsu (Malaysia) Sdn. Bhd.	Malaysia	Manufacture of telecommunications and communications equipment	US\$ 3,018	US\$ -	40,000,000	100	88,330	(US\$ 503)	(6,235)	Subsidiary

Note 1: Refer to Table 4 for information on investments in mainland China.

TABLE 4

SILITECH TECHNOLOGY CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investments from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investments from Taiwan as of December 31, 2023	Net Income (Losses) of the Investee Company	Percentage of Ownership (%)	Share of Profits/(Losses) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023	Note
					Outflow	Inflow							
Xurong Electronic (Shenzhen) Co., Ltd.	Manufacture of touch panels and plastic and rubber assemblies	\$ 85,834 (US\$ 2,800)	Note 1	\$ 203,354	\$ -	\$ -	\$ 203,354	\$ (16,144) (RMB -3,641)	100	\$ (16,144) (RMB -3,641)	\$ 139,215 (RMB 32,185)	\$ 4,139,980 (US\$ 122,919) (RMB 71,822)	Note 6
Silitech Technology (Suzhou) Co., Ltd.	Manufacture and sale of automotive parts	-	Note 1	1,072,925 (US\$ 35,000)	-	-	1,072,925 (US\$ 35,000)	-	-	-	-	1,225,698 (US\$ 8,796) (RMB 214,783)	

Accumulated Investments in Mainland China as of December 31,2023	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on Investment
\$ 1,368,244 (Note 4) (US\$ 38,000) (NT\$ 203,354)	\$ 1,518,607 (Note 4) (US\$ 42,905) (NT\$ 203,354)	\$6,935,867 (Note 3)

Note 1: Indirect investment in mainland China through holding companies

Note 2: The financial statements used as basis for calculating the investment amounts were audited by the independent auditors.

Note 3: The Company’s upper limit on investments in China (calculated based on the higher of 60% of Silitech Technology Corporation’s net worth or consolidated net worth of \$80 million, plus accumulated inward remittance of share capital or earnings from subsidiaries in mainland China): \$2,616,981 (net worth) × 60% + \$5,365,678 = \$6,935,867 °

Note 4: Investment amounts approved by the Ministry of Economic Affairs, ROC are as follows:

Name of Investee	Order No.	Approved Amounts
Xurong Electronic (Shenzhen) Co., Ltd.	091030841	NT\$ 203,354
Silitech Electronic (Changshu) Ltd. (liquidated in October 2010)	093032599	US\$ 3,000
Silitech Technology (Suzhou) Co., Ltd. (liquidated in January 2020) (Note 6)	10930007090	US\$ (43,000)
Silitech Technology (Suzhou) Co., Ltd. (liquidated in January 2020) (Note 6)	09600170390	US\$ 20,000
Silitech Technology (Suzhou) Co., Ltd. (liquidated in January 2020) (Note 6)	09600164790	US\$ 2,000
Silitech Technology (Suzhou) Co., Ltd. (liquidated in January 2020) (Note 6)	09500326290	US\$ 11,000
Silitech Technology (Suzhou) Co., Ltd. (liquidated in January 2020) (Note 6)	09700434630	US\$ 45,000
Silitech Plating (Shenzhen) Co., Ltd. (liquidated in September 2012)	09500004400	US\$ 605
Suzhou Xulong Mold Producing Co., Ltd. (liquidated in May 2018) (Notes 5 and 7)	09700063560	US\$ 1,200
Suzhou Xulong Mold Producing Co., Ltd. (liquidated in May 2018) (Notes 5 and 7)	10000321080	US\$ 1,500
Silitech Surface Treatment (Shenzhen) Co., Ltd. (liquidated in December 2012)	09900449200	US\$ 1,600

Note 5: Including accumulated investment of US\$2,700 thousand which is not from Taiwan (ROC).

Note 6: Silitech Technology (Suzhou) Co., Ltd. was dissolved after liquidation in January 2020. The share capital of RMB21,720 thousand was remitted to Silitech (Bermuda) Holding Ltd.

Note 7: Suzhou Xulong Mold Producing Co., Ltd. was dissolved after liquidation in May 2018. The share capital of US\$58 thousand was remitted to Silitech Technology Corporation Limited and was approved on June 25, 2018 by Order No. 10730038150.

TABLE 5

SILITECH TECHNOLOGY CORPORATION

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized
		Amount	Percentage (%)		Payment Terms	Comparison with Normal Transactions	Ending Balance	Percentage (%)	
Xurong Electronic (Shenzhen) Co., Ltd.	Purchase	\$ 41,646	8	No significant difference	90 days	90-120 days	\$ (9,699)	8	\$ 50

TABLE 6**SILITECH TECHNOLOGY CORPORATION****INFORMATION ON MAJOR SHAREHOLDERS****DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Walsin Technology Corporation	17,000,000	25.00
Lite-On Technology Corporation	11,707,548	17.21

Note: The information on the major shareholder listed in the table above is based on the total number of ordinary and preference shares (including treasury shares) owned by the shareholder at a minimum shareholding percentage of 5%, and which have been delivered as non-physical securities to the Taiwan Depository & Clearing Corporation on the last business day at the end of the quarter. The actual number of shares delivered as non-physical securities and the number of shares recorded in the Company's financial statements may be different due to differences in the basis of preparation and calculation.

6.6 Financial Difficulties and Impacts

The Company should disclose the financial impact if the Company and its affiliated companies have incurred any financial or cash flow difficulties in 2023 and as of the date of this Annual Report (The term "affiliates" refers to entities meeting the requirements set forth under Article 369-1 of the Company Act.): None.

Financial Status, Operating Results and Risk Management

7.1 Financial Status

Unit: NT\$ thousands; %

Item \ Year	2022	2023	Difference	
			Amount	%
Current Assets	2,390,782	1,577,427	(813,355)	(34)
Property, Plant and Equipment	344,520	401,054	56,534	16
Other Non-current Assets	523,002	1,379,708	856,706	164
Total Assets	3,258,304	3,358,189	99,885	3
Current Liabilities	612,654	671,569	58,915	10
Non-current Liabilities	69,231	69,639	408	1
Total Liabilities	681,885	741,208	59,323	9
Capital Stock	680,000	680,000	-	-
Capital Surplus	630,074	630,074	-	-
Retained Earnings	1,534,810	1,613,038	78,228	5
Total Equity	2,576,419	2,616,981	40,562	2

Analysis of deviation over 20%:

1. Decrease in Current Assets: Due to purchase of financial assets at amortized cost .
2. Increase in Other Non-current Assets: Due to the increase financial assets at amortized cost-non-current .

7.2 Operating Results

Unit: NT\$ thousands; %

Item \ Year	2022	2023	Difference	%
Operating Revenue	2,025,009	2,084,426	59,417	3
Cost of Goods Sold	1,690,831	1,755,022	64,191	4
Gross Profit	334,178	329,404	(4,774)	(1)
Operating Expenses	234,685	248,788	14,103	6
Operating Profit	99,493	80,616	(18,877)	(19)
Non-operating Income and Expenses	35,162	89,249	54,087	154
Profit before Income Tax	134,655	169,865	35,210	26
Income Tax Expense	34,425	50,537	16,112	47
Net Income	100,230	119,328	19,098	19

7.2.1 Analysis of Deviation over 20%:

1. Increased in non-operating income and expenses: due to the increase in interest income.
2. Increased in profit before income tax: explained as #1.
3. Increased in income tax expenses: due to the increase in profit before income tax, then income tax expenses increased accordingly.

7.2.2 Sales Forecast, Major Impact and Future Plan

Silitech will adjust its global layout thinking and expand business momentum. Silitech will continue its dedication to cross-industry application transformation, deepen customer relationships, participate in and provide early-stage R&D and design of automotive HMI products, and use new materials and new processes combined with core technologies, to enhance product competitiveness and facilitate the application development of Automotive Components and Mechanical Integration products.

7.3 Cash Flow

7.3.1 Analysis of Cash Flow

Unit: NT\$ thousands

Cash Balance 2023/1/1 (1)	Net Cash from Operating Activities in 2023 (2)	Net Cash Flow from Investing and Financing Activities in 2023 (3)	Cash Balance 2023/12/31 (1) + (2) + (3)	Remedy for Liquidity Shortfall	
				Investment Plan	Financing Plan
1,635,623	166,227	(1,173,014)	628,836	Not Applicable	

- ♦ Analysis of Cash Flow:
 1. NT\$166,227 thousand net cash generated by operating activities: mainly due to the operating income and expenses.
 2. NT\$1,134,395 thousand net cash used in investing activities: mainly due to the acquisition of financial assets 、 acquisition of subsidiary and purchase of property, plant and equipment.
 3. NT\$24,555 thousand net cash used in financing activities: mainly due to the payment of cash dividends and the repayment of lease principal.
 4. NT\$14,064 thousand net cash outflow caused by effects of exchange rate changes.
- ♦ Remedial Actions for Liquidity Shortfall: Not Applicable.

7.3.2 Analysis of Liquidity

Item \ Year	2022	2023	%
Cash Flow Ratio (%)	28.21	24.75	(12)
Cash Flow Adequacy Ratio (%)	(13.11)	73.69	662
Cash Flow Reinvestment Ratio (%)	3.65	3.05	(16)

- ♦ Analysis of deviation over 20%:
 1. Increased in cash flow adequacy ratio (%): due to net cash inflow increase for the last 5 years from operating activities.
- ♦ Remedial Actions for Liquidity Shortfall: Not Applicable.

7.3.3 Cash Flow Projection for Next Year

Unit: NT\$ thousands

Cash Balance 2024/1/1 (1)	Projected Net Cash from Operating Activities in 2024 (2)	Projected Net Cash Flow from Investing and Financing Activities in 2024 (3)	Projected Cash Balance 2024/12/31 (1) + (2) + (3)	Projected Remedy for Liquidity Shortfall	
				Investment Plan	Financing Plan
628,836	194,183	(194,027)	628,992	Not Applicable	

- ♦ Analysis of Cash Flow Projection:
 1. NT\$194,183 thousand net cash generated by operating activities: mainly due to the operating income and expenses.
 2. NT\$84,022 thousand net cash used in investing activities: mainly due to the purchase of property, plant and equipment, and the disposal of financial assets.
 3. NT\$110,005 thousand net cash used in financing activities: mainly due to the distribution of cash dividends and the repayment of lease principal.
- ♦ Remedial Actions for Liquidity Shortfall: Not Applicable.

7.4 Major Capital Expenditures and Impact on Financial and Business

7.4.1 Major Capital Expenditures and Source of Funds

Unit: NT\$ thousands

Item	Actual or Expected Source of Funds	Total Amount	Actual or Scheduled Use of Funds		
			2022	2023	2024
Freehold land	Working Capital	151,879	151,879	-	-
Production equipment and facilities	Working Capital	221,489	16,732	31,370	173,387
Others	Working Capital	27,243	4,463	9,406	13,374
Total		400,611	173,074	40,776	186,761

7.4.2 Expected Benefits and Impact on Financial and Business:

The above capital expenditures are required for business expansion and the funds required are funded by working capital.

7.5 Long-term Investment Policy

Silitech will make full use of the advantages of each factory: Silitech acquired Malaysia Sembilan factory recently. Taiwan factory has the advantages of MIT and Shenzhen Xurong factory has local service advantages for needs in China. Therefore, increasing production capacity, diversifying product manufacturing processes and dispersing capacity in different regions to meet customer needs; Silitech will respond to long-term strategic needs, focus capital expenditures on innovative products, new manufacturing processes and automation equipment, efficiently use capital expenditures and fully utilize its benefits.

7.6 Risk Management

7.6.1 The impact of recent interest rates, exchange rate changes, and inflation on the company's profit and loss in the recent year and future measures

Changes in interest rates and inflation have no material impact on Silitech's operations and profit or loss. As for the exchange rate changes, due to Silitech's export sales, in order to avoid the impact of exchange rate fluctuations, Silitech uses foreign exchange spot and forward contracts to avoid exchange rate fluctuation risks. At the same time, in addition to maintaining close contact with the banks, Silitech will continue to refer to domestic and foreign professional economic reports and data, and immediately grasp the changes in the global economic situation.

7.6.2 The main reasons for the policy, profit or loss of high-risk, high-leverage investment, loan to others, endorsement/guarantee and derivative transactions in the recent year and future measures

Silitech does not engage in high-risk, highly leveraged investments, loans to others and endorsements/guarantee. With regard to the loan of funds to others, endorsement guarantees and derivative transactions, Silitech has formulated the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees" and "Procedures for the

Acquisition and Disposal of Assets” to regulate the loan of funds to others, endorsement guarantees and derivatives. The derivative transactions dealt by Silitech are for the purpose of hedging only.

7.6.3 Research and development plans in the recent year and future plans

Silitech has developed in the wearable device, smart key, automotive interior glass and optical module products industry. In terms of investment in research and development, in addition to continuously evaluating the possibility of investing in new technologies, Silitech also use new materials and new processes to combine core technologies to continuously enhance core competitiveness. With the pulse of the automobile industry and changes in manufacturing technology, Silitech has improved its position in the automobile industry about the competitiveness of the component market. In addition, Silitech actively develop structurally integrated components and cross-industry application products that combine optics, mechanisms, and electronics, and provide early product R&D and design to meet customer needs and comply with market trends. In addition to providing customers with early product design and R&D with flexible services and improve production efficiency. Relevant research and development plans and progress will be carried out according to the plan. In the future, Silitech will continue to invest in product research and development, key factors such as talents, capital and technology, and maintain the leading position in research and development capabilities. The estimation of R&D expenses is around NT\$ 42 million in 2024.

7.6.4 Impact of material domestic and international policies and legal changes on the company's financial and business in the recent year and corresponding measures

Silitech's operation complies with the relevant current laws and regulations of domestic and foreign countries. In addition to providing legal change information through online collection and legal counsel employed at home and abroad, overseas subsidiaries also irregularly provide important local policies and laws for reference of the management team. Therefore, Silitech can reply the changes in material policies and laws effectively.

7.6.5 Impact of recent technological changes (including cyber security risks) and industry changes on the company's financial and business and corresponding measures

Silitech is one of the leading manufacturers in the industry. R&D technology and innovation are indispensable for operation. It is also a major competitive advantage of Silitech. Therefore, the technology change has positive effects on the financial and business of the Company. Silitech will also continue to maintain its leading position in R&D technology. Recent cases of violations of intellectual property rights have led to an increase in intellectual property risks faced by enterprises in market competition. It highlights that the operation and protection of intellectual property have a significant impact on the Company's operation and development prospects. Therefore, the Company has formulated

"Trade Secret Management Procedure", "Reward for Patent Invention Policy", "Information Security Policy & Management Procedure" and trademark management, in regards to the creation, protection, application, and subsequent value of the intellectual property rights, so that the risk of intellectual property rights of the Company can be effectively controlled and disputes can be prevented, so as to achieve the maximum value of intellectual property rights.

For cyber security, the Company establishes the Cyber Security Committee, which convenes cyber security meetings as necessary, and is responsible for formulating and evaluating the Company's cyber security policies and matters, or reviewing and supervising incidents.

7.6.6 The impact of corporate image changes in recent years on corporate crisis management and corresponding measures

Silitech's business objectives are based on the principle of sound and ethical management, the corporate image is good, attracting many outstanding talents, and planting the strength of the management team, and then returning the operating results to the shareholders, and fulfilling the social responsibilities, so there will not be any negative impacts on the image of Silitech. Silitech will continue to do its best to maximize the shareholders' interests, fulfill the corporate social responsibility and make the corporate image even better.

7.6.7 Expected benefits and possible risks of M&A in the recent year

Silitech has not conducted any mergers and acquisitions in the most recent year and up to the date of publication of the annual report.

7.6.8 Expected benefits and possible risks of expansion of the factory in the recent year

Please refer to the Section 7.4 Major Capital Expenditures and Impact on Financial and Business.

7.6.9 Risks of purchase or sales concentration in the recent year

Silitech has been established from the spin-off of Silitek Corporation Rubber BU. It has many years of profound cooperation experience and partnership with material suppliers. The raw material procurement of Silitech's global production base are negotiated together. When purchasing materials, there is a relative bargaining power and a stable supply source. In addition, Silitech has a large variety source of purchases and no centralized purchase. The customers of Silitech are mainly international manufacturers or EMS. Silitech is more active in business development for different customers and developing product applications to expand customer base. Therefore, Silitech has no risk on sales concentration.

7.6.10 Directors or shareholders holding more than 10% of the shares, the impact of a large number of shares transferred or replaced on the company and risks: None.

7.6.11 Impact of changes in management rights on the company and risks

Not applicable, no change in management rights in 2023.

7.6.12 Litigation or non-litigation

Should the Company, its directors, presidents, substance representatives, subordinate companies and major shareholders holding more than 10% of the shares in the last two years have the litigation, non-litigation or administrative disputes up to the date of this annual report: None.

7.6.13 Policy and organizational structure of risk management

♦ Organization and operation of risk management

There are considerable variables in operation, growth and even scale adjustments of a company. Silitech pursues the maximization of shareholders' interests and protects all employees and reduces its operating risks in a responsible manner. According to this spirit, the risk management procedure is established, and the management cycle is divided into four categories: project category, operation category, improvement category and other category. Aiming at possible risk causes, each cycle of risk management has its responsible unit. The timing of prevention planning, preventive measures and review cycle, etc., will be proposed by the responsible units. The review of improvement plan will be served as a reference for similar events in the future.

Silitech's operational risk management is divided into three levels for management and control: the responsible unit is the first mechanism, and it takes responsibility for the design, prevention and prevention of the initial risk detection, evaluation and control of the operation. The second mechanism is the evaluation committee chaired by the president. In addition to the feasibility assessment, it also includes assessments of various risks. The third mechanism, it includes audit department's review of the potential operational risks, regular internal audit reports to the board of directors, and review of the board of directors.

♦ **Organization table of risk management**

Important Risk Assessment	Responsible Unit (First Mechanism)	Risk Review and Control (Second Mechanism)	BOD and Internal Audit (Third Mechanism)
1. Interest rates, exchange rates and financial risks 2. High-risk, high-leverage investment, loans to others, endorsement guarantees and derivative commodity transactions and financial management investment	Treasury Unit	Finance assessment	Board of Directors: decision and final control of risk assessment control Internal Audit: risk inspection, assessment, supervision, improvement tracking and reporting
3. Research and development plan 4. Policy and legal changes 5. Technology and industry changes 6. Corporate image change 7. Merger benefits 8. Expansion of the factory or production 9. Centralized purchase or sales	R&D and New Business Legal Office President's Office Finance Information Technology Sales & Marketing Procurement Mechanical Integration Automotive Components	R&D, management, and operation /production & sales meetings	
10. Equity movement of directors or major shareholders 11. Changes in management rights	Finance	Management meeting	
12. Litigation or non-litigation matters	Legal Office	Legal meeting	
13. Personnel behavior, ethics and conduct	Department head Human resources	HR meeting	
14. Management of the board of directors	Finance	Legal Office, Internal Audit	

7.6.14 Other Important Risks and Corresponding Measures: None.

7.7 Other Important Matters: None.

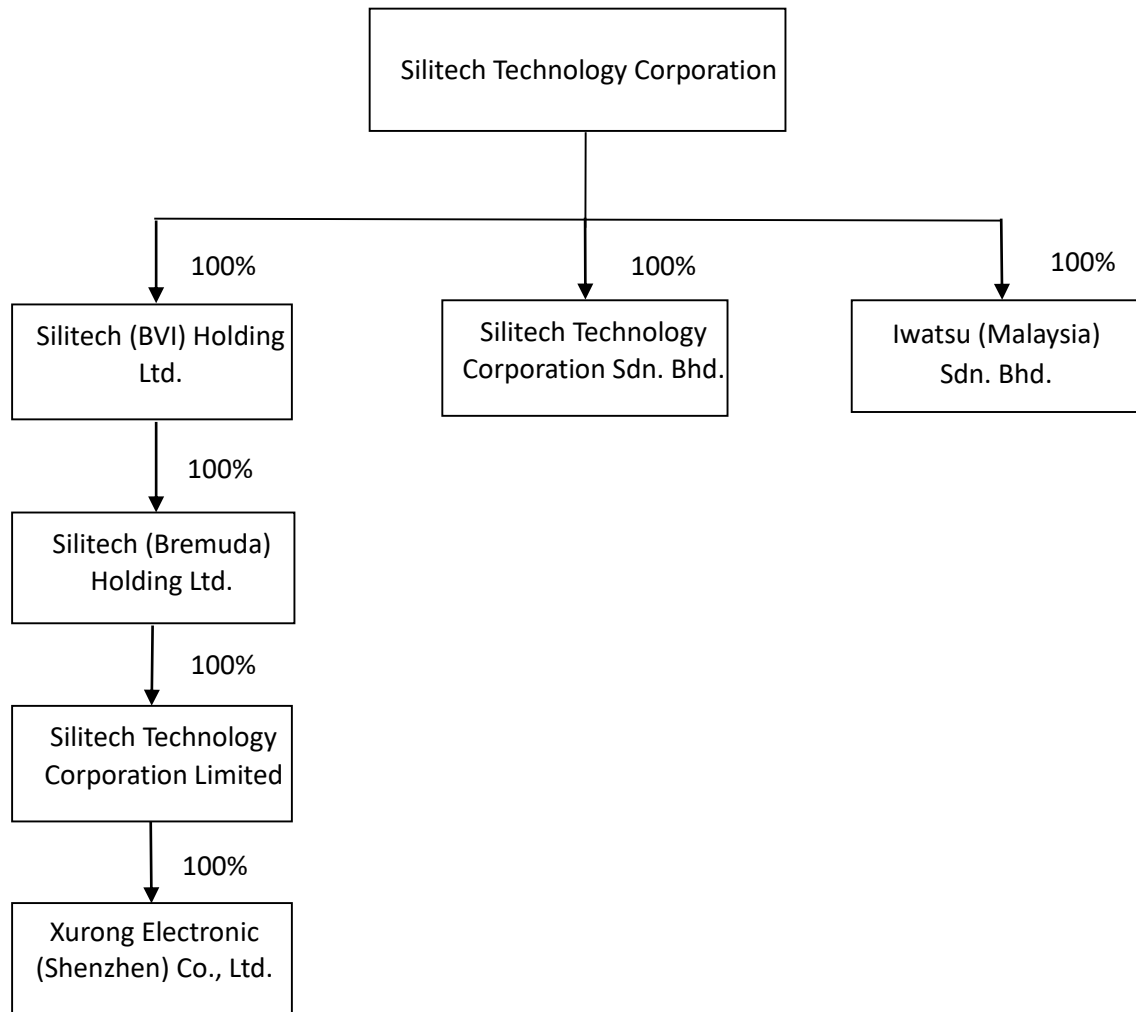
Special Notes

8.1 Affiliates Information

8.1.1 Consolidated Operation Report of the Company and Affiliates

◆ Affiliated Organization Chart

2023/12/31



◆ **Background Information of the Affiliated Companies**

2023/12/31
Unit: thousands

Company	Date of Incorporation	Place of Registration	Capital Stock	Business Activities
Silitech (BVI) Holding Ltd.	2001/09/27	Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110	USD 29,028	Investment activities
Silitech Technology Corporation Sdn. Bhd.	2002/05/09	1528, MK 15, Jalan Besar, 14200 Sungai Jawi, Seberang Perai Selatan Penang, Malaysia	USD 5,632	Manufacture of plastic and computer peripheral products
Iwatsu (Malaysia) Sdn. Bhd.	1990/12/11	No. 660, Kawasan Perusahaan, Taman Tuanku Jaafar, 71450 SG. Gadut, Seremban, Negeri Sembilan, Malaysia	USD 5,941	Manufacture of telecommunications and communications equipment
Silitech (Bermuda) Holding Ltd.	2002/08/28	Victoria Place, 5th Floor 31 Victoria Street Hamilton HM 10 Bermuda	USD 28,978	Investment activities
Silitech Technology Corporation Limited	2002/01/16	Rm1610-11 CC, Wu Building, 302-8 Hennessy Road, Wanchai, HK	USD 8,000	Manufacture of plastic and computer peripheral products
Xurong Electronic (Shenzhen) Co., Ltd.	1999/12/24	No. 461(Building C, D) Nanhuan Road, Shajing Town, Baoan District. Shenzhen, Guangdong	USD 2,800	Manufacture and sale of touch panels and plastic and rubber assemblies

- ◆ **Presumed to Have Control and Affiliation Common Shareholders Information:** None

- ◆ **Business Scope of the Company and Affiliated Companies:**

The business scope includes investment, manufacturing, trading and electronics industries.

- ◆ **Rosters of Directors, Supervisors, and Presidents of Affiliated Companies:**

2023/12/31

Company	Title	Name	Shareholding	
			Shares (Investment Amount)	% (Investment Holding %)
Silitech (BVI) Holding Ltd.	Director	Yu-Heng Chiao	Silitech Technology Corporation holds 29,028 thousand shares	100%
	Director	Yu-Chen Hsu		
	Director	Wei-Lin Chen		
Silitech Technology Corporation Sdn. Bhd.	Director	Yu-Heng Chiao	Silitech Technology Corporation holds 21,400 thousand shares	100%
	Director	Yu-Chen Hsu		
	Director	Wei-Lin Chen		
	Director	Ong Chin Chye		
Iwatsu (Malaysia) Sdn. Bhd.	Director	Yu-Heng Chiao	Silitech Technology Corporation holds 40,000 thousand shares	100%
	Director	Yu-Chen Hsu		
	Director	Wei-Lin Chen		
	Director	Ong Chin Chye		
	Director	Lim Sum Hang		
Silitech (Bermuda) Holding Ltd.	Director	Yu-Heng Chiao	Silitech (BVI) Holding Ltd. holds 28,978 thousand shares	100%
	Director	Yu-Chen Hsu		
	Director	Wei-Lin Chen		
Silitech Technology Corporation Limited	Director	Yu-Heng Chiao	Silitech (Bermuda) Holding Ltd. holds 62,400 thousand shares	100%
	Director	Yu-Chen Hsu		
	Director	Wei-Lin Chen		
Xurong Electronic (Shenzhen) Co., Ltd.	Director	Yu-Chen Hsu	Silitech Technology Corporation Limited's Investment RMB 37,131 thousand	100%
	Director	Chris Lee		
	Director & Legal representative /President	Laster Cheng		
	Supervisor	Wei-Lin Chen		

◆ **Operational Highlights of Affiliated Companies**

2023/12/31

Unit: NT\$ thousands (Except EPS: NT\$)

Company	Capital Stock	Assets	Liabilities	Net Worth	Operating Revenues	Income (Loss) from Operation	Net Income (Loss)	Basic Earnings (Loss) Per Share
Silitech (BVI) Holding Ltd.	889,865	1,291,989	0	1,291,989	0	(130)	23,286	0.80
Silitech Technology Corporation Sdn. Bhd.	143,471	1,103,845	311,282	792,563	1,178,773	123,844	114,091	5.33
Iwatsu (Malaysia) Sdn. Bhd.	182,114	225,940	71,591	154,349	57,010	(14,643)	(15,638)	(0.39)
Silitech (Bermuda) Holding Ltd.	888,333	1,317,323	44,054	1,273,269	0	(818)	22,603	0.78
Silitech Technology Corporation Limited	287,201	217,391	9,612	207,779	41,655	(226)	(14,714)	(0.24)
Xurong Electronic (Shenzhen) Co., Ltd.	100,330	195,604	56,389	139,215	129,978	(24,807)	(16,144)	NA

Note: The amounts of capital stock, assets, liabilities and net worth are converted at the exchange rate of 2023/12/31; operating revenues, income (loss) from operation, net income (loss), basic earnings (loss) per share are converted according to the average exchange rate of 2023.

8.1.2 Consolidation of Financial Statements of Affiliates

Please refer to the Section 6.4 Consolidated Financial Statements for the Most Recent Years.

8.1.3 Affiliation Report: Not applicable.

8.2 Private Placement Securities in the Most Recent Year and up to the Publication Date of this Annual Report: None.

8.3 The Company's Common Shares Acquired, Disposed Of and Held by Subsidiaries: None.

8.4 Other Necessary Supplement: None.

Any Events Had Significant Impacts on Shareholders' Right or Security Prices as Stated in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act: None.