

2023

ANNUAL REPORT

Spirox Corporation

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Spirox Website: www.spirox.com

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

1. Spokesperson and acting spokesperson

Spokesperson:

Name: Noelle Ni

Title: Special assistant

Tel: (03)573-8099

Email: noelle_ni@spirox.com

Acting spokesperson:

Name: Neil Chen

Title: Senior Manager, Financial Department

Tel: (03)573-8099

Email: neil_chen@spirox.com

2. Address and contact number of headquarter, branches and factory

Headquarter :

Address: No. 95, Shuiyuan St., East Dist., Hsinchu City

Tel: (03)573-8099

Branchs and Factory: None

3. Stock registration agent

Company: Capital Securities Corporation Registrar Agency Department

Address: B2 Floor, No. 97, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City, Taiwan, R.O.C.

Website: <https://www.capital.com.tw>

Tel: (02)2702-3999

4. Certified public accountants for the current fiscal year

Name: Kuan-Chao Lin, Ming-Yu Wen

Company:

Address: 4F, No. 118, Xingshan Rd, Neihu Dist, Taipei City, Taiwan, R.O.C.

Website: <http://www.pkf.com.tw>

Tel: (02)8792-2628

5. Exchange Houses where Overseas Securities are Listed: None

6. Company Website: <http://www.spirox.com>

Spirox Corporation
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I. Letter to Shareholders

Dear ladies and gentlemen,

In the year 2023, under the impact of the China–United States trade war, geopolitical tensions, and resistance to inflation, to respond to the economic instability caused by the regional economics situation of the demand of semi-conductors and the transformation to local production, Spirox (the Company) has adjusted its operational strategy to expand its revenue and create profit growth according to the change. In the future, Spirox will continuously strive to create competitive advantages to increase revenue, maintain sustainable business development, and protect the interests of shareholders.

In 2023, the consolidated revenue was NTD 1,342,715 thousand, with a net loss after tax of NTD 55,232 thousand. The net loss after tax attributable to the owner of the parent company was NTD 56,085 thousand, with an earnings per share of NTD (0.49). With the operational goal of providing customers with more valuable products and services, Spirox Corporation successfully installed two sets of silicon photonic WAT detection solutions in the wafer foundry in the fourth quarter of 2023, and will expand to different markets from 2024 in application-side OSAT and customer needs. In addition, in the compound semiconductor market, we took the lead in building an "Advanced Optical Materials Testing Laboratory" to provide professional optical testing services that can meet customers' feedback and expectations for improving production capacity and process yield. In November 2023, we officially launched the non-destructive product press conference. The company's innovative wafer defect inspection system has entered the field of substrate, cutting, polishing and epitaxial quality inspection of third-class compound semiconductors. It has successively won the recognition of leading wafer factories in various regions around the world. The company's innovative inspection system technology can be used to improve process solutions. program, and also developed a full-chip and micro-area non-contact three-dimensional stress analysis and detection system for WBG materials used in the wafer cutting, grinding and polishing process. Continuing the adjustment of the company's operating structure at the end of 2022 and improving the overall gross profit margin in 2023, the company participated in the cash capital increase of Southern Technology Co., Ltd. in November 2023 and obtained 51% of the shares, officially entering the field of advanced optics. In 2024, the company will increase its Sales ratio, profit contribution and return on shareholders' equity of homemade products.

The emerging application markets such as 5G, AI, high-performance computing, Internet of Things (IoT), automotive electronics, and so on, various cloud storage and metaverse applications combines AIoT with extensive application development. Emerging application markets such as 5G, AI, high-performance computing, Internet of Things, automotive electronics, etc., combined with various clouds and metaverses, AIoT is widely used and developed. AI servers, AI mobile phones, AINB and other related electronic products and semiconductor applications are on the rise. However, due to the continued existence of overall economic and regional political uncertainties, various industry research institutions have different expectations for growth in 2024. The company will continue to optimize its operation planning in line with market demand and industry trends, and create one-stop semiconductor solutions that are closer to customer value. With the established three major structures of "Testing Solutions", "Advanced Packaging Solutions" and "Process and Quality Assurance Solutions", combined with the development capabilities of the three major solutions and the investment of its own R&D resources, we can bring more value to customers. products and services. In 2023, the industry re-adapted to local politics and the semiconductor supply chain took time to destock, which indirectly affected the performance of electronic product terminal shipments; to date, due to the emerging application market combined with the widespread development of automotive electronics and AIoT applications, the demand for related electronic products has It will continue to improve and inject momentum into the mid- to long-term demand side of OSAT in the semiconductor packaging and testing industry. The company remains cautiously optimistic about the semiconductor market.

Furthermore, the company continues to innovate and develop self-made products, and has continued to develop CIS and compound semiconductor process improvement solutions from 2024. It will also accelerate the commercialization of nonlinear optical technology in advanced optical detection technologies such as silicon photonics, Micro LED, and metamaterials. , is expected to have a positive impact on revenue. At the same time, we will still pay close attention to the Sino-US trade war, geopolitics and emerging application markets, the demand for semiconductors and the regional economic model that shifts to local production, through more comprehensive and complete distribution channels, overall solutions and the flexibility of service models. Adjustment, the value of the company's products can enhance customers' competitiveness, environmental protection, energy saving and social value, demonstrating the service and value of Spirox Corporation team's "Delivering Smarter Solution".

In the future, Spirox will continue to enhance operational efficiency in response to global political and economic trends and the rapid changes in the semiconductor market to achieve corporate sustainable operations and stable profit growth. At present, the first priority is to launch innovative company products that are close to customer value needs, Spirox will continuously grow and thrive to create higher corporate value while fulfilling its corporate responsibility to thank all shareholders for their full support of Spirox.

Wish you good health and all the best.

Chairman Peter Chin

II. Company Profile

2.1 Date of Incorporation

The Company was founded on December 11, 1987.

2.2 Company History

December 1987	The Company was founded with paid-in capital of NTD 5 million.
July 1990	Company's location was moved to 2F., No. 402, Sec. 1, Guangfu Rd., East Dist., Hsinchu City.
April 1992	Company's location was moved to 6F.-1, No. 69, Ziyou Rd., East Dist., Hsinchu City.
January 1994	With the purpose of providing clients with test solutions, the test application department was founded to provide clients with various consultancy and testing program applications, research and development required for integrated circuit testing.
September 1994	Kaohsiung office was established.
January 1997	Singapore branch was founded.
January 1999	The subsidiary Fortune Technologies Corporation was founded.
March 1999	Training & Demo Center was established.
January 2000	To provide clients with the total solution and enhance service quality, the Company expanded the original test application department into the Test Application R&D Center and Testing & Training Center. Moreover, the Testing Information R&D Center was established to provide the total solution for the semiconductor back-end process, packaging and testing.
August 2000	Chupei R&D Center was established to continuously develop the technologies for advanced testing such as the relevant equipment, productivity, yield rate improvement, localization and system.
June 2002	The Investment Commission approved the investment project in China to establish Spirox Technologies (Shanghai) Corporation.
September 2002	The Securities & Futures Institute approved the listing.
December 2002	The Company was officially listed on the Taiwan Stock Exchange.
September 2003	The merger with Spirox Systems Corporation was completed and 5,544,241 new shares for capital increase were issued.
December 2003	Hsinchu Science Park Branch was established and re-allocated the Chupei R&D Center to Hsinchu Science Park Branch.
February 2004	Tainan Science Park Branch was established.
February 2004	IC Verification Center was established.
January 2005	Spirox Educational Foundation was established to sponsor the social welfare and education campaign.
May 2005	The Company moved to No. 95, Shuiyuan St., East Dist., Hsinchu City.
June 2005	The subsidiary Credence-Spirox Integration Corporation (CSIC) was established.
November 2005	Fortune Technologies (Shanghai) Corporation was founded.
December 2006	Malaysia office was established.
December 2007	20th anniversary of the Company, remarked by the host of the industrial forum to address "Strategic Value for High-tech Industries".
April 2008	The Investment Commission approved the capital increase in China, USD 2 million and USD 5 million of capital increase respectively funded to Spirox (Shanghai) Corporation and Fortune Technologies (Shanghai) Corporation.
June 2008	To elevate the return on equity, the shareholders' meeting approved the capital reduction of NTD 837,516,110.
October 2009	Taipei office was established, to distribute a broad portfolio of Tektronix Test and Measurement Instruments in Taiwan.
May 2011	The Chairman and Presidnet, David Hsu, resigned from the Board of Directors on April 27, 2011 due to the initiation of inheritance and re-building. The Vice-Chairman Chun-Liang, Huang took over the Chairman and President, and the general manager of the Semiconductor and Optoelectronics Business Unit Chien-Chang, Wu was promoted to Vice-Chairman. Meanwhile, the Board of

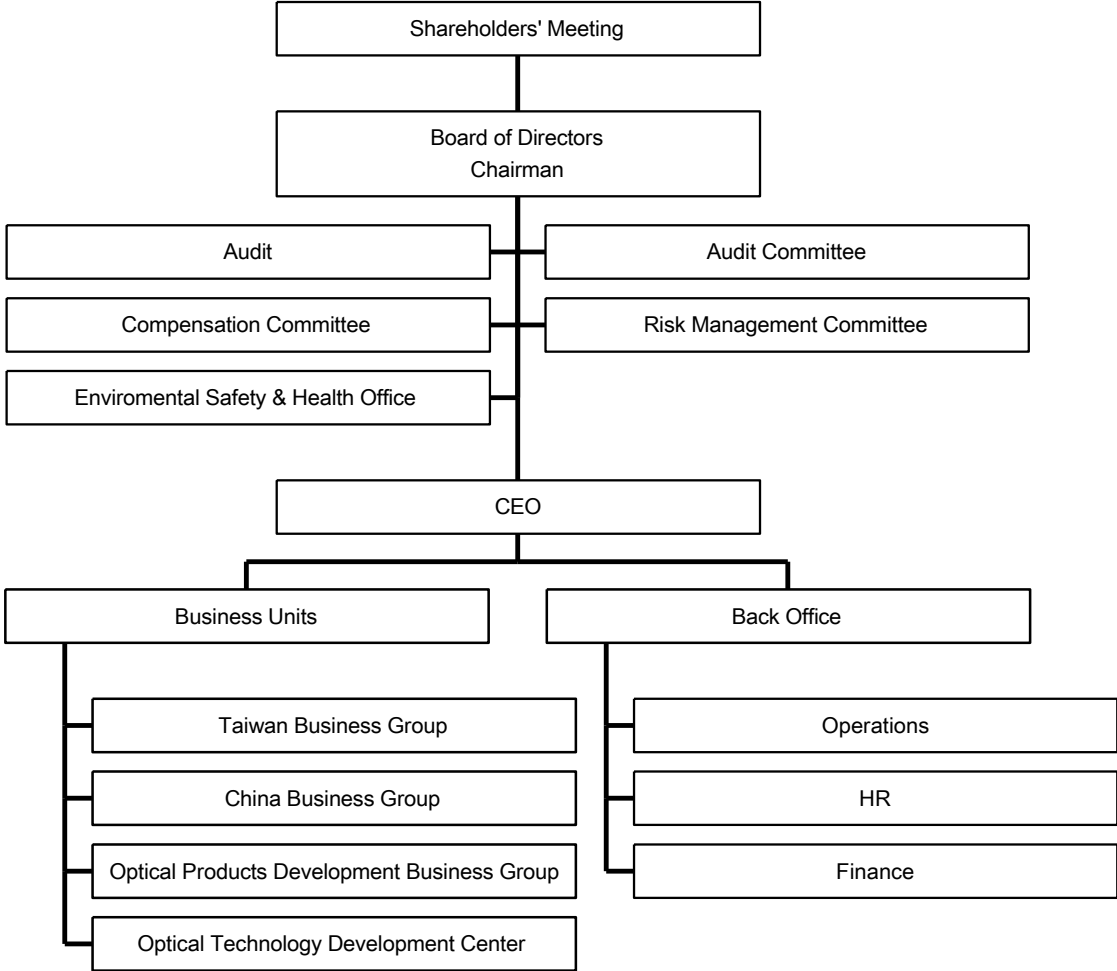
	Directors invited David Hsu to serve as the Honorary Chairman and Chief Strategic Investment Officer, which come into effect on May 18, 2011.
August 2011	To protect corporate credit and shareholders' equity and interests, the Board of Directors resolved to repurchase shares.
October 2011	The Company re-invested in the products, introduced by Infinet Technology Ltd., of Agilent and Fluke, the leading manufacturers of measuring instruments.
December 2011	The Company established the strategic partnership with Delta Design Inc. and Rasco GmbH (Delta-Rasco), the global leading manufacturer of testing equipment.
February 2012	The registration cancellation of treasury stock was completed and the capital reduction was NTD35.06 million. The paid-in capital after capital reduction was NTD 1,305,947,550.
July 2013	The Chairman and general manager Chun-Liang, Huang resigned from the Board of Directors on June 26, 2013 due to personal career planning. Meanwhile, David Hsu was elected as the Chairman and president by the Board of Directors, officially effective on July 1, 2013.
November 2013	To protect corporate credit and shareholders' equity and interests, the Board of Directors resolved to repurchase shares.
February 2014	The registration cancellation of treasury stock was completed and the capital reduction was NTD 7.36 million. The paid-in capital after capital reduction was NTD 1,298,587,550.
March 2014	To protect corporate credit and shareholders' equity and interests, the Board of Directors resolved to repurchase shares
August 2014	The registration cancellation of treasury stock was completed and the capital reduction was NTD 40.27 million. The paid-in capital after capital reduction was NTD 1,258,317,550.
December 2014	To attract and retain the required professional talents and elevate employees' cohesion and sense of belonging for jointly creating Company and shareholders' benefits, 3,000,000 shares of restricted stock awards were issued at the total amount of NTD 30 million.
May 2015	China IC Verification Center was established, to support a full range of reliability and qualification testing in-house.
August 2016	The change registration of capital reduction was completed and the capital reduction was NTD 265,545,310. The paid-in capital after capital reduction was NTD 1,064,647,240.
October 2016	To protect corporate credit and shareholders' equity and interests, the Board of Directors resolved to repurchase shares.
February 2017	The Company proposed the termination of the International Distributor Agreement and supplementary agreement to supplier Xcerra Corporation.
February 2017	The registration cancellation of treasury stock was completed and the capital reduction was NTD 28.33 million. The paid-in capital after capital reduction was NTD 1,035,118,160.
February 2017	To protect corporate credit and shareholders' rights and interests, the Board of Directors resolved to repurchase shares.
March 2017	The Company established a strategic partnership with Japanese manufacturer Hamamatsu.
April 2017	The Company established a strategic partnership with the leading brand of wafer inspection equipment Toray Engineering Co., Ltd.
June 2017	The Company maintained the strategic partnership with significant supplier Xcerra Corporation.
September 2017	The Company segregated and transferred the relevant business of design and integrated service department to the newly founded VESP Technology Corporation which was 100% owned by the Company.
July 2018	The Board of Directors resolved the short form merger of the subsidiaries Hibon Investment Corporation, Infinet Technology Ltd., and ATeam Scientific Ltd.
September 2018	Chairman David Hsu resigned due to personal career planning on September 28, 2018. Jack Chen was elected as the Chairman by the Board of Directors and took

	office on September 29, 2018.
October 2018	To transfer the shares to the employee, the Board of Directors resolved to repurchase shares
November 2018	The Company signed the distribution contract with ERS electronic GmbH, the innovation leader in the market of thermal management solutions for semiconductor manufacturing.
January 2019	The Company signed the distribution contract with Korea SEMICS, the leading brand of prober.
January 2019	To protect corporate credit and shareholders' equity and interests, the Board of Directors resolved to repurchase shares.
January 2019	Due to the operation and management requirements, the Board of Directors elected Peter Chin as the Vice Chairman which took office on January 24, 2019.
March 2019	The Company terminated the distribution agreement with supplier Xcerra Corporation.
March 2019	The Company signed the distribution contact with the suppliers ShibaSoku, Northstar, YIKC, Exicon, HANWA, AFORE, Translarity, and so on to introduce their technologies such as the testing equipment, electrostatic discharge analysis (ESD), handler, probe card, and so on.
April 2019	To actively expand the new business, the subsidiary Spirox Cayman Corporation invested Maximo Trading (Shanghai) Co., Ltd. and acquired 51.02% of the shareholding.
April 2019	The subsidiary Hibon Investment Corporation invested Jetek Technology Corporation and acquired 55% of the shareholding.
May 2019	The Company signed the distribution contract with Wintest and National Instruments to introduce the technologies such as LCD Driver IC Test System, RF/CP, FT Testing Solutions, and so on.
June 2019	The Company signed the distribution contract with Osai Automation system and introduced the technologies such as mass production test handler for MEMS, and so on.
June 2019	The registration cancellation of treasury stock was completed and the capital reduction was NTD 10.66 million. The paid-in capital after capital reduction was NTD 1,024,419,160.
July 2019	The Shanghai Jiading Verification Center established by the China IC Verification Center was launched to expand productivity and provide a full range of reliability and quality capability testing service and planning.
October 2019	The Company signed the distribution contract with Carl Zeiss (Shanghai) Co., Ltd to introduce its nano probe technique.
December 2019	The listed operational headquarter "VESP Technology (Hefei) Co., Ltd" was founded in Hefei, China for China IC verification service and was expected to occupy a place in China's chip verification market.
July 2020	To enhance organizational efficiency and expand the operational performance of the group, Jetek Technology Corporation became the subsidiary indirectly 100% held by the Company after the subsidiary Hibon Investment Corporation acquired the rest 45% of the shareholding of Jetek Technology Corporation.
September 2020	The plant of the listed operational headquarter "VESP Technology Co., Ltd. Headquarter", founded in Hefei, China for China IC verification service, was completely constructed and officially launched.
December 2020	The subsidiary Spirox Corporation invested CNY 85 million in Union Semiconductor Co., Ltd. and acquired its capital CNY 17 million with a capital contribution 3.07%.
November 2021	The Company completed the capital increase private placement of the common stock project, issued a total of 16,300,000 shares and raised a total of NTD 391.2 million with a face value of NTD 10 per share. The paid-in capital after issuing new shares was NTD 1,187,419,180.
January 2022	To focus on semiconductor business operations and improve the financial structure, the subsidiary Spirox Cayman Corporation disposed of partial capital of Maximo Trading (Shanghai) Co., Ltd. and still owned 26.46% of its shareholding.

April 2022	The Company partnered with MesoScope Technology, a world-leading nano probe manufacturer, to be MesoScope's exclusive distributor of nano probe products in China and mutually expanded the product and technical service cooperation to promote the German brand Kleindiek Nanotechnik's nano probing station of and MesoScope's Nanoprobing Service.
June 2022	The Company jointly promoted digital optics and 5D microscopy with South Corporation to assist the creative development and industrialization of the advanced material.
July 2022	The Company stepped into the field of direct material packaging and collaborated with Taiwan's emerging brand Geckos Technology Corporation to provide cross-strait semiconductor assembly houses nano conductive copper paste which has great performance and high thermal transmission as another high-quality option in addition to silver paste.
November 2022	The Company signed the comprehensive cooperation agreement with the world-known electron microscope manufacturer TESCAN and became its distributor in China.
November 2022	The Company launched a fully automatic IQC inspection system for high-quality image wafer inspection and integrating with SEMICS OPUS prober
December 2022	Chairman Jack Chen resigned from the position of Chairman on November 25, 2022 due to personal retirement and career planning and served until the date of Chairman re-election. The Board of Directors elected Vice Chairman Peter Chin on December 5, 2022 and re-assigned him as Chairman on December 6, 2022.
December 2022	To focus on the semiconductor business operation, the subsidiary Spirox Cayman Corporation disposed of all shareholdings of Maximo Trading (Shanghai) Co., Ltd.
December 2022	To focus on the semiconductor business operation, the subsidiary Bright Future Cayman Limited disposed of all shareholdings of VESP Technology (Hefei) Co., Ltd.
January 2023	The Company announced to expand the cooperation with digital optics emerging brand Southport Corporation and formed a three-party alliance with SCube Technologies Corporation to jointly build an "Advanced Optical Material Testing Laboratory" to provide professional optical testing service.
February 2023	To transfer the shares to the employee, the Board of Directors resolved to repurchase shares.
July 2023	Serves as the exclusive agent in China for nanoprobe manufacturer ALES Tech INC.'s nanoprobes and micron probe products. It also strategically invests in ALES Tech INC. to lay out key technologies for advanced semiconductor process quality inspection and circuit repair.
August 2023	The company has established a "Risk Management Committee" under the board of directors to strengthen the board of directors' functions and risk management mechanism.
November 2023	The company participated in the cash capital increase of Southport Corporation and obtained its capital of NTD30,913,000, with an investment ratio of 51%, officially entering the field of advanced optics.
November 2023	Together with its digital optical brand Southport Corporation, we jointly launched the industry's first non-destructive wafer defect inspection system, which can find fatal crystal defects inside the substrate to replace the current high-cost destructive KOH (potassium hydroxide) etching inspection method. It can reduce detection loss, increase production and help improve the manufacturing process.
January 2024	The sixth repurchase of treasury shares was completed and the deregistration was completed, with a capital reduction of NTD37.67 million. After the capital reduction, the paid-in capital amount was NTD1,149,749,180.

III. Corporate Governance Report

3.1 Organization (1) Organization chart



(2) Department functions

Department	Main functions
Taiwan Business Group China Business Group	<p>Sales and services of the following products in the Taiwan and (or) Mainland China markets:</p> <ul style="list-style-type: none"> ● Sales and service of semiconductor testing machinery such as testing machine, handler, fully automated prober, related jig, components and interface ● Development, sales and service of automation engineering for semiconductor testing plant ● Testing technique training and consultancy center for semiconductor with providing technique training and consultancy of advanced equipment ● Customer support and repair of components of testing equipment/instruments for semiconductor equipment and peripheral products ● Sales and service of semiconductor advanced packing equipment ● Sales and service of autonomous mobile robot manufactured with semiconductor ● Sales and technological service of semiconductor failure analysis equipment such as EMMI/OBIRCH, Nano Prober, FIB, etc. ● Sales and technological service of semiconductor (Wafer/Panel) fully automated optical inspection (AOI) equipment ● Sales and technological service of optical inspection equipment for semiconductor packaging devices (QFN, QFP, BGA, etc.) ● Testing equipment and technological service for the electrostatic testing of semiconductor device (ESD) such as HMB/MM/CDM/TLP/ LATCH UP ● Sales and services of non-destructive defect detection systems
Optical Products Development Business Group	<ul style="list-style-type: none"> ● Development and supply chain management of self-made equipment in the optical field
Optical Technical Development Center	<ul style="list-style-type: none"> ● Development of new technologies and prototype validation for applications in the optical field
Operations	<ul style="list-style-type: none"> ● Legal affairs ● Product marketing and promotion for various businesses ● Investor relationship ● Procurement, import /export and warehouse management affairs ● Development, maintenance and integration of information management system
HR	<ul style="list-style-type: none"> ● Matters related to human resources such as recruitment, configuration, learning and development, performance assessment, and employee relations, etc. ● Related construction of corporate administration, general affairs, office and factory
Finance	<ul style="list-style-type: none"> ● Establishment and operation of financial and accounting system ● Preparation and management of financial statements, managerial report and budget ● Plan and management of funds ,investment and financing activities ● Tax plan and execution ● Board meeting procedures ● Stockholder service affairs

3.2 Information of Directors, President, Vice Presidents, Division Directors and the Heads of Branch Units

(1) Information of Directors

April 29, 2024

Job title	Nationality or place of registration	Name	Gender, Age	Date of election to current term	Term of office	Commencement date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the Company and/or in any other company	Other officer(s), director(s), or supervisor(s) with a spouse or relatives within the second degree of kinship		
							No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			No. of shares	Shareholding ratio	Job title
Chairman	Republic of China	Peter Chin	Male 41-50	August 13, 2021	3 years	December 13, 2018	12,092,000	11.80%	12,479,000	10.85%	0	0	0	0	Vice Chairman of Spirox Corporation Master of Finance, Yuan Ze University	Chairman of Jetek Technology Corporation Chairman of Beyond Engineering Corporation Chairman of Hibon Investment Corporation Director of Spirox Technology (Shanghai) Co., Ltd. Director of Shanghai Infinet Technology Co., Ltd. Chairman of Hefei Spirox Technology Co., Ltd. Director of Long Bun Brewing Co., Ltd. Director of Southport Corporation Director of Yeuan Yeou Enterprise Co., Ltd. Director of Lebledor F&B Co., Ltd. Director of Universe Circular Technology Co. Ltd. Director of Jun Yle Investment Co., Ltd. Director of Ruixin Catering Co., Ltd. Director of Silicon-Based Molecular Sensoring Technology Co., Director of Spirox Cayman Corp. Director of Spirox International Limited Director of Bright Future Cayman Limited Director of Excellent Future Limited Supervisor of Probright Technology Inc.	None	None	None
Director	Republic of China	Jack Chen	Male 71-80	August 13, 2021	3 years	December 11, 1987	3,040,193	2.97%	3,040,193	2.56%	0	0	0	0	Chairman of Spirox Corporation、RDC Semiconductor Co., Ltd.、Spirox System Corporation Bachelor of Electrical Engineering, National Taiwan University	Director of Beyond Engineering Corporation Director of Hibon Investment Corporation Director of Jetek Technology Corporation Director of Spirox Technology (Shanghai) Co., Ltd. Director of Browave Corporation Director of Oasis Technology Co., Ltd. Director of RDC Semiconductor Co., Ltd. Independent director of Wistron Corporation	None	None	None

Job title	Nationality or place of registration	Name	Gender, Age	Date of election to current term	Term of office	Commencement date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the Company and/or in any other company	Other officer(s), director(s), or supervisor(s) with a spouse or relatives within the second degree of kinship			
							No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Job title	Name	Relationship	
Director	Republic of China	Jun Yle Investment Co., Ltd.	-	August 13, 2021	3 years	December 13, 2018	8,835,000	8.62%	9,703,000	8.17%	0	0	0	0	-	-	-	-	-	
		Representative: Henry Kao (Note 1)	Male 51-60	August 13, 2021	3 years	December 13, 2018	0	0	0	0	0	0	0	0	0	President of Spirox Corporation Engineering Science of National Cheng Kung University	-	None	None	None
		Representative: Vicky Lin (Note 1)	Female 51-60	February 10, 2023	3 years	February 10, 2023	0	0	3,000	0.01%	6,000	0.01%	0	0	0	Chairman special assistant of Junfu Logistics Co., Ltd. Master of Commercial Automation and Management, National Taipei University of Technology	Director of Glaciwaker Entertainment Inc. Director of RC Education Foundation Supervisor of Shun-Hsin Warehousing Co., Ltd. Supervisor of A*Sociate Co., Ltd. Supervisor of Wei-Yun Co., Ltd	None	None	None
Director	Republic of China	Hsi-Wei Investment Co., Ltd.	-	August 13, 2021	3 years	December 13, 2018	8,330,000	8.13%	8,330,000	7.25%	0	0	0	0	-	-	-	-	-	
		Representative: Pei-Cheng Yeh	Male 61-70	August 13, 2021	3 years	December 13, 2018	0	0	0	0	0	0	0	0	0	Chairman of GIGA-BYTE Technology Co., Ltd. Chairman of Giga Investment Co. Chairman of Lien-Chia International Investment Co., Ltd. Chairman of PG Union Corporation Chairman of PG Rental Corporation Chairman of Hsi-Wei Investment Co., Ltd. Chairman of Gigabyte Communications Inc. Director of G-STYLE LTD. Director of BYTE International Co., Ltd. Director of ALBATRON TECHNOLOGY CO., LTD. Director of Walsin Technology Corporation Director of SHUN ON ELECTRONIC CO., LIMITED	Chairman and president of GIGA-BYTE Technology Co., Ltd. Chairman of Giga Investment Co. Chairman of Lien-Chia International Investment Co., Ltd. Chairman of PG Union Corporation Chairman of PG Rental Corporation Chairman of Hsi-Wei Investment Co., Ltd. Chairman of Gigabyte Communications Inc. Director of G-STYLE LTD. Director of BYTE International Co., Ltd. Director of ALBATRON TECHNOLOGY CO., LTD. Director of Walsin Technology Corporation Director of SHUN ON ELECTRONIC CO., LIMITED	None	None	None
Independent Director	Republic of China	Chia-Jung Wu	Female 41-50	August 13, 2021	3 years	June 11, 2018	0	0	0	0	0	0	0	0	Lawyer of C.Chuang Attorneys at Law Bachelor of Law, National Taiwan University	Lawyer of C.Chuang Attorneys at Law Chairman of ATrack Technology Inc. Chairman of Qianzhuang Capital Co., Ltd. Director of Jinglu International Co., Ltd. Independent director of National Petroleum Corporation	None	None	None	

Job title	Nationality or place of registration	Name	Gender, Age	Date of election to current term	Term of office	Commencement date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the Company and/or in any other company	Other officer(s), director(s), or supervisor(s) with a spouse or relatives within the second degree of kinship		
							No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Job title	Name	Relationship
Independent Director	Republic of China	Yi-Ying Wu	Female 41-50	August 13, 2021	3 years	December 13, 2018	0	0	0	0	0	0	0	0	Lecturer of International Trade, Chih Lee University of Technology PhD of Economics, National Chengchi University	Independent director of Spirox Corporation; Member of Audit Committee, remuneration committee and Risk Management Committee of Spirox Corporation	None	None	None
Independent Director	Republic of China	Shu-Tzu Chen	Female 51-60	November 2, 2021	3 years	November 2, 2021	0	0	0	0	0	0	0	0	Assurance partner of Hsin-Yeh Certified Public Accountants' Firm Department of accounting, National Taiwan University	Assurance partner of Hsin-Yeh Certified Public Accountants' Firm Representative legal director of Big Sunshine Co., Ltd. Independent director of Mayer Steel Pipe Corporation Independent director of MEGA International Development Co., Ltd.	None	None	None

Note 1: Jun Yle Investment Co., Ltd. assigned Vicky Lin as the juridical Director representative on February 10, 2023 and Henry Kao was dismissed at the same day.

Main shareholders of juristic-person shareholder

April 29, 2024

Name of juristic-person shareholder	Main shareholders of juristic-person shareholder	Shareholding ratio
Jun Yle Investment Co., Ltd.	Gold Yu Co., Ltd	41.79%
	Ho-Shin Investment Co., Ltd.	11.10%
	Atlas Corporation	11.10%
Hsi-Wei Investment Co., Ltd.	Yu-Chang Yeh	28.2%
	Yu-Ting Yeh	28.2%
	Yu-Jen Yeh	28.2%
	Pei-Cheng Yeh	7.7%
	Li-Yun Tsai	7.7%

Main shareholders of juristic-person shareholder who is listed in the above table

April 29, 2024

Name of juristic-person shareholder	Main shareholders of juristic-person shareholder	Shareholding ratio
Gold Yu Co., Ltd	Ming-Chin Chen	24.44%
	Tsang-Hai Tsai	19.44%
Ho-Shin Investment Co., Ltd.	Chi-Kuo Lin	42.80%
	Yu-Luan Fu	35.77%
Ho-Shin Investment Co., Ltd.	Xiu-Qi Co., Ltd.	35.81%
	Guang-Xue Co., Ltd.	35.81%

(2) Disclosure of information regarding the professional qualifications and experience of Directors and the independence of Independent Directors:

April 29, 2024

Name / Qualification	Professional qualifications and experience	Independence analysis of Independent Directors	No. of other public companies at which the person concurrently serves as an independent director
Peter Chin	Job title: Chairman Expertise: Merger and acquisition and investment management, international market and operational management Main position in group: Please refer to page 11 Other main position: Please refer to page 11 Note: None of the circumstances in the subparagraphs of Article 30 of the Company Act	Not applicable	None
Jack Chen	Job title: Director Expertise: Semiconductor market experience, leadership and decision-making and operational management, objection handling, and so on Main position in group: Please refer to page 11 Other main position: Please refer to page 11 Note: None of the circumstances in the subparagraphs of Article 30 of the Company Act	Not applicable	1
Jun Yle Investment Co., Ltd. Representative: Vicky Lin	Job title: Director Expertise: Logistics market experience, leadership and decision making and operation management. Main position in group: none. Other main position: Please refer to page 12 Note: None of the circumstances in the subparagraphs of Article 30 of the Company Act	Not applicable	None
Hsi-Wei Investment Co., Ltd. Representative: Pei-Cheng, Yeh	Job title: Director Expertise: International market, leadership, decision-making and operational management Main position in group: none. Other main position: Please refer to page 12 Note: None of the circumstances in the subparagraphs of Article 30 of the Company Act	Not applicable	None
Chia-Jung Wu	Job title: Independent director Expertise: Law (with lawyer qualification) and experience of Board of Directors and functional committee Main position in group: Member of Audit Committee, Remuneration Committee and Risk Management Committee of the Company Other main position: Please refer to page 12 Note: None of the circumstances in the subparagraphs of Article 30 of the Company Act	All Independent Directors conform to the below circumstances: 1. The principals, their spouses, and their relatives with second degree of kinship are not the directors, supervisors or employees of the Company and of its subsidiaries. 2. The principals, their spouses, and their relatives with second degree of kinship do not hold (or through nominees) any shares of the Company. 3. The principals do not serve as the Directors, supervisors or employees which have specified relationship with the Company. 4. Acquiring remuneration through providing the Company or its affiliates with commercial, legal, financial, accounting and related service within 2 years. 5. Conform the other independence regulations stated in Article 3 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	1
Yi-Ying Wu	Job title: Independent director Expertise: Lecturer of colleges and universities, economics teaching and international trade and market; member experience of the Board of Directors and functional committee Main position in group: Member of Audit Committee, Remuneration Committee and Risk Management Committee of the Company Other main position: None Note: None of the circumstances in the subparagraphs of Article 30 of the Company Act		None
Shu-Tzu Chen	Job title: Independent director Expertise: Accounting and financial analysis capability (with accountant qualification), member experience of the Board of Director and functional committee Main position in group: Member of Audit Committee, Remuneration Committee and Risk Management Committee of the Company Other main position: Please refer to page 13 Note: None of the circumstances in the subparagraphs of Article 30 of the Company Act		2

(3) Diversity and independence of the Board of Directors:

The Company advocates and respects the board diversity policy, and pays attention to gender equality in the composition of the board of directors, and aims to account for one-third (33%) of the seats of male and female directors, to strengthen corporate governance, promote the comprehensive development of the board structure and further elevate the overall corporate performance. The member selection and appointment of the Board of Directors is based on the principle of meritocracy that the members are equipped with diverse and complementary capabilities across the industries, including the basic components (such as age, gender, and so on), various industrial experience and expertise (technology, investment, accounting, law, international trade, and so on), and the abilities such as operational management, business judgment, leadership, crisis management, and so on. To enhance the functions of the Board of Directors so as to achieve the ideal target of corporate governance, Article 20 of the Company's "Corporate Governance Operation" states the Board of Directors shall equip with the below capabilities: 1. Business judgment ability; 2. Accounting and financial analysis ability; 3. Operational management ability; 4. Crisis handling ability; 5. Industrial knowledge; 6. International market perspectives; 7. Leadership; 8. Decision making capacity.

The implementation of the board diversity policy in the current Board of Directors is as below:

Name of director	Diversity		Basic component						Industrial experience					Professional expertise			
	Nationality	Gender	Employee	Age				Continuous Seniority of Independent Directors		Corporate business	Finance	Accounting	Commercial	Legal	Accounting	Law	Lecturer of colleges and universities
				41~50 years old	51~60 years old	61~70 years old	71~80 years old	Under 3 years	3-6 years								
Peter Chin	Taiwan	Male		✓					✓	✓		✓					
Jack Chen	Taiwan	Male					✓		✓	✓		✓					
Vicky Lin	Taiwan	Female			✓				✓	✓		✓					
Pei-Cheng Yeh	Taiwan	Male				✓			✓	✓		✓					
Chia-Jung Wu	Taiwan	Female		✓									✓		✓		
Yi-Ying Wu	Taiwan	Female		✓							✓					✓	
Shu-Tzu Chen	Taiwan	Female			✓			✓		✓	✓			✓			

Diverse core expertise items of current individual Directors is as below, and the Company sets the goal of having at least two directors in each item :

Name	Business judgement	Accounting and financial analysis	Operation management	Crisis management	Industrial knowledge	International market perspective	Leadership	Decision making
Peter Chin	✓	✓	✓	✓	✓	✓	✓	✓
Jack Chen	✓	✓	✓	✓	✓	✓	✓	✓
Vicky Lin			✓		✓	✓	✓	
Pei-Cheng Yeh	✓		✓	✓	✓	✓	✓	✓
Chia-Jung Wu			✓	✓			✓	✓
Yi-Ying Wu			✓	✓		✓		✓
Shu-Tzu Chen		✓	✓	✓			✓	✓

The composition proportions of the Board of Directors of the Company are: 100% Native, 43% of Independent Directors, and 57% of female directors. The age of directors ranges widely that 3 directors are aged 41-50 years old, 2 directors are aged 51-60 years old and one each for those aged 61-70 and 71-80. The above current situation is in line with the Company's goals on gender's ratio (33%) and the diversity of core expertise (at least two directors in each item).

The diversification, complementarity and implementation of the Company's directors have included the standards stated in Article 20 of the Company's Corporate Governance Operation. The diversity policy will be updated timely according to the future needs of the Board of Director's operation and corporate business development, including but not limited to the standards of two directions which are basic conditions and values and professional knowledge and expertise to ensure the board members have the required knowledge, skills and qualities to perform their duty.

(4) Information on the management team

April 29, 2023

Title	Nationality	Name	Gender	Date of appointment to position	Shares held (Note 2)		Shares currently held by their spouses and minor children (Note 2)		Shares held through nominees (Note 2)		Main working (education) experience	Position(s) held concurrently in the Company and/or in any other company	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree		
					Number	%	Number	%	Number	%			Title	Name	Relationship
President	Republic of China	Paul Yang	Male	July 1, 2022	300,000	0.26%	0	0	0	0	General manager of semiconductor business in China and Korea of Agilent Technologies President of Global Testing Corporation Limited President of ChipMOS TECHNOLOGIES INC. Master of Electrical Engineering, National Cheng Kung University	Director of Hibon Investment Corporation Director of Beyond Engineering Corporation Director of Jetek Technology Corporation Director of Southport Corporation Director of SCube Technologies Co., Ltd. Director of Shanghai Infinet Technology Co., Ltd. Director of Spirox Technology (Shanghai) Co., Ltd. Director of Hefei Spirox Technology Co., Ltd. Director of Spirox International Limited	None	None	None
Vice President	Republic of China	Alex Huang	Male	January 1, 2000	499,139	0.44%	2,297	0.00%	0	0	Industry Junior College Vice president of Spirox Corporation Bachelor of Electrical Engineering, Kun Shan	Director of Hefei Spirox Technology Co., Ltd.	None	None	None
Vice President	Republic of China	Charles Ma (Note 1)	Male	September 13, 2022	128,438	0.11%	0	0	0	0	Vice president of Spirox Corporation, Ever Team International Corp., Denmos Technology Inc., and Phytex Corporation Bachelor of Marine Engineering, National Taiwan Ocean University	None	None	None	None
Special Assistant	Republic of China	Noelle Ni	Female	February 18, 2019	40,600	0.04%	0	0	0	0	UNITED INTERNET INFORMATION INC., Delicacy Integrated Marketing Inc., Ltd. Bachelor of English, National Central University	None	None	None	None
Vice President	Republic of China	Charles Lin	Male	March 13, 2023	32,000	0.03%	0	0	0	0	Senior project manager of Agilent Technologies, president of Infinet Technology Ltd. and senior manager of Good Will Instrument Co., Ltd. Texas A&M, Bachelor of Electrical Engineering	President of Spirox Technology (Shanghai) Co., Ltd.	None	None	None
Director	Republic of China	Daniel Chu	Male	March 18, 2019	0	0	0	0	0	0	E Dot Technology Inc., Pao Chiang Chu Ke Technology Master of Management, Yuan Ze University	None	None	None	None

Title	Nationality	Name	Gender	Date of appointment to position	Shares held (Note 2)		Shares currently held by their spouses and minor children (Note 2)		Shares held through nominees (Note 2)		Main working (education) experience	Position(s) held concurrently in the Company and/or in any other company	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree		
					Number	%	Number	%	Number	%			Title	Name	Relationship
Director	Republic of China	Bradley Hsu	Male	March 18, 2019	60,618	0.06%	0	0	0	0	FORMOSA ADVANCED TECHNOLOGIES CO., LTD., TAIWAN TELECOMMUNICATION INDUSTRY CO., LTD. Master of Electrical Engineering, National Taiwan University of Science and Technology	None	None	None	None
Chief HR Officer	Republic of China	Dannise Huang	Female	November 1, 2023	50,000	0.05%	0	0	0	0	HR Manager of Nestle Taiwan HR Manager of KYEC HR Manager of Lam Research HR Sr. Manager of Global Testing Corporation Global HR Director of WIN Semiconductors Corp. VP of ProLogium Technology EMBA, National Chiao Tung University MBA, University of Leicester	Independent director of Hsin-Li Chemical Industrial Corporation Independent director of Sun Yad Construction Co., Ltd.	None	None	None
Chief Technology Officer	Republic of China	I-Jan Chen	Male	January 1, 2024	0	0	10,000	0.01%	0	0	Chiao Tung University Master of Science in Electrophysics, National	Chairman of Southport Corporation Supervisor of SCube Technologies Co., Ltd.	None	None	None
Senior Director	Republic of China	George Hsu	Male	February 13, 2024	0	0	0	0	0	0	Sales Manager of HP Sales Manager of Applied Material Sales Director of Rudolph Technology Master of Computer Science, Syracuse University	None	None	None	None
Chief Finance Officer	Republic of China	Neil Chen	Male	March 23, 2022	54,000	0.05%	0	0	0	0	Financial department manager of Chain Logic International Corp. EMBA, National Chung Hsing University	CFO of Hefei Spirox Technology Co., Ltd.	None	None	None
Chief Accounting Officer	Republic of China	Jasmine Ku	Female	July 1, 2022	30,000	0.03%	0	0	0	0	Assistant manager of EY Taiwan Bachelor of Accounting, Chinese Culture University	None	None	None	None
Chief Corporate Governance Officer	Republic of China	Adele Lin (Note 2)	Female	March 23, 2023	0	0	0	0	0	0	Assistant project manager of Global Unichip Corp., section manager of Z-Com Inc., internal audit executive of Springsoft Inc. Master of Business Administration, National Yang Ming Chiao Tung University	None	None	None	None
Chief Corporate Governance Officer	Republic of China	Pinion Cheng (Note 2)	Male	November 9, 2023	20,176	0.02%	0	0	0	0	Internal audit executive of Spirox, chief accounting officer of Spirox Technologies (Shanghai) Corporation, team leader of Diwan & Company Bachelor of Accounting, National Chung Cheng University	Supervisor of Hibon Investment Corporation Supervisor of Beyond Engineering Corporation Supervisor of Jetek Technology Corporation Supervisor of Southport Corporation Supervisor of Shanghai Infinet Technology Co., Ltd. Supervisor of Spirox Technology (Shanghai) Co., Ltd. Supervisor of Hefei Spirox Technology Co., Ltd.	None	None	None

Note 1: Charles Ma was dismissed on February 29, 2024.

Note 2: Adele Lin was dismissed on November 10, 2023, and Pinion Cheng, the former audit supervisor, was transferred to Chief Corporate Governance Officer.

3.3 Remuneration to Directors, President and Vice Presidents in the Most Recent Year

(1) Details of 2023 remuneration to Directors

Unit : NTD Thousand

Title	Name	Directors' remuneration								Percent of A · B · C and D to net income after tax (Note 8)		Relevant remuneration of part-time personnel								Percent of A · B · C · D · E · F and G to net profit after tax (%) (Note 8)		Any remuneration from other invested business apart from subsidiaries (Note 9)
		Compensation (A) (Note 2)		Retirement allowance (B)		Remuneration from distribution of earnings (C) (Note 3)		Business execution expenses (D) (Note 4)				Remuneration money award and special expenses etc. (E) (Note 5)		Retirement allowance (F)		Employee profit sharing from earnings distribution (G) (Note 6)						
		The Company	All companies within the consolidation financial statement (Note 7)	The Company	All companies within the consolidation financial statement (Note 7)	The Company	All companies within the consolidation financial statement (Note 7)	The Company	All companies within the consolidation financial statement (Note 7)	The Company	All companies within the consolidation financial statement (Note 7)	The Company	All companies within the consolidation financial statement (Note 7)	The Company	All companies within the consolidation financial statement (Note 7)	Cash dividends	Stock dividends	Cash dividends	Stock dividends	The Company	All companies within the consolidation financial statement (Note 7)	
Chairman	Peter Chin	2,400	2,400	0	0	0	0	48	48	-4.36%	-4.36%	0	0	0	0	0	0	0	0	-4.36%	-4.36%	None
Director	Jack Chen	720	720	0	0	0	0	48	48	-1.37%	-1.37%	0	0	0	0	0	0	0	0	-1.37%	-1.37%	None
	Representative of Jun Yle Investment Co., Ltd.: Vicky Lin (Note 1)	300	300	0	0	0	0	27	27	-0.58%	-0.58%	0	0	0	0	0	0	0	0	-0.58%	-0.58%	None
	Representative of Hsi Wei Investment Co., Ltd.: Yeh, Pei-Cheng	300	300	0	0	0	0	18	18	-0.57%	-0.57%	0	0	0	0	0	0	0	0	-0.57%	-0.57%	None
Independent Director	Wu, Chia-Jung	504	504	0	0	0	0	24	24	-0.94%	-0.94%	0	0	0	0	0	0	0	0	-0.94%	-0.94%	None
	Wu, Yi-Ying	504	504	0	0	0	0	45	45	-0.98%	-0.98%	0	0	0	0	0	0	0	0	-0.98%	-0.98%	None
	Chen, Shu-Tzu	504	504	0	0	0	0	45	45	-0.98%	-0.98%	0	0	0	0	0	0	0	0	-0.98%	-0.98%	None

1. Please describe the remuneration policy, system, standard and structure for Directors and Independent Directors, and the relation between the factors such as duty, risk, invested time, and so on and the amount of paid remuneration :

- (1) In accordance with Article 17 of the Company's "Articles of Incorporation", the Board of Directors is authorized to determine the directors' remuneration with the reference of the proposal from Remuneration Committee, according to the involvement to the Company's operations as well as value of the contribution of the Directors.
- (2) Pursuant to Article 22 of the Company's "Articles of Incorporation", when the Company is determined to have earnings in the year, no more than 5% of the earnings shall be appropriated as the directors' remuneration. In addition, in accordance with the "Rules for Performance Evaluation of Board of Directors" of the Company, the individual director's remuneration may be adjusted subject to the performance evaluation results.
- (3) The remuneration structure for directors, as stipulated in the Company's "Rules for Performance Evaluation of Board of Directors", is consistent with the provisions of directors' remuneration, as set forth in the "Regulations Governing Information to be Published in Annual Reports of Public Companies". The policy, system, structure, and standard of the directors' remuneration is established by referred to the industry standard and shall be reviewed regularly according to the long-term and short-term development plans of the Company.

In conclusion, the amount of compensation paid by the Company to directors and independent directors has a positive correlation with the operation performance of the Company and the director's individual performance (including the involvement to the Company's operations and value of contribution).

2. In addition to the preceding disclosed table, the remuneration received by the Directors for providing the service to all companies within the consolidation financial statement (for example: serve as the consultant which is not considered the employee in the parent company/ all companies within the consolidation financial statement/ reinvested business) in the most year : None.

Note 1:Jun Yle Investment Co., Ltd. re-appointed Vicky Lin as its representative on February 10, 2023; Henry Kao was dismissed from the representative of director of the Company on February 10, 2023.

Note 2:This refers to director compensation in the most recent year (including salary, allowances, severance pay, rewards and incentives).

Note 3:This refers to directors' remuneration distributed by the board of directors in the most recent year.

Note 4:This refers to director expenses and business execution expenses in the most recent year (including travelling allowances, special allowances, various subsidies, housing, company car, and other benefits in kind provided).

Note 5:This refers to any remuneration, including salary, job allowances, severance pay, various rewards, incentives, travelling allowance, special allowances, various subsidies, housing, company car, and other benefits in kind provided received by a director for concurrent service as an employee in the most recent year (including concurrent service as president, vice president, other officer or non-managerial employee).

Note 6:This refers to employee compensation (including stocks and cash) received by a director for concurrent service as an employee in the most recent year (including concurrent service as president, vice president, other officer or non-managerial employee). To disclose the amount of the proposed amount of compensation from distribution of earnings for the recent year approved by the Board of Directors .

Note 7: To disclose the total amount of remuneration paid to the directors of the Company by all companies in the consolidated financial report (including the Company).

Note 8: It means the net income after tax in the most recent year.

Note 9: It means relevant remuneration such as compensation, remuneration, employee dividend, and business execution expense, received by directors of the Company who serve as in capacities such as director, supervisor, or managerial officer in reinvested business other than subsidiaries.

(2) Details of 2023 remuneration to President and Vice Presidents

Unit : NTD thousand

Title	Name	Compensation (A) (Note 2)		Retirement allowance (B)		Rewards and special allowance (C) (Note 3)		Remuneration from distribution of earnings (D) (Note 4)				Percent of A · B · C and D to net profit after tax (%) (Note 7)		Any remuneration from other invested business apart from subsidiaries (Note 9)
		The Company	All companies within the consolidation financial statement (Note 5)	The Company	All companies within the consolidation financial statement (Note 5)	The Company	All companies within the consolidation financial statement (Note 5)	The Company		All companies within the consolidation financial statement (Note 5)		The Company	All companies within the consolidation financial statement	
								Cash dividends	Stock dividends	Cash dividends	Stock dividends			
President	Paul Yang	12,845	12,955	0	0	9,157	9,157	0	0	0	0	-39.23%	-39.43%	None
Vice President	Alex Huang													
Vice President	Ken Yu (Note 1)													
Vice President	Charles Ma (Note 1)													
Vice President	Charles Lin (Note 1)													

Range of Remuneration

Range of remunerations paid to president and vice president	Name of president and vice president	
	The Company (Note 6)	All companies within the consolidation financial statement (Note 7)
Under NTD1,000,000		
NTD1,000,000 (included) ~ NTD2,000,000 (excluded)	Ken Yu	Ken Yu
NTD2,000,000 (included) ~ NTD3,500,000 (excluded)	Charles Lin	Charles Lin
NTD3,500,000 (included) ~ NTD5,000,000 (excluded)	Charles Ma, Alex Huang	Charles Ma, Alex Huang
NTD5,000,000 (included) ~ NTD10,000,000 (excluded)	Paul Yang	Paul Yang
NTD10,000,000 (included) ~ NTD15,000,000 (excluded)		
NTD15,000,000 (included) ~ NTD30,000,000 (excluded)		
NTD30,000,000 (included) ~ NTD50,000,000 (excluded)		
NTD50,000,000 (included) ~ NTD100,000,000 (excluded)		
Over NTD100,000,000		
Total	5	5

Note 1 : Ken Yu was dismissed on January 31, 2023. Charles Ma was dismissed on February 29, 2024. Charles Lin assumed the vice president on June 1, 2023.

Note 2 : It implies the salary, job allowance and service pay in the most recent year.

Note 3 : It implies the amounts of all kinds of bonuses, incentives, travelling allowance, special allowance, various subsidies, housing, company cars, and other benefits in kind in the most recent year.

Note 4 : Refers to the amount of employee compensation (including stock and cash) approved by the Board of Directors for managerial officers with the top five remuneration amounts in the most recent year. If the amount of employee compensation cannot be estimated this year, the proposed amount should be calculated based on the actual amount and ratio distributed last year.

Note 5 : Shall disclose the total amount of each remuneration paid to the Company's president and vice president by all companies within the consolidation financial statement (including the Company).

Note 6 : It is for each remuneration paid by the Company, the name of president and vice president shall be disclosed in the corresponding level of range.

Note 7 : For each remuneration paid by all companies within the consolidation financial statement (including the Company), the name of the president and vice president of the Company shall be disclosed in the corresponding level of range.

Note 8 : The net income after tax refers to it in the most recent year.

Note 9 : Remuneration refers to the related remuneration such as the compensation, remuneration, employee dividend, and business execution expense received by the Company's president and vice president who serve as Directors, supervisors, or managers of reinvested business in addition to the subsidiaries.

Names and Distributions of Employee Profit-sharing Compensation to Managerial Officers

Unit : NTD thousand

	Title	Name	Title	Name	Shares amount (Note 2)t	Cash amount (Note 2)	Total	Total amount to net profit after tax (%)
	Managerial officers	President	Paul Yang	Director	Daniel Chu	0	0	0
Vice President		Alex Huang	Director	Bradley Hsu				
Vice President		Ken Yu (Note 1)	Special assistant	Noelle Ni				
Vice President		Charles Ma (Note 1)	CFO	Neil Chen				
Vice President		Charles Lin (Note 1)	Chief Accounting Officer	Jasmine Ku				
CTO		I-Jan Chen (Note 1)	Chief Corporate Governance Officer	Adele Lin (Note 1)				
CHRO		Dannise Huang (Note 1)	Chief Corporate Governance Officer	Pinion Cheng (Note 1)				
Senior Director		George Hsu (Note 1)						

Note 1 : Ken Yu was dismissed on January 31, 2023. Charles Ma was dismissed on February 29, 2024. Charles Lin assumed the special assistant on March 13, 2023 and transferred to the vice president on June 1, 2023. I-Jan Chen assumed CTO on January 1, 2024. Dannise Huang assumed CHRO on November 1, 2023. George assumed the senior director on February 15, 2024. Adele Lin assumed the tenure on March 23, 2023 and dismissed on November 9, 2023. Pinion Cheng assumed the tenure on November 9, 2023.

Note 2 : Refers to the employee's compensation (including stocks and cash) distributed to managers approved by the board of directors in the most recent year. If it cannot be estimated, the proposed distribution amount for this year will be calculated based on the proportion of the actual distribution amount last year.

Note 3 : Net profit after tax refers to the net profit after tax for the most recent year; if IFRS has been adopted, net profit after tax refers to the net profit after tax for individual or individual financial reports in the most recent year.

(3) The detail of the remuneration of Top 5 highest paid managerial officers

Unit : NTD thousand

Title	Name	Compensation (A) (Note 2)		Retirement allowance (B)		Rewards and special allowance (C) (Note 3)		Employees' remuneration(D) (Note 4)				Percent of A · B · C and D to net profit after tax (Note 6)		Any remuneration from other invested businesses apart from subsidiaries (Note 7)
		The Company	All companies within the consolidation financial statement (Note 5)	The Company	All companies within the consolidation financial statement (Note 5)	The Company	All companies within the consolidation financial statement (Note 5)	The Company		All companies within the consolidation financial statement (Note 5)		The Company	All companies within the consolidation financial statement	
								Cash dividends	Stock dividends	Cash dividends	Stock dividends			
President	Paul Yang	4,800	4,950	0	0	4,005	4,005	0	0	0	0	-15.70%	-15.97%	None
Vice President	Charles Ma (Note 1)	2,871	2,871	0	0	1,836	1,836	0	0	0	0	-8.39%	-8.39%	None
Vice President	Alex Huang	2,892	2,892	0	0	768	768	0	0	0	0	-6.53%	-6.53%	None
Vice President	Charles Lin (Note 1)	1,995	1,995	0	0	994	994	0	0	0	0	-5.33%	-5.33%	None
Special assistant	Noelle Ni	1,800	1,800	0	0	1,012	1,012	0	0	0	0	-5.01%	-5.01%	None

Note 1 : Charles Ma was dismissed on February 29, 2024. Charles Lin assumed the vice president on June 1, 2023.

Note 2 : Implies the salaries, job allowance and severance pay in the most recent year.

Note 3 : Implies the amounts of all kinds of bonuses, incentives, travelling allowance, special allowance, various subsidies, housing, company cars, and other benefits in kind and other remuneration provided.

Note 4 : Refers to the amount of employee compensation (including stock and cash) approved by the Board of Directors for managerial officers with the top five remuneration amounts in the most recent year. If the amount of employee compensation cannot be estimated this year, the proposed amount should be calculated based on the actual amount and ratio distributed last year.

Note 5 : It shall disclose the total remuneration amount of each item paid by all companies within the consolidation financial statement (including the Company).

Note 6 : The net profit after tax refers to the net profit after tax for individual or individual financial reports in the most recent year.

Note 7 : a. This column should clearly indicate the amount of remuneration received by the company's top five top executives from remuneration companies invested outside the subsidiary or related to the parent company (if none, please fill in "None").

b. Remuneration refers to the remuneration, remuneration (including remuneration of employees, directors and supervisors) and business execution received by the company's top five executives for serving as directors, supervisors or managers of subsidiaries' external investment enterprises or parent companies. fees and other related remuneration.

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

1. Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by the Company and by each other company included in the consolidated financial statements during the past 2 years to Directors, President, and Vice President :

Total remuneration, as a percentage of net income stated in the parent company only financial reports, as paid by the Company and by each other company included in the consolidated financial statements during the past 2 years to Directors are -9.78% and 3.47% respectively for 2023 and 2022 according to the remuneration policies, standards, packages, and the procedure for determining remuneration, stipulated in the Company's Rules for Performance Evaluation of Board of Directors. Total remuneration, as a percentage of net income stated in the parent company only financial reports, as paid by the Company and by each other company included in the consolidated financial statements during the past 2 years to President and Vice President are -39.23% and 11.48% respectively for 2023 and 2022.

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

Please refer to the page 19 of the Annual Report for the remuneration policies to the Directors.

The remuneration policy for President and Vice President of the Company is based on the "Rules for Performance Evaluation of Managerial officers" of our company, the general salary level of the position in the industry, the scope of responsibilities of the position within the Company, and the contribution to the Company's operational objectives.

The procedure for determining the remuneration conforms to the Company's "Rules for Performance Evaluation of Directors" for the evaluation. In addition to considering the Company's overall operational performance, future business risks and development trends in the industry, the individual performance rates and contributions to the Company's performance shall also be taken into account to provide reasonable compensation. The relevant performance assessments and remuneration rationality are reviewed by the Compensation Committee and the Board of Directors, and the remuneration system is reviewed timely according to the actual business situation and relevant laws and regulations to balance sustainable business and risk management for the Company.

3.4 Implementation of Corporate Governance

(1) Implementation of Board of Directors

Eight (A) meetings were held by the Board of Directors in the most recent year (2023) with their attendance shown as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance rate in person (%) (B/A)	Remarks
Chairman	Peter Chin	8	0	100%	-
Director	Jack Chen	8	0	100%	-
Director	Hsi-Wei Investment Co., Ltd. Representative: Pei-Cheng, Yeh	6	2	75%	-
Director	Jun Yle Investment Co., Ltd. Representative: Henry Kao	1	0	100%	The company representative was changed from Gao Hanyu to Lin Peipei on February 10, 2023.
	Jun Yle Investment Co., Ltd. Representative: Pei-Pei, Lin	6	1	86%	
Independent director	Chia-Jung Wu	8	0	100%	-
Independent director	Yi-Ying Wu	8	0	100%	-
Independent director	Shu-Tzu Chen	8	0	100%	-

Other noteworthy matters:

A. the Board Meeting's date, session, proposal contents, all Independent Directors' opinions and the Company's actions in response to the opinions if any of the following occurred:

(a) Matters specified in Article 14-3 of Taiwan's Securities and Exchange Act: Please refer to the below table.

(b) Other matters apart from the aforementioned where an independent director has a dissenting opinion or qualified opinion: None. Please refer to the below table.

B. The resolutions of Board of Directors in 2023 and up to the publication date of the Annual Report, and the effort made by directors in preventing Conflict of Interests when required: Please refer to the below table.

Date of Board Meeting	Term	Motions	Particulars described in Article 14-3 of the Securities and Exchange Act	All Independent Directors' opinions and the Company's actions in response to the opinions	Effort made by directors in preventing Conflict of Interests when required
January 11, 2023	1 st Meeting in 2023	2023 Business plan.		Approved by all present Independent Directors without objection.	
		The Company proposed to retrieve CNY 30 million of endorsement/ guarantee to Maximo Trading (Shanghai) Co., Ltd.	v	Approved by all present Independent Directors without objection.	
		The Company proposed to lend USD 3 million to the subsidiary Spirox International Limited.	v	Approved by all present Independent Directors without objection.	
		Amendment made to partial Articles of "Board of Directors Evaluation Method" of the Company.	v	Approved by all present Independent Directors without objection.	
		Amendment made to partial Articles of "Corporate Governance Code of Practice" of the Company.	v	Approved by all present Independent Directors without objection.	
		Amendment made to partial Articles of "Codes of Ethical Conduct" of the Company.	v	Approved by all present Independent Directors without objection.	

Date of Board Meeting	Term	Motions	Particulars described in Article 14-3 of the Securities and Exchange Act	All Independent Directors' opinions and the Company's actions in response to the opinions	Effort made by directors in preventing Conflict of Interests when required
January 11, 2023	1 st Meeting in 2023	Amendment made to partial Articles of "Sustainable Development Best Practice Principles" (originally called Corporate Social Responsibility Best Practice Principles)" of the Company.		Approved by all present Independent Directors without objection.	
January 11, 2023	1 st Meeting in 2023	Amendment made to partial Articles of "Procedures for Ethical Management and Guidelines for Conduct" of the Company and its affiliates.	v	Approved by all present Independent Directors without objection.	
		Release of the prohibition on managers from participation in competitive business		Approved by all present Independent Directors without objection.	
		The 9 th and 10 th transferring of the 6 th re-purchased treasury stock of the Company to the employees.		Approved by all present Independent Directors without objection.	
		Transferring 6th re-purchased treasury stock of the Company to the manager.		Approved by all present Independent Directors without objection.	
		Reviewed the numeration adjustment of managers.		Approved by all present Independent Directors without objection.	
		Reviewed the distribution of year-end bonus for the managers.		Approved by all present Independent Directors without objection.	
February 21, 2023	2 nd Meeting in 2023	The Company proposed to repurchase stocks for transferring to the employees.		Approved by all present Independent Directors without objection.	
March 23, 2023	3 rd Meeting in 2023	Adoption of the Company's 2022 Business Report, Consolidated Financial Statements and Stand-alone Financial Statements.		Approved by all present Independent Directors without objection.	
		2022 Earnings distribution.		Approved by all present Independent Directors without objection.	
		The Company proposed to distribute cash by capital reverse.		Approved by all present Independent Directors without objection.	
		Stipulated the 2022 remuneration amount for the Directors and employees.		Approved by all present Independent Directors without objection.	
		Approved the Company's Internal Control System Effectiveness and 2022 Internal Control System Statements.		Approved by all present Independent Directors without objection.	
		The Company proposed to transfer the treasury stock to the employees at the price lower than the average re-purchase price.		Approved by all present Independent Directors without objection.	
		Stipulated the date, location and convening purpose of the 2023 Shareholders' Meeting.		Approved by all present Independent Directors without objection.	
		The Shareholders' Meeting accepted the related matters of shareholders' proposals.		Approved by all present Independent Directors without objection.	
		Whether the Company's receivables which exceed the normal credit period by 3 months and are the significant amount belongs to the loan lending.	v	Approved by all present Independent Directors without objection.	
		Withdraw the guarantee/ endorsement amount for VESP Technology (Hefei) Co., Ltd.	v	Approved by all present Independent Directors without objection.	
		Withdraw the guarantee/ endorsement amount for VESP Technology Corporation.	v	Approved by all present Independent Directors without objection.	
Provide the guarantee/ endorsement amount for the subsidiary Jetek Technology Corp.	v	Approved by all present Independent Directors without objection.			
Set up the Chief corporate governance officer.		Approved by all present Independent Directors without objection.			

Date of Board Meeting	Term	Motions	Particulars described in Article 14-3 of the Securities and Exchange Act	All Independent Directors' opinions and the Company's actions in response to the opinions	Effort made by directors in preventing Conflict of Interests when required
March 23, 2023	3 rd Meeting in 2023	Amendment made to the partial articles of the Company's "Standard Rules and Procedures of Handling Directors' Requirements".		Approved by all present Independent Directors without objection.	
March 23, 2023	3 rd Meeting in 2023	Stipulated the Company's "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises" and terminated the Company's "Rules Governing Financial and Business Matters Between this Corporation and Group Corporation and Particular Corporation".	v	Approved by all present Independent Directors without objection.	
		Amendment made to the partial articles of the Company's "Rules for Performance Evaluation and remuneration of Directors"		Approved by all present Independent Directors without objection.	
		Reviewed the remuneration adjustment for the managerial officers.		Approved by all present Independent Directors without objection.	
		Reviewed the remuneration for the newly-appointed managerial officers' remuneration.		Approved by all present Independent Directors without objection.	
		Reviewed the Directors' special remuneration.	v	Approved by all present Independent Directors without objection.	Name of Director : Jack Chen Reason for avoidance : It involves the individual remuneration interest of this Director. Participation in voting: The Director did not participate in the discussion and voting.
		Distribution of special bonuses for the managerial officers.		Approved by all present Independent Directors without objection.	
May 9, 2023	4 th Meeting in 2023	Review of financial statements for the first quarter of 2023		Approved by all present Independent Directors without objection.	
		The Company proposed to loan to Spirox Technology (Shanghai) Co., Ltd.	v	Approved by all present Independent Directors without objection.	
		The Company proposed to retrieve endorsement/ guarantee to Spirox Technology (Shanghai) Co., Ltd.		Approved by all present Independent Directors without objection.	
		The Company proposed to renew the annual credit with the bank.	v	Approved by all present Independent Directors without objection.	
		The execution situation of the company's private placement of common shares.		Approved by all present Independent Directors without objection.	
		Amendment made to the partial articles of the Company's "Rules of Procedures for Shareholders' Meetings"	v	Approved by all present Independent Directors without objection.	
		To revise the announcement of the convening purpose and venue of 2023 general meeting of shareholders of the Company.		Approved by all present Independent Directors without objection.	
		The remuneration for CPAs of the Company.	v	Approved by all present Independent Directors without objection.	
		Reviewed the remuneration adjustment of the managers.		Approved by all present Independent Directors without objection.	

Date of Board Meeting	Term	Motions	Particulars described in Article 14-3 of the Securities and Exchange Act	All Independent Directors' opinions and the Company's actions in response to the opinions	Effort made by directors in preventing Conflict of Interests when required
May 9, 2023	4 th Meeting in 2023	Reviewed the distribution of special bonus to the managers.		Approved by all present Independent Directors without objection.	
August 9, 2023	5 th Meeting in 2023	Review of financial statements for the second quarter of 2023		Approved by all present Independent Directors without objection.	
		The Company proposed to retrieve endorsement/ guarantee to VESP Technology Co., Ltd.		Approved by all present Independent Directors without objection.	
		The Company proposed to maintain endorsement/ guarantee to Spirox Technology (Shanghai) Co., Ltd.		Approved by all present Independent Directors without objection.	
		The Company adjusts the amount and purpose of the endorsement guarantee for its subsidiary Jetek Technology Corp.		Approved by all present Independent Directors without objection.	
		The company supplements the endorsement purpose of its subsidiary Spirox International Limited.		Approved by all present Independent Directors without objection.	
		Whether the Company's receivables which exceed the normal credit period by 3 months and are the significant amount belongs to the loan lending.		Approved by all present Independent Directors without objection.	
		The Company proposed to renew the annual credit with the bank.		Approved by all present Independent Directors without objection.	
		Amendment made to the partial articles of the Company's "Procedures for Buying Back Treasury Shares"		Approved by all present Independent Directors without objection.	
		The company formulates the "Organizational Rules of the Risk Management Committee"		Approved by all present Independent Directors without objection.	
		The company established a "Risk Management Committee"		Approved by all present Independent Directors without objection.	
		The 11 th transferring of the 6 th re-purchased treasury stock of the Company to employees.		Approved by all present Independent Directors without objection.	
		The transferring of the 6 th re-purchased treasury stock of the Company to the managers.		Approved by all present Independent Directors without objection.	
		Reviewed the remuneration adjustment of the managers.		Approved by all present Independent Directors without objection.	
Reviewed the distribution of special bonus to the managers.		Approved by all present Independent Directors without objection.			
September 13, 2023	6 th Meeting in 2023	The company plans to invest in Southport Corporation with an investment amount of approximately NTD294,451,460 and is expected to obtain approximately 95% of the equity.		Approved by all present Independent Directors without objection.	
November 8, 2023	7 th Meeting in 202	Review of financial statements for the third quarter of 2023		Approved by all present Independent Directors without objection.	
		Subsidiary Spirox Technology (Shanghai) Cor. plans to dispose of some of its shares in Hefei Xinhuicheng Microelectronics Co., Ltd.		Approved by all present Independent Directors without objection.	
		The company plans to increase the endorsement guarantee for its subsidiary Spirox Technology (Shanghai) Co., Ltd.		Approved by all present Independent Directors without objection.	
		Whether the Company's receivables which exceed the normal credit period by 3 months and are the significant amount belongs to the loan lending.		Approved by all present Independent Directors without objection.	
		The assessment of independence and eligibility and appointment of the CPAs of the Company.	V	Approved by all present Independent Directors without objection.	

Date of Board Meeting	Term	Motions	Particulars described in Article 14-3 of the Securities and Exchange Act	All Independent Directors' opinions and the Company's actions in response to the opinions	Effort made by directors in preventing Conflict of Interests when required
November 8, 2023	7 th Meeting in 202	The company revised the specific improvement plan for the low execution rate of the company's share repurchase for the first time in 2023 and some provisions of the "Operational Procedures for Repurchasing Treasury Shares"		Approved by all present Independent Directors without objection.	
November 8, 2023	7 th Meeting in 202	The company established a "Risk Management Policies and Procedures"		Approved by all present Independent Directors without objection.	
		Formulate the company's 2023 annual audit plan.		Approved by all present Independent Directors without objection.	
		Change of the corporate governance officer.		Approved by all present Independent Directors without objection.	
		Change of the internal auditor.		Approved by all present Independent Directors without objection.	
		The 12 th transferring of the 6 th re-purchased treasury stock of the Company to employees.		Approved by all present Independent Directors without objection.	
		Reviewed the remuneration of the newly-appointed managers.		Approved by all present Independent Directors without objection.	
December 13, 2023	8 th Meeting in 2023	Subsidiary Spirox Technology (Shanghai) Corporation has newly formulated to the "Procedures for Engage in Derivatives Trading".		Approved by all present Independent Directors without objection.	
		Subsidiary Spirox Technology (Shanghai) Corporation plans to acquire convertible corporate bonds from Hefei Xinhuicheng Microelectronics Co., Ltd.		Approved by all present Independent Directors without objection.	
		The first repurchase of the company's shares in 2018 was canceled according to the contract and the number of untransferred shares was invalidated, and the base date for capital reduction was set.		Approved by all present Independent Directors without objection.	
		The company proposed to handle the second time in the 2023 to repurchase stocks for transferring to the employees.		Approved by all present Independent Directors without objection.	
January 24, 2024	1 st Meeting in 2024	2024 Business plan.		Approved by all present Independent Directors without objection.	
		The Company proposed to renew the annual credit with the bank.	V	Approved by all present Independent Directors without objection.	
		Subsidiary Spirox Technology (Shanghai) Corporation has newly formulated to the " Operating Procedures of Endorsement/ Guarantees ".	V	Approved by all present Independent Directors without objection.	
		The company's subsidiary, Spirox Cayman Corporation, has provided an endorsement guarantee to the company.	V	Approved by all present Independent Directors without objection.	
		In dealing with financing matters with Citibank Taiwan Limited (including endorsement guarantee for its subsidiary Spirox Technology (Shanghai) Corporation)	V	Approved by all present Independent Directors without objection.	
		The company plans to conduct various foreign currency denominated securities transactions (limited to bonds) and related authorization matters at Citibank Taiwan Limited.	V	Approved by all present Independent Directors without objection.	
		Amendment made to partial Articles of "Articles of Incorporation".		Approved by all present Independent Directors without objection.	

Date of Board Meeting	Term	Motions	Particulars described in Article 14-3 of the Securities and Exchange Act	All Independent Directors' opinions and the Company's actions in response to the opinions	Effort made by directors in preventing Conflict of Interests when required
January 24, 2024	1 st Meeting in 2024	Amendment made to partial Articles of "Corporate Governance Code of Practice".	V	Approved by all present Independent Directors without objection.	
		Reviewed the distribution of year-end bonus for the managers.		Approved by all present Independent Directors without objection.	
January 24, 2024	1 st Meeting in 2024	Reviewed the remuneration of the newly-appointed managers.		Approved by all present Independent Directors without objection.	
March 11, 2024	2 nd Meeting in 2023	Adoption of the Company's 2023 Business Report, Consolidated Financial Statements and Stand-alone Financial Statements.		Approved by all present Independent Directors without objection.	
		2023 Earnings distribution.		Approved by all present Independent Directors without objection.	
		The Company proposed to distribute cash by capital reverse.		Approved by all present Independent Directors without objection.	
		Stipulated the 2023 remuneration amount for the Directors and employees.		Approved by all present Independent Directors without objection.	
		Approved the Company's Internal Control System Effectiveness and 2023 Internal Control System Statements.		Approved by all present Independent Directors without objection.	
		Subsidiary Spirox Technology (Shanghai) Cor. plans to dispose of all of its shares in Hefei Xihuicheng Microelectronics Co., Ltd.		Approved by all present Independent Directors without objection.	
		The company proposed to handle the first time in the 2024 to repurchase stocks for transferring to the employees.		Approved by all present Independent Directors without objection.	
		The company plans to renew the endorsement guarantee line for its subsidiary Jetek Technology Corp. with Taiwan Cooperative Bank.		Approved by all present Independent Directors without objection.	
		Amendment made to partial Articles of "Audit Committee Organizational Rules".	V	Approved by all present Independent Directors without objection.	
		Amendment made to partial Articles of "Rules of Procedures for Board of Directors Meetings".	V	Approved by all present Independent Directors without objection.	
		Comprehensive re-election of directors of the company.	V	Approved by all present Independent Directors without objection.	
		Lifting the non-competition of the company's newly elected directors.	V	Approved by all present Independent Directors without objection.	
		Annual shareholders' meeting accept matters related to shareholders' nomination of directors, independent director candidates and proposal.		Approved by all present Independent Directors without objection.	
		Stipulated the date, location and convening purpose of the 2024 Shareholders' Meeting.		Approved by all present Independent Directors without objection.	
		Reviewed the remuneration of the newly-appointed managers.	V	Approved by all present Independent Directors without objection.	

C. Information of evaluation frequency and period, scope, method and content of self-evaluation (or peers) by the board members, and the implementation of the Board of Directors evaluation:

No.	Evaluation scope	Evaluation method	Evaluation period and frequency	Evaluation content
1	Entire Board of Directors	Internal self-evaluation of the board of directors	From: January 1, 2023 To: December 31, 2024 Frequency: Once a year	Involvement degree of corporate business, decision making quality of Board of Directors, composition and structure of Board of Director, election and continuous advanced studies of directors and internal control.
3	Individual board member	Self-evaluation by director members	From: January 1, 2023 To: December 31, 2024 Frequency: Once a year	Control of corporate targets and missions, directors' duty cognition, involvement degree of corporate business, internal relationship management and communication, profession and continuous advanced studies of directors and internal control.
2	Functional committee	Members' self-evaluation	From: January 1, 2023 To: December 31, 2024 Frequency: Once a year	Involvement degree of corporate business, functional committee member's duty cognition, enhancement of decision-making quality of functional committee, composition and member election of functional committee and internal control.

D. An evaluation of targets for strengthening of the functions of the board during the current and immediately preceding fiscal years, and measures taken toward achievement thereof

- (a)The company's current audit committee, remuneration committee and risk management committee members include all independent directors of the company, and independent directors account for 43% of the seats on the board of directors, which has a supervisory effect on the board of directors and strengthens corporate governance.
- (b)The 112 annual training hours of each director of the Company met the 6-hour standard required by the competent authority, and two of them exceeded the standard.
- (c)In response to the Taiwan Investor Relations Institute's suggestions for improving the Board of Directors' performance evaluation, starting from the first quarter of 2023, the interim financial report will be approved by the Audit Committee and submitted to the Board of Directors for discussion and resolution.
- (d)A board-level "Risk Management Committee" was established on August 9, 2023.

(2) Information on operation of Audit Committee

In most recent year (2023), the Audit Committee held 7 (A) meetings, and the attendance of Independent Directors is as follows:

Job title	Name	Attendance in person (B)	Attendance By proxy	Attendance rate in person (%) (B/A)	Remarks
Independent director	Chia-Jung Wu	7	0	100%	-
Independent director	Yi-Ying Wu	7	0	100%	-
Independent director	Shu-Tzu Chen	7	0	100%	-

Other noteworthy matters:

A. When one of the following situations occurred to the operations of the Audit Committee, state the date, period, proposal contents, Independent Directors opinion, opinion with reservations or significant recommendation and resolutions of the Audit Committee, and the Company's actions in response to the opinions of the Audit Committee:

- (a) Matters specified in Article 14-5 of the Taiwan's Securities and Exchange Act: Please refer to following table.
- (b) In addition to the preceding matters, any matter that has not been passed by the audit committee, but has been adopted with the approval of two-thirds or more of all Board Directors : Due to negligence in work, in addition to the resolution "formulated the company's "Operating

Standards Related to the Financial Business Between Related Parties" and terminated the company's "Financial Business Operating Procedures for Related Parties, Group Companies and Specific Companies"" which was approved by more than two-thirds of all directors. Please refer to the table below.

Date of Audit Committee meeting	Term	Proposal content	Independent Directors opinion, opinion with reservations or significant recommendation	Resolutions of the Audit Committee, and the Company's actions in response to the opinions of the Audit Committee
January 11, 2023	1 st Meeting in 2023	The Company proposed to retrieve CNY 30 million of endorsement/ guarantee to Maximo Trading (Shanghai) Co., Ltd.	None	Approved by all present Independent Directors without objection.
		The Company proposed to lend USD 3 million to the subsidiary Spirox International Limited.	None	Approved by all present Independent Directors without objection.
		Amendment made to partial Articles of "Board of Directors Evaluation Method" of the Company.	None	Approved by all present Independent Directors without objection.
		Amendment made to partial Articles of "Corporate Governance Code of Practice" of the Company.	None	Approved by all present Independent Directors without objection.
		Amendment made to partial Articles of "Codes of Ethical Conduct" of the Company.	None	Approved by all present Independent Directors without objection.
		Amendment made to partial Articles of "Procedures for Ethical Management and Guidelines for Conduct" of the Company and its affiliates.	None	Approved by all present Independent Directors without objection.
March 23, 2023	2 nd Meeting in 2023	Approved the Company's Internal Control System Effectiveness and 2022 Internal Control System Statements.	None	Approved by all present Independent Directors without objection.
		Whether the Company's receivables which exceed the normal credit period by 3 months and are the significant amount belongs to the loan lending.	None	Approved by all present Independent Directors without objection.
		Withdraw the guarantee/ endorsement amount for VESP Technology (Hefei) Co., Ltd.	None	Approved by all present Independent Directors without objection.
		Withdraw the guarantee/ endorsement amount for VESP Technology Corporation.	None	Approved by all present Independent Directors without objection.
		Provide the guarantee/ endorsement amount for the subsidiary Jetek Technology Corp.	None	Approved by all present Independent Directors without objection.
May 9, 2023	3 rd Meeting in 2023	The Company proposed to loan to Spirox Technology (Shanghai) Co., Ltd.	None	Approved by all present Independent Directors without objection.
		The Company proposed to retrieve endorsement/ guarantee to Spirox Technology (Shanghai) Co., Ltd.	None	Approved by all present Independent Directors without objection.
		The execution situation of the company's private placement of common shares.	None	Approved by all present Independent Directors without objection.
		The remuneration for CPAs of the Company.	None	Approved by all present Independent Directors without objection.
August 9, 2023	4 th Meeting in 2023	Review of financial statements for the second quarter of 2023	None	Approved by all present Independent Directors without objection.
		The Company proposed to retrieve endorsement/ guarantee to VESP Technology Co., Ltd.	None	Approved by all present Independent Directors without objection.
		The Company proposed to maintain endorsement/ guarantee to Spirox Technology (Shanghai) Co., Ltd.	None	Approved by all present Independent Directors without objection.
		The Company adjusts the amount and purpose of the endorsement guarantee for its subsidiary Jetek Technology Corp.	None	Approved by all present Independent Directors without objection.
		The company supplements the endorsement purpose of its subsidiary Spirox International Limited.	None	Approved by all present Independent Directors without objection.

Date of Audit Committee meeting	Term	Proposal content	Independent Directors opinion, opinion with reservations or significant recommendation	Resolutions of the Audit Committee, and the Company's actions in response to the opinions of the Audit Committee
August 9, 2023	4 th Meeting in 2023	Whether the Company's receivables which exceed the normal credit period by 3 months and are the significant amount belongs to the loan lending.	None	Approved by all present Independent Directors without objection.
September 13, 2023	5 th Meeting in 2023	The company plans to invest in Southport Corporation with an investment amount of approximately NTD294,451,460 and is expected to obtain approximately 95% of the equity.	None	Approved by all present Independent Directors without objection.
November 8, 2023	6 th Meeting in 2023	Subsidiary Spirox Technology (Shanghai) Cor. plans to dispose of some of its shares in Hefei Xinhuicheng Microelectronics Co., Ltd.	None	Approved by all present Independent Directors without objection.
		The company plans to increase the endorsement guarantee for its subsidiary Spirox Technology (Shanghai) Co., Ltd.	None	Approved by all present Independent Directors without objection.
		Whether the Company's receivables which exceed the normal credit period by 3 months and are the significant amount belongs to the loan lending.	None	Approved by all present Independent Directors without objection.
		The assessment of independence and eligibility and appointment of the CPAs of the Company.	None	Approved by all present Independent Directors without objection.
December 13, 2023	7 th Meeting in 2023	Change of the internal auditor.	None	Approved by all present Independent Directors without objection.
		Subsidiary Spirox Technology (Shanghai) Corporation has newly formulated to the "Procedures for Engage in Derivatives Trading".	None	Approved by all present Independent Directors without objection.
		Subsidiary Spirox Technology (Shanghai) Corporation plans to acquire convertible corporate bonds from Hefei Xinhuicheng Microelectronics Co., Ltd.	None	Approved by all present Independent Directors without objection.

B. Implementation of recusals of Independent Directors with respect to any motions with which they may have a conflict of interest: specify the independent director's name, the content of the motion, the cause for recusal, and whether and how the independent director voted: None.

C. Communication between the Independent Directors and the chief internal audit officer and the CPAs that serve as external auditor (including any significant matters communicated about with respect to the state of the Company's finance and business and the method(s) and outcomes of the communication):

(a) Communication between Independent Director and Internal Auditor :

The Audit Committee is composed of the entire Independent Directors. In 2023, the internal auditors, attending the Audit Committee Meeting, reported the audit implementation situation, including audit implementation situation, internal control deficiencies and improvement tracking, and corporate governance topics associated to Independent Directors. The communication meeting shall be convened at any time in case encountering significant abnormal matters.

The major matters of the communications between Independent Directors and internal auditor in 2023 :

Date	Communication highlight	Suggestion and corporate execution status
January 11, 2023	1. Audit work inspection and reminders of the audit work in December 2022. 2. Audit projects planned and conducted from January to March 2023.	No opinion from Independent Directors.

Date	Communication highlight	Suggestion and corporate execution status
March 23, 2023	<ol style="list-style-type: none"> 1. Audit work inspection, improvement plan, and tracking of last reminder or improvement plan execution thereof from January to February 2023. 2. Audit projects planned and conducted from March to May 2023. 3. Review of the effectiveness of the Company's Internal Control System and the Internal Control System Statement for 2022. 	No opinion from Independent Directors. (The 2022 Internal Control System Statement was submitted to the Board of Directors for the resolution after approved.)
May 9, 2023	<ol style="list-style-type: none"> 1. Audit work inspection and tracking of last reminder or improvement plan execution thereof from March to April 2023. 2. Audit projects planned and conducted from May to July 2023. 	No opinion from Independent Directors.
August 8, 2023	<ol style="list-style-type: none"> 1. Audit work inspection, reminders, and tracking of last reminder or improvement plan execution thereof from May to July 2023. 2. Audit projects planned and conducted from August to November 2023. 	No opinion from Independent Directors.
November 8, 2023	<ol style="list-style-type: none"> 1. Audit work inspection and reminders thereof from August to October 2023. 2. Audit projects planned and conducted from November 2023 to January 2024. 3. 2024 Audit plan. 4. Changes related to the transfer of the head of internal audit to the head of corporate governance. 	No opinion from Independent Directors. (The "2024 Audit Plan" was submitted to the Board of Directors for the resolution after approved.)
December 13, 2023	<ol style="list-style-type: none"> 1. Audit work inspection and reminders of the audit work in November 2023. 2. Audit projects planned and conducted from December 2023 to January 2024. 	No opinion from Independent Directors.

(b) Communication between Independent Directors and CPAs :

The Company's independent directors and accountants mainly communicate through communication meetings or written communications. In addition, the accountant shall report in writing to the independent directors on the quarterly audit or review results or other communication matters required by relevant laws and regulations, and attend at least two pre-board meeting communication meetings each year to discuss the audit matters and results of the accountant's financial report, financial status report, communicate fully on the implementation status of internal controls, other communication matters required by relevant laws and regulations, and whether the amendments to laws will have any impact on the company's accounting processing.

(3) The state of the Company's implementation of corporate governance, any deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation

Item	Implementation status			Difference from corporate governance practice principles for TWSE/GTSM Listed companies and reasons
	Yes	No	Description	
1. Does the Company set and disclose corporate governance code of practice according to corporate governance practice principles for TWSE/GTSM-Listed companies?	✓		The stipulated “Corporate Governance Best Practice Principles” has been published on the Company’s website and uploaded to MOPS.	Not applicable.
2. Equity structure and shareholder right (1)Has the Company set internal operating procedures to deal with shareholder proposals, doubts, disputes and litigation matters, and does it implement these in accordance with its procedures?	✓		The Company has stipulated “Rules of Procedure for Shareholders’ meetings” and “Corporate Governance Best Practice Principles” and the spokesperson is responsible for properly handling shareholders’ doubts, etc.	Not applicable.
(2)Does the Company have a list of those who ultimately control the major shareholders of the Company?	✓		The Company controls the major shareholders and the ultimate controlling parties thereof through the register of shareholders provided by stock registration agent.	Not applicable.
(3)How does the Company establish its risk management mechanism and firewalls involving related enterprises?	✓		The relevant regulations are stated in “Corporate Governance Best Practice Principles”, “Rules of Procedure for the Supervision on the Subsidiaries”, “Rules Governing Financial and Business Matters Between this Corporation, Group Corporation, and Particular Corporation”, “Regulations Governing the Acquisition and Disposal of Assets”, “Operational Procedures for Loaning Funds to Others” and “Operating Procedures of Endorsement/ Guarantees”.	Not applicable.
(4)Has the Company set internal standards to prohibit the use of undisclosed insider information to trade securities on the market?	✓		The relevant regulations are stated in “Procedures for Ethical Management and Guidelines for Conduct”, “Codes of Ethical Conduct” and “Procedures for Handling Material Inside Information and Prevention of Insider Trading Management”.	Not applicable.
3. Organization and responsibilities of the Board of Directors				
(1)Has the Company established a diversification policy or specific goal for the composition of its Board of Directors and has it been implemented accordingly?	✓		Please refer to page 16-17.	Not applicable.
(2)Has the Company established other Functional Committee besides the Remuneration Committee and Audit Committee?	✓		The Risk Management Committee was established on August 9, 2023.	Not applicable.
(3)Has the Company set performance assessment rules and methods for the Board of Directors and does it perform this evaluation every year?	✓		In January 2020, The Company established the "Rules for Performance Evaluation of Board of Directors" which stipulated that an external evaluation shall be conducted at least once every three years. In February 2023, the Company commissioned the Taiwan Investor Relations Institute to conduct a performance evaluation of the Board of Directors and submitted the results to the Board of Directors on March 23, 2023.	Not applicable.

Item	Implementation status			Difference from corporate governance practice principles for TWSE/GTSM Listed companies and reasons
	Yes	No	Description	
(4) Does the Company regularly evaluate the independence of the CPAs?	✓		The Audit Committee evaluates the independence of the CPAs in the fourth quarter every year and proposes the evaluation results to the Board of Directors for discussion. The evaluation process includes verifying whether the CPA has served the Company for seven years consecutively, whether the CPA receives any punishment, and whether there are any matters that may affect the independence in relation to the interaction with the Company.	Not applicable.
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 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?	✓		On March 23, 2023, the Board of Directors resolved to appoint the manager of the finance department, the handling unit of Board of Directors, as the chief corporate governance officer to be responsible for corporate governance-related matters.	Not applicable.

Item	Implementation status			Difference from corporate governance practice principles for TWSE/GTSM Listed companies and reasons		
	Yes	No	Description			
5. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers) and set up a stakeholder section on the company's website to properly respond to important corporate social responsibility issues raised by stakeholders?	✓		The operation of communication channels with different stakeholders of the Company is as follows:	Not applicable.		
			Stakeholder		Concern issues	Communication channel and reply methods and frequency
			Competent authority		Regulation compliance, corporate governance, shareholders' rights	Regular promotional meetings, occasional Taiwan Stock Exchange questionnaire surveys. A dedicated contact person at the Stock Exchange with Mr. Cheng at extension 1062.
			Shareholders and investors		Corporate governance, sustainable development, risk management, shareholders involvement, operation performance	Regular and irregular announcements on MOPS, media news, Shareholders' Meetings, and routine institutional investors' conference. Contact person: spokesperson Ms. Ni at extension 1079 and deputy spokesperson Mr. Chen at extension 7106.
Employees	Operation performance, career development, learning development, working environment, evaluation system, employee welfare, labor relations	Regular monthly meetings and department meetings: operational directions and updates; Email announcements every six months: performance management procedures; irregular email announcements: employee benefits, event information, educational training activities, and various management systems. Employee feedback is collected through department representatives on the Welfare Committee. Contact person: chairperson of Welfare Committee Ms. Lin at extension 6503.				

Item	Implementation status			Difference from corporate governance practice principles for TWSE/GTSM Listed companies and reasons		
	Yes	No	Description			
5. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers) and set up a stakeholder section on the company's website to properly respond to important corporate social responsibility issues raised by stakeholders?	✓		The operation of communication channels with different stakeholders of the Company is as follows:	Not applicable.		
			Stakeholder		Concern issues	Communication channel and reply methods and frequency
			Customer		Service quality, product quality, cyber security	The website regularly updates information on products and services. The Company participates in trade shows and conferences to collaborate with manufacturers to showcase new product information and service offerings every year. Provide a customer service hotline and a call center email account. Set up advanced equipment display and training centers to provide the most efficient local services. Regularly visit customers to understand their needs and integrates the best solutions by discussing with manufacturers via email/phone/meetings. Sign the confidentiality agreements with customers. Contact person is Ms. Chen of business department at extension 2901.
Supplier	Corporate image, supplier management, supplier environment evaluation, information transparency	Sign the honest commitment clause with suppliers and follow the corporate self-discipline norms; evaluation of suppliers leads time, service, and quality; hold periodic communication and review meetings. Contact person: engineering service department Mr. Huang for the manufacturer at extension 2201, and purchasing department Ms. Weng for non-manufacturer suppliers at extension 7564.				
6. Has the Company appointed a professional stock affairs agency for shareholders affairs?	✓		The Company appoints Capital Securities Corporation stock agency department for shareholders affairs.	Not applicable.		

Item	Implementation status			Difference from corporate governance practice principles for TWSE/GTSM Listed companies and reasons
	Yes	No	Description	
7. Disclosure of information (1) Does the Company set up website to disclose financial operations and corporate governance information? (2) Has the Company adopted other measures (such as English website, a designated person responsible for the collection and disclosure of information, implementation of the spokesman system, the legal entities announcements uploaded to website, etc.) to disclose information? (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?	✓ ✓	✓	The Company has a website that introduces various business activities. In addition, the disclosure of financial and corporate governance information has been carried out in accordance with relevant laws and regulations." The Company has established an English website to introduce various business activities, and has assigned a dedicated person to collect and disclose company information, established and implemented a spokesperson system. Not applicable.	Not applicable. Not applicable. Considering the operational practice, the Company has no plan of announcement and report in advance.
8. Does the Company have other important information for better understanding the Company's corporate governance system (including but not limited to interests and rights of employees, care for employees, relation with investors, relation with suppliers, relation with interested parties, continuing education of directors and supervisors, execution of risk management policies and risk measuring standards, execution of customer policies, liability insurance for the Company's directors and supervisors)?	✓		1. Employee rights and care: The Company has established an employee Welfare Committee in accordance with the law, and allocated the employee welfare benefits. In addition to the allocation of pension in accordance with the Labor Standards Act, the Company also listens to our employees' voices to understand their thoughts and promote a win-win situation for both labor and management. 2. Investor relations: The Company holds Shareholders' Meetings annually in accordance with the Company Law and allows reasonable discussion time for each agenda item with appropriate opportunities for shareholders to speak or propose suggestions. The Company also establishes a spokesperson system to handle shareholder proposals, doubts, or disputes, handles the announcement and report of relevant information with compliance of regulations of competent authority, and timely provides information that may affect investors' decisions. 3. Rights of stakeholders: The Company maintains smooth communication channels with shareholders, customers, suppliers, employees, and banks, and respects and protects their legal rights and interests. 4. Matters regarding the advanced study of Directors and the purchase of liability insurance are publicly disclosed on the MOPS according to the regulations. 5. Risk management: (1) The Company has established measures such as the "Customer Credit Management Regulations", "Rules of Procedure for the Supervision on the Subsidiaries", "Procedures for Ethical Management and Guidelines for Conduct", "Code of Ethical Conduct", "Risk Management Policies and Procedures" and "Risk Management Operating Procedures" to ensure proper risk control.	Not applicable.

Item	Implementation status			Difference from corporate governance practice principles for TWSE/GTSM Listed companies and reasons
	Yes	No	Description	
			(2)The Risk Management Committee was established on August 9, 2012, and the Risk Management Group was established on October 20, 2012.	
<p>9. Please specify the measures adopted by the Company to improve the items listed in the corporate governance review result from Taiwan Stock Exchange's Corporate Governance Center and the improvement plans for items yet to be improved:</p> <p>(1) Partial items which were not scored, and improvement measures according to the evaluation result of 2022 are as follows :</p> <p>1. In accordance with the provisions of Article 6 of the "Verification and Disclosure of Material Information of Companies with Listed Securities", the significant information will be simultaneously released since 2024: Completed.</p> <p>2. Board of Directors resolution items have been added to the English company website: Completed.</p> <p>3. The interim financial report has been approved by the Audit Committee and submitted to the Board of Directors for discussion: Completed.</p> <p>4. The Nomination Committee, which shall be composed of at least three members, with majority of the members being Independent Directors, and at least one member possessing the necessary professional capabilities for the committee, shall be established. The composition, responsibilities, and operation of the committee shall be disclosed on the Company's website, Annual Report, and the MOPS: In response to practical needs, established Risk Management Committee in first.</p> <p>5. A corporate governance executive has been appointed to be responsible for corporate governance-related matters, and the scope of duties and advanced study situation have been explained on the Company's website and Annual Report: Completed.</p> <p>6. Policies and procedures of risk management shall be stipulated with approval of Board of Directors, disclosing the scope of risk management, organizational structure, and operational situation, and are reported to the Board of Directors at least once a year: Completed.</p> <p>7. The Annual Report shall disclose a specific and clear dividend policy, including the percentage (which can be a fixed amount, fixed rate, or a reasonable range) of distributable profits (or annual earnings), as well as the distribution ratio of cash dividends and stock dividends: Unable to disclose clearly, the disclosure method needs to be revised.</p> <p>8. Policies shall be formulated to reflect operational performance or results appropriately in employee compensation, and disclosed on the Company's website or Annual Report: Completed.</p> <p>9. Policies shall be formulated for greenhouse gas reduction, water conservation, or other waste management, including reduction targets, promotion measures, and achievement status: Completed.</p> <p>(2) Partial items which were not scored shall be improved preferentially according to the evaluation result of 2023 are as follows :</p> <p>1. More than half of the directors and the convener of the audit committee shall attend the regular shareholders' meeting in person, and the attendance list shall be disclosed in the minutes.</p> <p>2. Disclose in the annual report the composition of the company's risk management committee, the members' professional abilities, responsibilities and operations required by the committee.</p> <p>3. The company conducts internal performance evaluations of the audit committee and salary and remuneration committee on a regular basis every year, and discloses the implementation status and evaluation results on the company's website and annual report.</p> <p>4. The Annual Report shall disclose a specific and clear dividend policy, including the percentage (which can be a fixed amount, fixed rate, or a reasonable range) of distributable profits (or annual earnings), as well as the distribution ratio of cash dividends and stock dividends.</p> <p>5. The company has set up a full-time (part-time) unit to promote sustainable development. Based on the principle of materiality, it conducts risk assessments on environmental, social or corporate governance issues related to the company's operations, formulates relevant risk management policies or strategies, and is supervised by the board of directors. The promotion of sustainable development is disclosed on the company's website and annual report.</p> <p>6. Develop workplace diversity or gender equality policies and disclose their implementation status on the website or annual report.</p> <p>7. Assess risks or opportunities to the community and take corresponding measures, and disclose the specific measures and implementation results on the company website or annual report.</p>				

(4) Organization, responsibilities, and operation status of the Remuneration Committee :

1. Information on members of the Remuneration Committee

April 29, 2024

Identity	Condition Name	Professional qualification and experience	Status of independence	Concurrently serve as the member of Remuneration Committee in other public company
Independent Director (Convener)	Yi-Ying Wu	The Remuneration Committee is composed of all Independent Directors. Please refer to pages 12~13 and 15~16 of the Annual Report for the "professional qualifications and experience" of the committee members.	<ul style="list-style-type: none"> The Independent Director themselves, their spouse, and relatives within the second degree of kinship do not serve as Directors, supervisors, or employees of the Company or any other affiliated companies, do not hold any shares of the Company, and do not serve as Directors, supervisors, or employees of any companies which have specific relationships to the Company. They have not provided any compensation for business, legal, financial, accounting, or other services to the Company or its affiliated companies in the most recent 2 years. 	None
Independent Director	Chia-Jung Wu			1
Independent Director	Shu-Tzu Chen			2

2. Operation of the Remuneration Committee

(1) There are 3 members in the Company's Remuneration Committee.

(2) Current tenor (5th) : August 13, 2021 to August 12, 2024. The Remuneration Committee held 5 (A) meetings in the recent year (2023) and attendance of the members is shown as below :

Title	Name	Attendance in person (B)	Attendance By proxy	Attendance rate in person (%) (B/A)	Remark
Convener	Yi-Ying Wu	5	0	100%	None
Member	Chia-Jung Wu	5	0	100%	None
Member	Shu-Tzu Chen	5	0	100%	None

Other noteworthy matters :

- If the Board of Directors does not accept, or amends, any recommendation of the Remuneration Committee, specify the Board Meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the Board of Directors, and the measures taken by the Company with respect to the opinions given by of the Remuneration Committee (e.g., if the salary/compensation approved by the board is higher than the recommendation of the Remuneration Committee, specify the difference(s) and the reasons) : None.
- With respect to any matter for resolution by the Remuneration Committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the Remuneration Committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion : None.
- The Remuneration Committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company in last year : Please refer to the below table.

Date	Times	Major matters	Resolution result	The Company's action regarding the opinion of Remuneration Committee
January 11, 2023	1 st	<ol style="list-style-type: none"> To Transfer the re-purchased stock of the Company to the managerial officers. To review the remuneration of newly-appointed managerial officers. To review the year-end bonus distribution for the managerial officers. 	Approved by all committee members	Submitted to Board of Directors and passed by all attending Directors
March 23, 2023	2 nd	<ol style="list-style-type: none"> To amend 「Rules for Directors' salary, remuneration and performance evaluation」 To set the amount of remuneration distribution for directors in 2022. To review the remuneration adjustment for the managerial officers To review the remuneration of newly-appointed managerial officers. To review the special compensation for the director. To review the special bonus distribution for the managerial officers. 	Approved by all committee members	Submitted to Board of Directors and passed by all attending Directors
May 9, 2023	3 rd	<ol style="list-style-type: none"> To review the remuneration adjustment for the managerial officers To review the special bonus distribution for the managerial officers 	Approved by all committee members	Submitted to Board of Directors and passed by all attending Directors
August 9, 2023	4 th	<ol style="list-style-type: none"> To transfer the re-purchased stock of the Company to the managerial officers To review the remuneration adjustment for the managerial officers To review the special bonus distribution for the managerial officers 	Approved by all committee members	Submitted to Board of Directors and passed by all attending Directors

Date	Times	Major matters	Resolution result	The Company's action regarding the opinion of Remuneration Committee
November 8, 2023	5 th	1. To review the remuneration adjustment for the managerial officers 2. To Transfer the re-purchased stock of the Company to the managerial officers.	Approved by all committee members	Submitted to Board of Directors and passed by all attending Directors

(3) Regular review of remuneration

The purpose of establishing the Remuneration Committee is to assist the Board of Directors in formulating policies, systems, standards, and structures for performance evaluation and compensation of Directors, supervisors, and managerial officers in accordance with the Company's corporate culture, in order to achieve the objective of sustainable operation. The Remuneration Committee shall convene at least two meetings each year and may convene meetings as necessary to make suggestions to the Board of Directors for its decision-making reference.

The responsibilities and duties of the Company's Remuneration Committee are as follows :

- A. To establish and periodically review policies, systems, standards, and structures for the performance evaluation and compensation of Directors and managerial officers.
- B. Regularly evaluate and determine the compensation of Directors and managerial officers.
- C. In case the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, it shall be implemented by the present of more than two-thirds of all Directors with the consent of majority of attending Directors, and shall specifically explain whether the approved compensation is better than the recommendation of the Remuneration Committee.
- D. If the compensation approved by the Board of Directors is better than the recommendation of the Remuneration Committee, in addition to the differences and reasons which shall be recorded in the minutes of the Board Meeting, the information shall be disclosed in accordance with the regulations from the date of occurrence.

The Committee shall execute the preceding responsibilities and duties in accordance with the below principles :

- A. The performance evaluation and compensation of Directors, supervisors, and managerial officers shall refer to the general level of industry and take the rationality of the relationship with individual performance, company performance, and future risks.
- B. Directors and managerial officers shall not be guided to engage in risk-taking behavior to pursue compensation.
- C. The proportion of short-term performance-based bonuses and the distribution timing of variable compensation payments for Directors and senior managerial officers shall be determined in consideration of industry characteristics and the nature of the Company's business.

(5) Organization, responsibilities, and operation status of the Risk Management Committee :

1. Information on members of the Remuneration Committee

April 29, 2024

Identity	Condition Name	Professional qualification and experience
Independent Director (Convener)	Chia-Jung Wu	The Risk Management Committee is composed of all Independent Directors and chairman. Please refer to pages 12~13 and 15~16 of the Annual Report for the "professional qualifications and experience" of the committee members.
Independent Director	Yi-Ying Wu	
Independent Director	Shu-Tzu Chen	
Chairman	Peter Chin	

2. Operation of the Risk Management Committee

- (1) There are 4 members in the Company's Risk Management Committee established on August 9, 2023.
- (2) Current tenor (1st) : August 9, 2023 to August 12, 2024. The Risk Management Committee held 1 (A) meetings in the recent year (2023) and attendance of the members is shown as below :

Title	Name	Attendance in person (B)	Attendance By proxy	Attendance rate in person (%) (B/A)	Remark
Convenor	Chia-Jung Wu	1	0	100%	None
Member	Yi-Ying Wu	1	0	100%	None
Member	Shu-Tzu Chen	1	0	100%	None
Member	Peter Chin	1	0	100%	None

Other noteworthy matters :

1. If the Board of Directors does not accept, or amends, any recommendation of the Risk Management Committee, specify the Board Meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the Board of Directors, and the measures taken by the Company with respect to the opinions given by of the Risk Management Committee : None.
2. With respect to any matter for resolution by the Risk Management Committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the Risk Management Committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion : None.
3. The Risk Management Committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company in last year : Please refer to the below table.

Date	Times	Major matters	Resolution result	The Company's action regarding the opinion of Remuneration Committee
November 8, 2023	1 st	The company established a "Risk Management Policies and Procedures"	Approved by all committee members	Submitted to Board of Directors and passed by all attending Directors

(3)Regular review

The purpose of establishing the Company's Risk Management Committee is to improve and strengthen the Company's risk management function, in order to achieve the objective of sustainable operation. The Risk Management Committee shall convene at least one meetings each year and may convene meetings as necessary to make suggestions to the Board of Directors for its decision-making reference.

The responsibilities and duties of the Company's Remuneration Committee are as follows :

- A. Review risk management policies, procedures and structures, and regularly review their suitability and implementation effectiveness.
- B. Determine risk appetite (risk tolerance) and guide resource allocation.
- C. Ensure that the risk management mechanism can adequately handle the risks faced by the company and be integrated into daily operating procedures.
- D. Determine the priority and risk level of risk control.
- E. Review the implementation of risk management, make necessary improvement suggestions, and report to the board of directors regularly (at least once a year).
- F. Executive Board's risk management decisions.

(5) The implementation of the Company's promotion of sustainable development, any deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation :

Item	Implement status			Difference from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
1. Does the Company establish a governance structure to achieve sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the Board of Directors to handle senior management, and supervised by the Board of Directors?	✓		On January 24th, 2024, the board of directors approved the establishment of the "Sustainable Development Promotion Team" across units (Business, Human Resources, Operations, Finance, Corporate Governance), with the CEO appointed as the convener.	Not applicable.
2. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to company operations according to the principle of materiality, and formulate relevant risk management policies or strategies?	✓		The risk evaluation of the Company includes the subsidiaries in the consolidated financial statements. On August 9, 2023, the "Organizational Rules of the Risk Management Committee" were newly formulated and the Risk Management Committee was established. The Risk Management Team was established on October 20, 2023. The "Risk Management Policies and Procedures" were newly formulated on November 8, 2023. The "Risk Management Operating Procedures" were newly formulated on May 8, 2024. The team will commence assessments and policy formulation related to environmental, social, and corporate governance issues relevant to the company's operations in 2024.	Not applicable.
3. Environmental issues				
(1) Does the Company establish proper environmental management systems based on the characteristics of their industries?	✓		The Company operates in the electronic distribution industry and has established the "Greenhouse Gas Examination Management Procedures" and "Business Waste Management Procedures" in our manufacturing units. The Company complies with environmental regulations in conducting the related affairs.	Not applicable.
(2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	✓		The Company practices energy conservation and emission reduction, replace all lighting with more energy-efficient LED lights, implements waste classification and recycling to reduce the environmental impact and pollution.	Not applicable.
(3) Does the Company assess the potential risks and opportunities of climate change on its present and future operation, and take measures to respond to climate-related issues?	✓		The manufacturing unit has stipulated the "Greenhouse Gas Examination Management Procedures", representing the senior managerial level to promise the construction of greenhouse gas examination team for carrying out the relevant missions.	Not applicable.

Item	Implement status			Difference from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies																						
	Yes	No	Description																							
(4) Does the Company conduct assessment on greenhouse gas, water consumption and waste for the last two years, and establish company strategies for energy conservation and carbon reduction, greenhouse gas reduction, water saving and waste management ?	✓		<p>The manufacturing unit has established the relevant regulation of "Greenhouse Gas Examination Management Procedures" and "Business Waste Management Procedures" and has disclosed the policies of energy-saving, carbon reduction, water-saving, and greenhouse gas reduction on the Company website.</p> <p>The Company's working environment is mainly in office buildings which do not produce a large amount of air pollution or wastewater. The electricity carbon emissions make up the majority of the environmental impact. The Company's self-management statistical greenhouse gas emissions examination is in category 1, negligible; therefore, it is disclosed as 0. For the one in category 2, the Company set the target of reducing 3% in 2023 compared with 2022, and the implementation measures are as follows:</p> <table border="1"> <thead> <tr> <th>Examination period</th> <th>Greenhouse gas emission (ton/CO2e/year)</th> <th>Reduction target and accomplishment situation</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td>1,867</td> <td rowspan="2">Target was to reduce 3% in 2023 compared with 2022, but there was an actual increase of 1.5% in 2023..</td> </tr> <tr> <td>2022</td> <td>1,839</td> </tr> </tbody> </table> <p>The Company continuously pays attention to water level information provided by the Water Resources Agency and complies with government water conservation policies. We also review the water level indicators to make corresponding responses. and reducing the water outflow of hand washing faucets by one-third.</p> <p>We review the water situation indicator lights and make relevant adjustments accordingly. The Company set the target of reducing 3% in 2023 compared with 2022, and the implementation measures are as follows:</p> <table border="1"> <thead> <tr> <th>Examination period</th> <th>Water consumption (ton/year)</th> <th>Reduction target and accomplishment situation</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td>11,470</td> <td rowspan="2">Target was to reduce 3% in 2023 compared with 2022, but there was an actual increase of 9.3% in 2023.</td> </tr> <tr> <td>2022</td> <td>10,497</td> </tr> </tbody> </table> <p>The main business of Spirox is the machinery agency without the production lines and manufacturing processes. The source of hazardous waste is from its subsidiary (VESP Technology) using chemical substances to grind chips, resulting in waste acid and waste liquid. The statistics for the past two years are as follows: VESP Technology was no longer to be a subsidiary of the Company on December 29, 2022 :</p> <table border="1"> <thead> <tr> <th>Examination period</th> <th>Hazardous waste (ton)</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td>0</td> </tr> <tr> <td>2022</td> <td>1.484</td> </tr> </tbody> </table> <p>The Company will continue to promote energy conservation policies, encouraging employees to turn energy-saving and carbon-reduction into actions, integrating them into various aspects of their work. The aim is to reduce greenhouse gas emissions in the immediate future and decrease water usage.</p> <ol style="list-style-type: none"> 1. Set up a main power switch for the lighting system and air conditioning, so that employees can easily turn them off when leaving work to save energy. 2. Choose energy-saving refrigerators, air conditioners, and water dispensers with national certification to reduce power loading. 3. Set the air conditioning temperature to 26 degrees Celsius to reduce power loading. 4. Use energy-saving and environmentally friendly lighting for office lighting which does not flash to save energy and protect employees' vision. 5. Encourage employees to turn off lights and computer sockets and take stairs instead of elevators. 6. Install curtains to reduce indoor temperature. 7. Reduce the water flow from the faucet by one-third of its current usage. 	Examination period	Greenhouse gas emission (ton/CO2e/year)	Reduction target and accomplishment situation	2023	1,867	Target was to reduce 3% in 2023 compared with 2022, but there was an actual increase of 1.5% in 2023..	2022	1,839	Examination period	Water consumption (ton/year)	Reduction target and accomplishment situation	2023	11,470	Target was to reduce 3% in 2023 compared with 2022, but there was an actual increase of 9.3% in 2023.	2022	10,497	Examination period	Hazardous waste (ton)	2023	0	2022	1.484	Not applicable.
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Item	Implement status			Difference from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
4. Social issues				
(1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights ?	✓		The Company follows the local regulations of each operational location, obeying the internationally recognized human right standard such as “International. Bill of Rights”, “International Labor Organization-Declaration of Fundamental Principles and Rights at Work”, “Universal Declaration of Human Rights”, “International Labor Convention”, etc., adopts the action which conforms to “Responsible Business Alliance Code of Conduct”, stipulates the human rights policy and regularly assesses human rights risks, treating all employees, contractors, temporary workers, and interns, etc. with dignity and respect. The human rights policy covers all employees, affiliated companies, suppliers/outsourcers/distributors/agents/contractors, and other contractual partners, customers, and communities. In terms of policies, Spirox has the internal regulations for “attendance management”, “prevention of sexual harassment”, “recruitment and employment management”, etc., clearly stating the protection of employees' rights in terms of age, working hours, leave, gender, and other aspects to ensure that the colleagues receive proper care. The Company has established mitigating measures and supervision mechanisms in various evaluation aspects through a human rights risk framework to safeguard employees' human rights.	Not applicable.
(2) Does the Company formulate and implement reasonable employee benefits measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect operating performance or results in employee remuneration ?	✓		The Company is committed to creating a safe, high-quality, healthy, and vibrant working environment, providing comprehensive and high-quality welfare measures, and taking good care of all employees. The measures are as the following: a vacation system that is better than the requirements of the Labor Standards Act; comprehensive insurance plans (including labor insurance, health insurance, group insurance, and automobile and motorcycle insurance); a complete salary system (including employee bonuses, job grading system, and performance management system), annual health inspection and on-site health services; sports programs and professional coaches, etc. To make up the accumulated losses with the annual after-tax net profit, at least 2% of surplus reserve and operating performance results after the adjustment for special reserve as the employee compensation according to the laws and regulations.	Not applicable.

Item	Implement status			Difference from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
(3) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis ?	✓		<p>Occupational Safety and Health Policy The Company stipulates the policies with the compliance of the core concept of disaster prevention and disaster mitigation, the regulations of the Occupational Safety and Health Act and the regulations of the customers and relevant parties. The Company continuously strives to promote a culture of occupational safety and strengthen the protection management of operational personnel to create a safe working environment and build a healthy and happy workplace with respects of the requirements of stakeholders for occupational safety and health.</p> <p>Labor Work Environment Monitoring To ensure that workers are protected from the hazards of harmful substances in the workplace and to provide a healthy and comfortable working environment, the Company conducts two environmental monitoring sessions per year to understand the exposure status of employees. The Company provides on-site health services at least once a month, regularly holds seminars on physical and mental health, and conducts health inspection for all employees in the fourth quarter every year. Furthermore, the Company holds firefighting protection emergency response training to maintain the safety of employees and assets in June and December of each year. A firefighting safety education and training session for the building was conducted, with a total of 10 representatives from various units participating in December of 2023.</p> <p>Company certification : healthy workplace certification.</p>	Not applicable.
(4) Does the Company provide its employees with career development and training sessions ?	✓		The Company has designed a dual-track promotion system to assist colleagues in planning their career development and provide internal and external training for deepening expertise in professional fields or enhancing management capabilities.	Not applicable.
(5) Does the Company comply with relevant regulations and international standards on the health and safety of customers, customer privacy, marketing and labeling of products and services, and formulates relevant policies and procedures to protect consumer rights and handling complaints ?	✓		The Company's business model is business-to-business (B2B), and the buying and selling activities adhere to relevant laws and international standards with the basis of international trade customs for the mutually agreed contracts.	Not applicable.
(6) Does the Company formulate and implement supplier management policy, requiring suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health or labor rights ?		✓	The Company has not formulated the supplier management policy for the practical operation situation.	The Company has not stipulated the supplier management policies.

Item	Implement status			Difference from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
5. Does the Company compile corporate social responsibility reports or reports that disclose the Company's non-financial information based on international CSR compiling standard or guidelines? Is the report accredited from accreditation agency or third-party verification organization ?		✓	The company plans to prepare the 2023 annual sustainability report in 2024.	It is planned to be compiled starting in 2024.
6. If the Company makes its own corporate social responsibilities principles according to the "Rules of Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies", please state the differences : The company has clearly formulated a code of practice for sustainable development, and its operations are consistent with the spirit and principles stipulated in the "Code of Practice for Corporate Sustainability of Listed Companies".				
7. Any other important information that helps to understand the conduct of corporate social responsibility : None.				

(6) The implementation of the Company's performance in the area of ethical corporate management, any deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation :

Item	Implementation status			Difference from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
1. Establishment of ethical corporate management policies and program (1) Does the Company formulate ethical corporate management policy that approved by the Board of Directors, and declare its policies and procedures in its guidelines and external documents, as well as the commitment from its Board and top executives to implement the policies ?	✓		The Company has established the "Procedures for Ethical Management and Guidelines for Conduct " which have been approved by the Board of Directors. The ethical code of conduct policies is disclosed in the Annual Report, company website, and other promotional materials. The Directors and senior managerial level are requested to issue a statement of declaration with the compliance of the ethical code of conduct policies. Additionally, the employees are requested to abide by the ethical code of conduct policies as a condition of employment as well.	Not applicable.
(2) Has the Company established an evaluation mechanism to assess the unethical conducts risk, and regularly analyzes and evaluates business activities with high potential unethical conducts, and formulates a precaution plan which at least covered listed activities stated in Paragraph 7, Article 2 of the " Ethical Corporate Management Best Proactive Principles for TWSE/TPEX Listed Company" ?	✓		The Company, in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and relevant government letter, has updated the "Procedures for Ethical Management and Guidelines for Conduct" and appointed the back office of the Group as the responsible unit for regularly analyzing and assessing business activities within the scope of operations that have a higher risk of unethical behavior. Based on this analysis, the unethical behaviors prevention scheme will be stipulated, and the standard operating procedures and guidelines for each scheme will be established.	Not applicable.

Item	Implementation status			Difference from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
(3) Does the Company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, the commitment to implement the policies, and review the policy regularly ?	✓		During the engagement of business operations, in addition to the conformity of the laws and regulations, the Company includes criteria for identifying unjust enrichment, procedures for handling relevant situations, and disciplinary measures for violators in the "Procedures for Ethical Management and Guidelines for Conduct". The communication with relevant units and personnel shall not involve unethical behaviors and the effectiveness of each control points shall be inspected through the internal audit.	Not applicable.
2. Fulfill operations integrity policy (1) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts ?	✓		The Company's personnel explains the corporate ethical code of conduct policies and related regulations to relevant parties, evaluates the integrity of business partners during the engagement of business operations, requests suppliers to sign "Supplier Anti-Corruption Commitment", and submits the contracts and related documents to legal specialist for review.	Not applicable.

Item	Implementation status		Description	Difference from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies										
	Yes	No												
(2) Does the Company establish an exclusively dedicated unit supervised by the Board to be in charge of corporate integrity, and regularly (at least once a year) report to the Board about the implementation of ethical corporate management policy and the plan against unethical conducts ?	✓		<p>The Company has designated the back office of the Group as a dedicated unit, which is subordinate to the Board of Directors. The main responsibilities of the unit include the following: reported the latest relations and implementation status to the Board of Directors respectively on January 24, 2024, and supersized the implementation status through the auditing by the internal audit units :</p> <ol style="list-style-type: none"> 1. Assist in integrating integrity and moral values into the corporate business strategy, and cooperate with legal and regulatory requirements to establish anti-fraud measures to ensure integrity in business operations. 2. Regularly analyze and evaluate the risks of unethical behavior within the scope of business operations and develop unethical behaviors prevention scheme accordingly. Establish standard operating procedures and guidelines for each scheme will be established 3. Plan the internal organization, structure, and responsibilities, and establish mutual supervision and balance mechanisms for business activities with higher risks of dishonest behavior within the scope of business operations. 4. Promote and coordinate the advocacy and training of ethical policies 5. Plan a reporting system to ensure the effectiveness of its execution 6. Assist the Board of Directors and managerial level in verifying and evaluating the effectiveness of established preventive measures for implementing ethical code of conduct policies, and regularly evaluate the adherence to relevant business processes and create reports accordingly 7. Prepare and properly store documents related to ethical code of conduct policies, compliance statements, implementation commitments, execution status, etc. thereof. <table border="1"> <thead> <tr> <th>Item</th> <th>Implementation status</th> </tr> </thead> <tbody> <tr> <td>Lea compliance</td> <td>The Board of Directors resolved to amend the "Corporate Governance Best Practice Principles," the "Procedures for Ethical Management and Principles for Conduct," the "Ethical Corporate Management Principles" and the "Spirox (and its affiliated enterprises) Procedures for Ethical Management and Principles" The amended articles were reported to the shareholders' annual general meeting on June 21, 2023.</td> </tr> <tr> <td>Propaganda and training</td> <td> <ul style="list-style-type: none"> · Advocated the significance of ethical code of conduct (including important transaction) based on the agenda content in the regular (including executive meetings and monthly meetings). 49 meetings were held in 2023 at a total of 592 people. · Conduct internal personnel shareholding declaration thematic promotion training; the training session was conducted 5 times, reaching a total of 73 people. · Promote that directors are not allowed to trade Spirox stocks during the closed period before the financial report announcement (thirty days before the annual financial report announcement, and fifteen days before each quarterly financial report announcement); this promotion was conducted 3 times, reaching a total of 21 people. · Promote that insiders are prohibited from selling company stocks during the period of share repurchase (treasury stocks); this promotion was conducted 2 times, reaching a total of 33 people. · Promote the ethical code of conduct (including prohibition of insider trading) in the training sessions for the new employees since 2023; this promotion was conducted 15 times, reaching a total of 33 people. </td> </tr> <tr> <td>Reporting system</td> <td>Did not receive any relevant report in 2023.</td> </tr> <tr> <td>Commitment</td> <td>Requested Directors and senior managerial level to issue a statement of compliance with the ethical code of conduct policies, and to required employees to abide by the policy as a condition of employment.</td> </tr> </tbody> </table>	Item	Implementation status	Lea compliance	The Board of Directors resolved to amend the "Corporate Governance Best Practice Principles," the "Procedures for Ethical Management and Principles for Conduct," the "Ethical Corporate Management Principles" and the "Spirox (and its affiliated enterprises) Procedures for Ethical Management and Principles" The amended articles were reported to the shareholders' annual general meeting on June 21, 2023.	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Reporting system	Did not receive any relevant report in 2023.													
Commitment	Requested Directors and senior managerial level to issue a statement of compliance with the ethical code of conduct policies, and to required employees to abide by the policy as a condition of employment.													

Item	Implementation status			Difference from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
(3) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it ?	✓		The Company's "Procedures for Ethical Management and Guidelines for Conduct" and "Code of Ethics Conduct" both include policies to prevent conflicts of interest. In case any conflict-of-interest situation is discovered, employees can report it to their direct supervisor and dedicated unit, or the relevant stakeholders contact person and the supervisor or dedicated unit will handle the situation appropriately.	Not applicable.
(4) Has the Company established effective systems for both accounting and internal control to facilitate ethical corporate management, and audit the implementation of policies of preventing unethical conduct, either by internal auditors or CPAs on a regular basis ?	✓		The Company's accounting system must not have any off-the-books or undisclosed accounts and shall be reviewed regularly. The audit unit shall design the audit tasks with an overall consideration when planning, and reports to the Board of Directors after execution to ensure the effectiveness of the internal control system	Not applicable.
(5) Does the Company regularly hold internal and external educational trainings on operational integrity ?	✓		Advocated the significance of ethical code of conduct (including important transaction) based on the agenda content in the regular (including executive meetings and monthly meetings). 49 meetings were held in 2023 at a total of 592 people. Promote the ethical code of conduct (including prohibition of insider trading) in the training sessions for the new employees since 2023; this promotion was conducted 15 times, reaching a total of 33 people.	Not applicable.
3. Report system operating status				
(1) Has the Company set specific report and reward system to facilitate the report channel and assign appropriate specialist accepting to spot the reported object ?	✓		The Company encourages both internal and external personnel to report any dishonest or inappropriate behavior, and rewards them with bonuses based on the severity of the reported situation. Any internal personnel who make false reports or malicious accusations will face disciplinary action, and those with severe circumstances shall be dismissed. The Company has established a reporting mailbox (Spirox-legal@spirox.com) for both internal and external personnel to report incidents, and the legal department of the Group back office is responsible for receiving these reports.	Not applicable.
(2) Does the Company establish standard operating procedures for confidential reporting on investigating accusation cases and measures for follow-up ?	✓		The Company's "Procedures for Ethical Management and Guidelines for Conduct" clearly specifies the standard operating procedures, follow-up measures, and confidentiality mechanisms that the dedicated unit must follow when receiving reports.	Not applicable.
(3) Has the Company set measures to protect whistleblowers do not suffer for which he or she reported ?	✓		The Company's "Procedures for Ethical Management and Guidelines for Conduct" clearly states that the Company is committed to protecting whistleblowers from any improper treatment as a result of reporting incidents, and also requires that individuals involved in handling the reported incidents maintain confidentiality regarding the identity of the whistleblower and the content of the report	Not applicable.
4. Enhance information disclosure				
Does the Company disclose the information of implementation and results of integrity management on its website and the Market Observation Post System ?	✓		The Company discloses the stipulated "Procedures for Ethical Management and Guidelines for Conduct" on the corporate website and MOPS.	Not applicable.

Item	Implementation status		Description	Difference from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No		
5. If the Company develops its own integrity operation rules according to the “Integrity Operation Best Practice Principles for TWSE/GTSM-Listed Companies”, please state the differences :				
The Company has formulated the Procedures for Ethical Management and Guidelines for Conduct in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and practically operated accordingly.				
6. Other important information for better understanding of the integrity operation : None.				

(7) Where to search the corporate governance related rules or procedures of the Company :

Please refer to the section of stakeholders on the corporate website : <http://www.spirox.com.tw/investor/internal-policy>

(8) Other significant information that will provide a better understanding of the implementation of the Company's corporate governance : None.

(9) The implementation of internal control system

1. Statement of internal control system : Please refer to page 51.

2. The audit report of internal control system made by CPA : Not applicable.

Spirox Corporation
Statement of Internal Control System

Date : March 11, 2024

According to the self-examination on internal control system by the Company in 2023, we hereby state as follows :

- I. The Company's Board of Directors and management team understand their responsibilities of developing, implementing and maintaining the Company's internal control system, and such a system has been established. The purpose of establishing the internal control system is to assure the effectiveness and efficiency of business operation (including earnings, operation performance and the safeguard of company assets), the reliability, timeliness, transparency, and compliance objectives according to the relevant laws and regulations in order to provide reasonable assurances.
- II. Due to the innate limitation in designing a faultless internal control system, this system can only assure the reasonableness of the above three objectives have been equitably achieved. In addition, the effectiveness of internal control system could alter over time due to the change of business environment or situation. Since the Company's internal control system has included self-examination capability, the Company will make immediate corrections when errors are detected.
- III. The evaluation of effectiveness of the internal control system design and implementation is made in accordance with the "Guidelines for the Establishment of Internal Control Systems by Public Companies" (the Guidelines). The Guidelines are made to examine the following five factors during the management and control process: (a) control environment, (2) risk assessment and response, (3) control activities, (4) information and communication, and (5) supervision. Each factor also includes several items. Details of each factor can be found in the Guidelines.
- IV. The Company has examined the effectiveness of each respected area in the internal control system based on the Guidelines.
- V. The examination result indicated that the Company's internal control system (including subsidiary governance) dated December 31, 2023 has effectively assured that the following objectives, including the degree that effectiveness and efficiency of business operation, the reliability of the financial and related reports, the compliance of the relevant laws/ regulations and company policies, have been reasonably achieved during the assessing period:
- VI. This Statement is a significant part of the Company's annual report and prospectus available to the general public. If it contains false information or omits any material content, the Company is in violation of Article 20, Article 32, Article 171 and Article 174 set forth in Taiwan's Security and Exchange Act.
- VII. The Company hereby declares that this statement had been approved by the Board of Directors on March 11, 2024. Among the 7 attending Directors, to the contents of this statement

Spirox Corporation

Chairman : Peter Chin

President : Paul Yang

(10) If there has been any legal penalty against the Company or its internal personnel, or any disciplinary penalty by the Company against its internal personnel for violation of the internal control system, during the most recent year or during the current year up to the publication date of the annual report, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement : None.

(11) Important resolutions made by the Shareholders' Meeting and Board of Directors in 2002 and up to the publication date of this Annual Report

A. The resolutions at 2023 Annual Shareholders' Meeting and its implementation:

Proposal	Resolutions	Implementation
2022 Business Report and Financial Statements	Approved by the result of voting	Complete announcement and report
2022 Distribution of earnings	Approved by the result of voting	Paid on August 7, 2023
The Company planned to distribute the cash by capital reserves.	Approved by the result of voting	Paid on August 7, 2023
The Company proposed to transfer the treasury stock to the employees at the price lower than the average actual repurchase price	Approved by the result of voting	The shareholders' meeting approved to transfer 885,000 shares to the employees. 545,000 shares had been transferred by the publication date of the Annual Report.
Amendment of partial Articles of the Company's "Rules of Procedures for Shareholders' Meetings"	Approved by the result of voting	Implemented after resolution by the Shareholders' Meeting

B. Important resolutions made by Board of Directors in 2023 and up to the publication date of this Annual Report:
Please refer to page 23~28.

(12) Directors have expressed opposition or qualified opinions that have been noted in the record or declared in writing in connection with the important resolutions passed by the Board of Directors in the most current year and up to the publication date of this Annual Report: None

(13) The Discharge summary of the Company's chairman, president, chief accounting officer, chief finance officer, internal auditor, chief corporate governance officer and Chief R&D officer :

Job title	Name	Onboard Date	Discharge Date	Reason
Internal auditor	Pinion Cheng	June 30, 2022	November 9, 2023	Transferred to Chief Corporate Governance Officer
Chief Corporate Governance Officer	Adele Lin	March 23, 2023	November 9, 2023	Resignation

3.5 Information Regarding the Company's Independent Auditors' Fees

Unit : NTD thousand

Name of accounting firm	Name of CPAs	Auditing Period	Audit fees	Non-audit fees	Total	Remark
PKF Taiwan	Kuan-Chao Lin	January 1, 2023~December 31, 2023	3,250	600 (Note)	3,850	None
	Ming-Yu Wen					

Note : The non-audit fee implies the remuneration information audit of full-time employees who do not hold managerial positions is NTD 50 thousand, and the tax compliance audit is NTD 550 thousand.

(1) When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed : None.

(2) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed : None.

3.6 Information Regarding Change of Independent Auditors: None.

3.7 The Chairman, President, Chief Financial or Accounting Officers of the Company who Holds Position in the Business under the Commissioned CPA Firm or Its Affiliates in the Most Recent Year : None.

3.8 Change of Transfer and Pledge in Shareholding of Directors, Managerial Officers and Shareholders Holding than 10% of the Shares Up to the Date of Publication of the Annual Report

(1) Change of Transfer and Pledge in Shareholding of Directors, Managerial Officers and Shareholders holding than 10% of The Shares

Unit : Share

Title	Name	2022 (Note 6)		2023 Year to April 23 (Note 6)	
		Shareholding increase (decrease)	Pledged shareholding increase (decrease)	Shareholding increase (decrease)	Pledged shareholding increase (decrease)
Chairman and Major Shareholder	Peter Chin	0	0	0	0
Board Director	Jack Chen	0	0	0	0
Board Director	Hsi-Wei Investment Co., Ltd.	0	0	0	0
Juridical Director Representative	Pei-Cheng Yeh	0	0	0	0
Board Director	Jun Yle Investment Co., Ltd.	2,866,000	0	0	0
Juridical Director Representative	Henry Kao (Note 1)	0	0	0	0
Juridical Director Representative	Vicky Lin (Note 1)	3,000	0	0	0
Independent Director	Chia-Jung Wu	0	0	0	0
Independent Director	Yi-Ying Wu	0	0	0	0
Independent Director	Shu-Tzu Chen	0	0	0	0
President	Paul Yang	300,000	0	0	0
Vice President	Ken Yu (Note 2)	210,000	0	0	0
Vice President	Charles Ma (Note 2)	80,000	0	(47,000)	0
Vice President	Alex Huang	(235,000)	0	0	0
Vice President	Richard Lin (Note 2)	42,000	0	(10,000)	0
Director	Daniel Chu	(80,000)	0	0	0
Director	Bradley Hsu	(55,000)	0	(3,000)	0
Director	Dannise Huang	50,000	0	0	0
Special Assistant	Noelle Ni	40,000	0	0	0
Chief Finance Officer	Neil Chen	46,000	0	0	0
Chief Accounting Officer	Jasmine Ku	30,000	0	0	0
Chief Corporate Governance Officer	Adele Lin (Note 2)	0	0	0	0
Chief Corporate Governance Officer	Pinion Cheng (Note 2)	20,000	0	0	0

Note 1 : Jun Yle Investment Co., Ltd. assigned Vicky Lin as the juridical Director representative on February 10, 2023 and Henry Kao was dismissed at the same day.

Note 2 : Ken Yu was dismissed on January 31, 2023. Charles Ma was dismissed on February 29, 2024. Charles Lin assumed the new tenure on Jun 1, 2023. Adele Lin was dismissed on November 9, 2023. Pinion Cheng assumed the new tenure on November 9, 2023.

Note 3 : It implies the change of shareholding of directors, managerial officers and major shareholder during the period.

(2) Where the counterparty in any such transfer or pledge of shares is a related party, disclose the counterparty's name, its relationship between that party and the Company as well as the Company's directors, managerial officers, and shareholders holding than 10% of the shares, and the number of shares transferred or pledged: None.

3.9 Information on Shareholders Among the Top 10 by Proportion of Shareholding Who Are Related Parties to One Another or Spouse, Kindred within 2nd Degree of Kinship

Name	Shareholding		Shareholding by spouse and minor children		Shareholding by nominees		Relationship		Note
	Number	%	Number	%	Number	%	Name	Relationship	
Peter Chin	12,479,000	10.86%	-	-	-	-	Jun Yle Investment Co., Ltd. Responsible Person:Peter Chin	- The same person	—
Jun Yle Investment Co., Ltd. Responsible Person:Peter Chin	11,701,000 0	10.18% 0%	- -	- -	- -	- -	- Peter Chin	- The same person	- -
Chi Pin Investment Co., Ltd. Responsible person: Zhilan Li	9,766,000 0	8.50% 0%	- -	- -	- -	- -	- -	- -	- -
Hsi-Wei Investment Co., Ltd. Responsible Person:Pei-Cheng Yeh	8,330,000 0	7.25% 0%	- -	- -	- -	- -	Hsi-Wei Investment Co., Ltd. Responsible Person:Pei-Cheng Yeh	- The same person	- -
MPI Corporation Chairman:Brian Green	7,000,000 0	6.09% 0%	- -	- -	- -	- -	- -	- -	- -
Sciencetech Corporation Chairman:Hong Liang Hsieh	4,000,000 0	3.48% 0%	- -	- -	- -	- -	- -	- -	- -
Jack Chen	3,040,193	2.65%	-	-	-	-	-	-	-
Tang Su	2,508,000	2.18%	-	-	-	-	-	-	-
Ling-Jie, Ye	2,473,000	2.15%	-	-	-	-	-	-	-
Giga Investment Co. Responsible person: Pei-Cheng Yeh	2,000,000 0	1.74% 0%	- -	- -	- -	- -	Hsi-Wei Investment Co., Ltd. Responsible Person:Pei-Cheng Yeh	— The same person	— —

3.10 Quantity of Shareholdings of the Same Investee by the Company and Directors, Managerial Officers, and Direct or Indirect Subsidiaries in Proportion to the Combined Holdings of All, and Combined to Calculate the Proportion of Overall Shareholding : None.

IV. Capital Overview

4.1 Capital and Shares

(1) Sources of capital

A. Type of shares

April 29, 2024

Type of stock	Authorized capital			Remarks
	Outstanding shares (shares)	Unissued shares (shares)	Total (shares)	
Common stock	114,974,918	185,025,082	300,000,000	The outstanding shares are the listed.

B. Source of capital stock

Month/Year	Issued price (NTD)	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount (NTD thousand)	Shares	Amount (NTD thousand)	Sources of capital (NTD thousand)	Capital paid in by assets other than cash	Others
January 2015	10	220,000,000	2,200,000	131,863,755	1,318,637	Issue restricted stock award 30,000	-	Ching-Shou-Shang-Tzu No. 10401008810 on January 15, 2015.
March 2015	10	220,000,000	2,200,000	131,938,755	1,319,387	New shares of exercising employee stock options 750	-	Ching-Shou-Shang-Tzu No. 10401028390 on March 5, 2015
May 2015	10	220,000,000	2,200,000	132,104,755	1,321,047	New shares of exercising employee stock options 1,660	-	Ching-Shou-Shang-Tzu No. 10401093980 on May 26, 2015
September 2015	10	220,000,000	2,200,000	132,099,755	1,320,997	Cancel restricted stock awards (150) New shares of exercising employee stock options 100	-	Ching-Shou-Shang-Tzu No. 10401205200 on September 25, 2015
December 2015	10	220,000,000	2,200,000	131,903,755	1,319,037	Cancel restricted stock awards (2,140) New shares of exercising employee stock options 180	-	Ching-Shou-Shang-Tzu No. 10401258870 on December 21, 2015
March 2016	10	220,000,000	2,200,000	132,480,155	1,324,801	Cancel restricted stock awards (626) New shares of exercising employee stock options 6,390	-	Ching-Shou-Shang-Tzu No. 10501046160 on March 10, 2016
May 2016	10	220,000,000	2,200,000	132,804,255	1,328,042	Cancel restricted stock awards (259) New shares of exercising employee stock options 3,500	-	Ching-Shou-Shang-Tzu No. 10501100950 on May 20, 2016
August 2016	10	220,000,000	2,200,000	106,464,724	1,064,647	Shares repayment of capital reduction (265,545.31) New shares of exercising employee stock options 2,150	-	Ching-Shou-Shang-Tzu No. 10501187980 on August 10, 2016
February 2017	10	220,000,000	2,200,000	103,511,816	1,035,118	Cancel treasury stock (28,330) Cancel restricted stock awards (1,479.08) New shares of exercising employee stock options 280	-	Ching-Shou-Shang-Tzu No. 10601014670 on February 9, 2017
June 2017	10	220,000,000	2,200,000	103,484,924	1,034,849	Cancel restricted stock awards (268.92)	-	Ching-Shou-Shang-Tzu No. 10601073070 on June 8, 2017
September 2017	10	220,000,000	2,200,000	103,519,924	1,035,199	New shares of exercising employee stock options 350	-	Ching-Shou-Shang-Tzu No. 10601128350 on September 6, 2017
December 2017	10	220,000,000	2,200,000	103,507,918	1,035,079	Cancel restricted stock awards (120)	-	Ching-Shou-Shang-Tzu No. 10601166470 on December 15, 2017
June 2019	10	220,000,000	2,200,000	102,441,918	1,024,419	Cancel treasury stock (10,660)	-	Ching-Shou-Shang-Tzu No. 10801066060 on June 19, 2019
December 2021	10	300,000,000	3,000,000	118,741,918	1,187,419	Private placement of common stock 16,300	-	Ching-Shou-Shang-Tzu No. 11001230120 on December 17, 2021
January 2024	10	300,000,000	3,000,000	114,974,918	1,149,749	Cancel treasury stock (37,670)	-	Ching-Shou-Shang-Tzu No. 11330002680 on January 22, 2024

(2) Shareholders composition

April 29, 2024

Shareholder structure	Government authorities	Financial institutions	Other juristic (corporate) persons	Individuals	Foreign institutions and juristic (corporate) persons	Total
Quantity						
Number of shareholders	0	1	169	26,651	44	26,865
Number of shares held	0	985,000	46,862,412	63,511,198	3,616,308	114,974,918
Ratio of shareholding	0%	0.86%	40.75%	55.24%	3.15%	100%

Note: The Company does not have Mainland Chinese investors.

(3) Equity distribution

At NTD 10 par value

April 29, 2024

Securities holding range	Number of shareholders	Number of shares held	Ratio of shareholding (%)
1 to 999	19,591	1,599,523	0.00
1,000 to 5,000	6,151	11,188,202	8.10
5,001 to 10,000	594	4,563,317	5.94
10,001 to 15,000	148	1,870,239	1.62
15,001 to 20,000	112	2,081,230	2.24
20,001 to 30,000	89	2,331,106	2.23
30,001 to 40,000	38	1,361,221	1.28
40,001 to 50,000	25	1,170,116	1.04
50,001 to 100,000	52	3,558,457	3.21
100,001 to 200,000	27	3,732,058	3.33
200,001 to 400,000	15	4,108,624	3.62
400,001 to 600,000	2	1,023,139	0.90
600,001 to 800,000	0	0	0.00
800,001 to 1,000,000	5	4,801,493	4.18
Over 1,000,001	16	71,586,193	62.31
Total	26,865	114,974,918	100

(4) List of major shareholders

April 29, 2024

Name of major shareholder	Shares	Shares held	Shareholdings (%)
Peter Chin		12,479,000	10.86
Jun Yle Investment Co., Ltd.		11,701,000	10.18
Chi-Pin Investment Co., Ltd.		9,766,000	8.50
Hsi-Wei Investment Co., Ltd.		8,330,000	7.25
MPI Corporation		7,000,000	6.09
Scientech Corporation		4,000,000	3.48
Jack Chen		3,040,193	2.65
Tang Su		2,508,000	2.18
Ling-Jie, Ye		2,473,000	2.15
Giga Investment Co.		2,000,000	1.74

(5) Information on market price, net value, earnings and dividends per share in the most 2 years

Item	Year		2022	2023	March 31, 2024
	Market price per share	Highest		36.55	44.65
Lowest		23.60	23.60	39.75	
Average		27.10	34.49	62.84	
Net value per share	Before distribution		24.50	22.16	20.88
	After distribution		23.49	21.17(註 1)	—
Earnings per share	Weighted average shares		112,086	114,060	117,363
	Earnings per share		2.14	(0.49)	(0.90)
Dividend per share	Cash dividend		1.0	1.0(Note 1)	—
	Stock dividend	from retained earnings	—	—	—
		from capital reserve	—	—	—
	Accumulated unappropriated dividends		—	—	—
Return on Investment analysis	Price-to equity ratio		12.66	— (Note2)	—
	Price-to-dividend ratio		271%	39%(Note1)	—
	Cash dividend yield rate		3.69%	2.55%(Note1)	—

Note 1 : 2023 Earnings distribution is subject to the resolution of 2024 Annual Shareholders' Meeting.

Note 2 : The earnings per share were negative and not calculated.

(6) Dividend policy and implementation status

1. The dividend policy :

When it is determined that the Company has net income for a fiscal year, the earnings shall first be appropriated to make up the losses of previous years and then provide 10% of the remaining earnings as the legal reserve. However, in case the legal reserve has reached the actual paid-up capital, this limit does not apply that the legal reserve shall be allocated or the special reserve shall be reversed according to the law. Any remaining amount should be added to the cumulative undistributed earnings at the beginning of the period. The company's shareholder dividends are based on the principle of distributing cash dividends, which shall not be less than 20% of the cumulative distributable earnings for the year. The Company distributes cash dividends with the calculation based on the distribution ratio, which any amount less than one dollar is rounded down. The total of the rounded down amounts will be allocated to the Company's employee Welfare Committee.

2. Proposed dividend distribution :

- (1) An amount of NT\$68,364,550 was appropriated from the accumulated distributable surplus in the 2023, and it is planned to be recognized by this shareholders' meeting.
- (2) The Company proposes to allocate a cash amount of NTD 45,576,367 from the stock premium issued from the capital reserve to distribute to shareholders, submitted to the current Shareholders' Meeting for discussion.

(7) Impact on business performance and EPS resulting from the proposal of stock dividend distribution at this Shareholders' Meeting : Not applicable due to no this kind of proposal.

(8) Remuneration for employees and directors

A. The percentage or scope of remuneration for the employees and directors are stated in the Articles of Incorporation:

- (a) Directors' remuneration shall not be higher than 5%.
- (b) Employee's remuneration shall not be less than 2%.

B. The current year's estimation basis for employees' and directors' remuneration, the calculation basis for number of shares distributed as employees' compensation, and the accounting treatment adopted when the actual distribution amount is different from the estimated amount:

The Company estimates the employee and directors' remuneration, recognized as the business expense of the current period, based on the percentages outlined in the Articles of Incorporation. The calculation basis for the number of shares of employee's compensation which is distributed by stock is based on the preceding estimation amount and the closing price of the day before the resolution of next year's shareholders' meeting with the consideration of the impact of the ex-rights and ex-dividend. However, if there is a discrepancy which is not significant between the actual distributed amount, after the resolution of Board of Directors, and estimation amount and there is a discrepancy between the actual distributed amount resolved by the shareholders' meeting and estimation amount, it shall be regarded as the change in accounting estimates and be recognized as the profit or loss of next fiscal year.

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

(a) The employee compensation and the Directors remuneration amount distributed by cash or stock :

There was no profit in the 2023, so no remuneration for directors and employees was allocated, and the actual distribution amount was NTD0.

(b) The amount of any employee profit-sharing compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee profit-sharing compensation : There is no employee compensation distributed by the stock in the current period; therefore, it is not applicable.

4. The actual distribution of employee and director profit-sharing compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee and director profit-sharing compensation, additionally the discrepancy, cause, and how it is treated : None.

(9) Implementation of Share Buyback

April 29, 2024

Times of Buy back		9th	10th
Board resolution day		2023/12/13	2024/3/11
Purpose of buyback		Transfer to employees	Transfer to employees
Types of shares bought back		common stock	common stock
Total amount of shares bought back	Booking limit	NTD1,314,338 thousand	NTD1,314,338 thousand
	Actual	NTD 41,373,481	NTD 91,294,008
Buy back period	Plan	2023/12/14~2024/02/13	2024/03/12~2024/05/11
	Actual	2023/12/15~2024/01/22	2024/03/12~(Note)
Quantity bought back	Plan	1,000,000 shares	2,000,000 shares
	Actual	1,000,000 shares	(Note)
	Actual ratio to reservation	100%	(Note)
Buy back price	Predetermined range	33~50	66~97
	Actual average	41.37	(Note)
Cumulative number of shares held in the company		1,034,000 shares	(Note)
The ratio of the cumulative number of shares held by the company to the total number of issued shares.		0.90%	(Note)
Reason for not completing execution.		NA	(Note)
This execution rate and whether it meets the execution standards stipulated in Article 4 of the Company's operating procedures for repurchasing treasury shares.		Yes; Actual execution rate 100%, Meet the execution standards set by our company (execution rate 50%)	(Note)
Improvement plan.		NA	(Note)
Note: As of the date of publication, it has not been completed.			

4.2 Bonds : None.**4.3 Preferred Stock** : None.**4.4 Global Gepository Receipts** : None.**4.5 Employee Stock Options** : None.**4.6 Restricted Employee Awards** : None.**4.7 New Shares Issuance in Connection with Mergers and Acquisitions** : None.**4.8 Financing Plans and Implementation** : None.

V. Operational Highlights

5.1 Business Activities

(1) Business scope

1. Major business

The Company was established on December 11, 1987. The main sources of revenue for the Company and its subsidiaries come from the agency sales and maintenance services of semiconductor and integrated circuit design equipment, import and export trading of related products, and the agency, quotation, bidding, and distribution businesses for relevant products and raw materials of domestic and foreign manufacturers.

2. Revenue breakdown by category

Unit : NTD thousand

2023 Sales breakdown	Amount	%
Semiconductor equipment	1,254,716	93.45%
Service	64,046	4.77%
Maintenance	23,362	1.74%
Others	591	0.04%
Total	1,342,715	100.00%

3. Primary products and services

The Company is committed to the concept of sustainable management, constantly seeking the most effective and industry-demanding solutions for the semiconductor supply chain and the key components industry of 3C electronic products. From manufacturing by foreign manufacturers to developing the own product technology and providing customized products and services, the Company has abundant resources and capabilities to integrate related products and continuously bring more valuable competitive advantages to customers and partners. The Company deeply understands that every problem has a more efficient and cost-effective solution, dedicated to finding the smartest solutions from design, manufacturing, packaging to testing, forming three core businesses: "Professional Distribution," "Integrated Service," and "Own Products & Manufacturing" and delivering the smarter solutions to the demanders in the supply chain. The Company also integrates customer testing needs and services, and provides one-stop integrated total solutions for semiconductors. The primary products and services are described as follows:

I. Professional distribution and service

With the globalization of industry competition, in addition to strict cost control over manufacturing, various manufacturers are actively improving their technology to maintain their business advantages. To provide the customers with the most advanced technology and equipment, the Company cooperates closely with world-class manufacturers. The main product items and services include:

- (1) Sales, maintenance, and integration services for semiconductor and integrated circuit packaging, testing, and analysis equipment :
 - A. Fully automated prober and the special chuck
 - B. Integrated circuit tester
 - C. MEMS Ultimate test handler
 - D. Wafer reflow oven and eWLB de-bonder
 - E. Thermal compression type of flip chip bonder, chip on wafer and chip on Film flip chip bonder
 - F. Plasma Cleaner, flip chip packaging dispenser and pressure de-void oven
 - G. Electrical failure analysis tool
 - H. Wafer defect automatic optical inspection
 - I. Semiconductor ESD Tester
 - J. Semiconductor EFA and PFA
 - K. Integrated circuit packaging device AVI/PVI
 - L. IGBT/MOSFET/SiP dispenser, solder paste and B-stage DAP printing machine, mount system and tunnel air reflow oven and vacuum reflow oven
 - M. Equipment and solution for AGV smart chip or wafer transferring robot and automation of production line

- (2) Sales and maintenance services for semiconductor and integrated circuit testing and packaging equipment-related components and consumables :
 - A. Wafer test probe cards
 - B. High-performance multi-layer printed circuit boards for IC testing
 - C. Docking interfaces and test head robotic arms
 - D. Dummy wafer and prime wafer
 - E. Others: test sockets, relays, test printed circuit boards, etc.

II. Integrated service

The Company offers the following high-value-added integrated services with the accumulated extensive experience in equipment distribution based on market trends and customer needs :

- (1) Customized hardware solutions: Assist customers in designing and producing probe cards, bearing boards, and docking interfaces according to their individual needs.
- (2) Product testing kit modules: Provide customized software solutions for customers to test various application products, such as RF ICs, network communication, LCDs, digital audio and video, power management, and various types of memory.
- (3) High-end packaging integration solutions: Customize high-end packaging production lines for customers, including plasma cleaning, flip chip, flip chip packaging dispensing, wafer-level reflow oven, and wafer-level packaging de-bonding, etc.
- (4) Spirox Technology Center: Introduce the latest market trends and production technologies to reduce customers' overseas training costs and provide professional technical training courses to customers.

I. To develop and manufacture the own products

In addition to providing comprehensive integrated solutions for the semiconductor supply chain and 3C electronic product critical component industry, the Company also places great emphasis on the cultivation of proprietary technology and development in different market segments. Currently, the Company has independently developed products including compound semiconductor material defect inspection equipment, 3D stress analysis detection system effectively reveals the inherent characteristics of WBG materials, SoC tester, wafer macro inspection AOI equipment, and packaging device appearance inspection (Lead scan) equipment, etc.

4. Products and services planned for development

The Company will continuously develop agency and own products that meet the needs of the business operations to strengthen the total solution service capabilities

- (1) Process-related equipment and components for the flat panel display industry
- (2) Process-related equipment and components for the semiconductor industry
- (3) Process-related inspection instrument equipment and components related to the electronic industry process
- (4) Relevant equipment and components related to the 5G and automotive electronics industries.
- (5) Relevant equipment and components related to the compound semiconductor industry.

(2) Industry overview

1. Current industry status and future development

According to the World Fab Forecast report of the latest quarter from the Semiconductor Equipment and Materials International (SEMI), it points out that semiconductor capacity expanded moderately by 5.5% to 29.6 million wafers per month (wpm) in 2023, affected by the slowdown in market demand and the adjustment period for semiconductor inventory. Looking ahead to 2024, the adoption of AI and high-performance computing (HPC) applications, along with the recovery of the end demand, have accelerated the expansion of advanced process and wafer foundry capacity. It is expected to accelerate by 6.4% to exceed the threshold of 30 million wafers per month. Terry Tsao, SEMI's Global CMO and Taiwan Region President, stated that global market demand is trending towards recovery, coupled with incentive measures from various governments, driving significant growth in the construction of major chip manufacturing region's wafer fabs and equipment investment. Furthermore, semiconductor strategies are increasingly shaping global geopolitical dynamics and have become a key catalyst for semiconductor capacity growth.

During the forecast period from 2022 to 2024, the global semiconductor industry plans to bring 82

new facilities online, with 11 and 42 facilities scheduled for production in 2023 and 2024 respectively. These facilities will cover production lines ranging from 4-inch (100 mm) to 12-inch (300 mm) wafers. Benefiting from government funding and other incentive measures, China is expected to expand its share of global semiconductor capacity. Chinese chip manufacturers are projected to commence operations at 18 new wafer fabs in 2024, with a capacity growth rate increasing from 12% in 2023 to 13% in 2024. Capacity is expected to rise from 7.6 million wafers to 8.6 million wafers. Taiwan is expected to maintain its position as the world's second-largest semiconductor capacity holder. The capacity growth rates for 2023 and 2024 are projected to be 5.6% and 4.2% respectively, with monthly capacity increasing from 5.4 million wafers to 5.7 million wafers. Starting from 2024, there are expected to be 5 new wafer fabs coming online. South Korea, ranked third in global semiconductor capacity, is expected to have 1 new wafer fab operational in 2024, with capacity increasing from 4.9 million wafers in 2023 to 5.1 million wafers in 2024, a growth rate of 5.4%. Japan, ranked fourth in global semiconductor capacity, is expected to have 4 new wafer fabs operational in 2024, with capacity increasing from 4.6 million wafers in 2023 to 4.7 million wafers in 2024, representing a growth rate of approximately 2%. According to the World Fab Forecast report, the Americas are projected to have 6 new wafer fabs operational by 2024, with wafer capacity increasing by 6% to 3.1 million wafers. In 2024, Europe and the Middle East are expected to have 4 new wafer fabs operational, with capacity increasing by 3.6% to 2.7 million wafers. Southeast Asia is expected to see 4 new wafer fabs operational in 2024, with capacity increasing by 4% to 1.7 million wafers.

In 2024, the Wi-Fi Alliance launched Wi-Fi 7 product certification. According to DIGITIMES Research, with the gradual opening of the 6GHz frequency band in most regions worldwide, the global penetration rate of Wi-Fi 7 products is estimated to reach 6.4% in 2024. By 2025, the penetration rate of Wi-Fi 7 products is expected to double, increasing from 6.4% in 2024 to 15%. Smartphones and PCs are the first wave of consumer electronics products to upgrade to Wi-Fi 7 specifications. However, due to the high cost of Wi-Fi 7 chips produced using advanced processes, it is expected that they will be preferentially adopted by high-end smartphones and PCs in 2024. In terms of product application areas, DIGITIMES Research points out that in addition to applications such as smartphones and PCs, XR (extended reality), gaming, and smart home applications will be the focus of subsequent product promotions. Industries such as industrial, medical, and automotive applications will be the main focus areas for Wi-Fi 7 in the medium to long term due to longer product certification schedules.

According to the latest IDC Worldwide Quarterly Mobile Phone Tracker report, preliminary data statistics show that the global smartphone market saw a YoY decrease of 3.2% in shipments in 2023, dropping to 1.17 billion units, the lowest annual sales volume in a decade. Throughout the year, the overall smartphone market remained sluggish in the first half due to economic conditions and the continued impact of the pandemic. However, in the second half of the year, with improvements in the economic environment and increased attention and interest in the smartphone market from various sectors of society, market demand gradually improved. According to the latest forecast from Counterpoint Research, driven by demand for high-end markets such as GenAI and foldable smartphones, as well as entry-level smartphones in emerging markets such as Africa, India, and Latin America, global smartphone shipments are expected to increase by 3% in 2024, reaching 1.2 billion units.

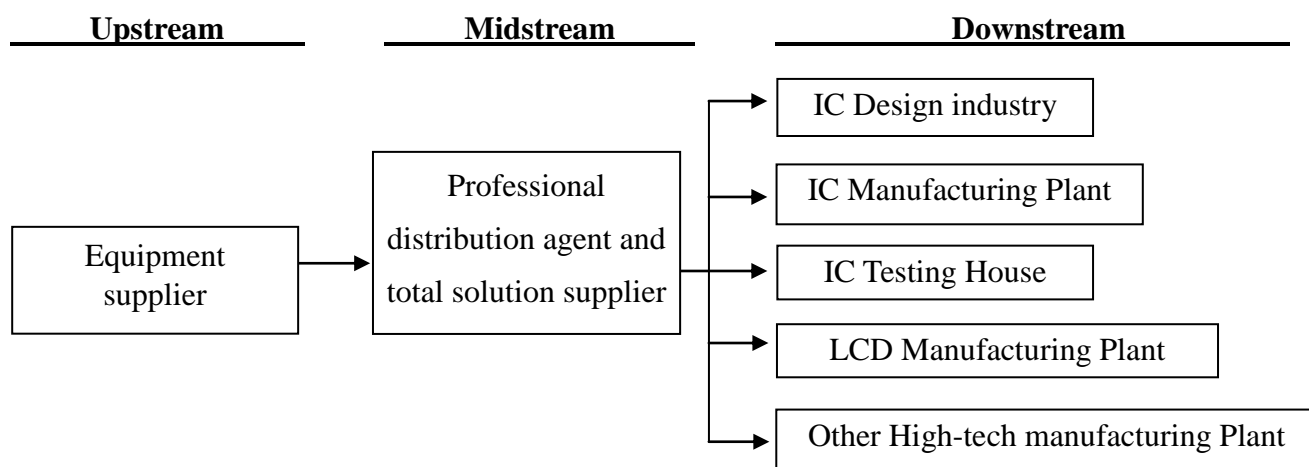
In the global wave of environmental sustainability, the applications of AI, energy, and electric vehicles continue to gain momentum. Compound semiconductor devices with characteristics such as wide bandgap, high voltage and current endurance, high electron mobility, high heat dissipation efficiency, and the ability to operate at high frequencies are exerting transformative influence in various industries such as automotive, consumer electronics, green energy, 5G, telecommunications, and photonics. According to market research firm Yole Intelligence, the global compound semiconductor substrate market is projected to grow from \$1.28 billion in 2023 to \$3.3 billion in 2029, with a compound annual growth rate (CAGR) of 17% during the period from 2023 to 2029. Among them, the market sizes in applications such as power, photonics, displays and LEDs, and RF are expected to grow at CAGRs of 21%, 12.6%, 7.9%, and 6% respectively, reaching \$2.519 billion, \$0.183 billion, \$0.192 billion, and \$0.391 billion by 2029. Compound semiconductor substrate manufacturers are continuously investing and formulating new strategies to increase wafer production, expand material capacity, strengthen technological and material innovation, and broaden their product portfolios to drive revenue growth and seize leadership positions in the future. At the same time, China views compound semiconductors as an

industry for overtaking in the best bend, especially with the historical milestone achieved in 2023 when the government-supported silicon carbide (SiC) obtained long-term contracts from international automotive IDM manufacturers. In recent years, Chinese manufacturers have aggressively expanded production with government support, and the market share of SiC substrates is expected to reach 50% globally by 2024, up from about 5% previously. However, intense competition within the Chinese market poses challenges for Chinese manufacturers in obtaining international certifications and gaining market advantages in terms of quality and price.

Furthermore, the semiconductor equipment industry, which is supported by semiconductor industry, is closely related to the yield rate of the manufacturers due to the stability and precision of equipment quality. The practicalization of the new technology development also plays a key role in the introduction of emerging processes into mass production, making the development of the semiconductor equipment industry in line with the growth trend of the semiconductor industry. The capital expense of the industry is closely associated with the business cycle fluctuation that the capital expense of the industry can be divided into "capacity buy" and "technology buy". The former is driven by the demand of the semiconductor application market, while the latter is necessary to maintain competitiveness. Therefore, the capacity buy will increase or decrease depending on the prosperity of the demand of end-use market, while the technology buy will usually maintain a certain level of proportion.

To sum up, as the accumulated inventory affected by the pandemic, economic conditions, and inflation gradually dissipates, the emerging trend of AI application productization is also maturing. The demand for high-speed transmission, high computational power, efficiency, and low energy consumption will bring enormous business opportunities. Technologically competitive production and testing equipment will play a crucial role in the period of explosive growth.

2. Links between the upstream, midstream and down stream segments of the supply chain



As a professional semiconductor equipment distribution agent, the Company provides system integration and technical support services, covering from front-end IC design, wafer manufacturing to back-end packaging and testing. Spirox offers the best total solution of cost-effective hardware and software and provides customer equipment maintenance services, customized application software development, and engineering services. As a bridge between upstream equipment suppliers and downstream equipment users in the semiconductor equipment industry value chain, the Company is committed to a harmonious relationship for triple-win growth (WIN-WIN-WIN).

For upstream equipment suppliers, regarding the market demand and technology development, the Company provides timely market feedback to the equipment suppliers to optimize their product strategies. In addition, in terms of business strength, the Company has been cultivating in Taiwan and China for many years, and has been highly recognized and trusted by customers, with excellent channel performance records, making the upstream equipment suppliers more confident in entrusting their equipment to the Company for agency and distribution.

For downstream equipment users, the Company can provide the best equipment and application

solutions based on their production needs, reducing time to market, increasing throughput, and offering professional and high-quality customized services to establish stable and long-term partnerships with the customers.

3. Development trends for Spirox products

The development trends of the main products are as below :

(1) Testing equipment of the integrated circuit

With the development of smartphones, wearable devices, and the Internet of Things (IoT), "smart terminals" will be the future direction of product applications. The demand for display technology, camera modules, processing chips, touch ICs, power management, wireless communication, voice input, and motion sensing has become a common trend in various smart terminal application products, further influencing the continuous enhancement in the development of system-in-package (SiP), system-on-chip (SoC), micro-electromechanical systems (MEMS), radio frequency (RF) chips, and power management chips by the upstream manufacturers. As a result, the system-on-chip testing equipment, micro-electromechanical testing equipment, radio frequency chip testing equipment, and analog IC testing equipment are subsequently introduced or improved.

(2) Testing, measuring, and monitoring instruments

With the application requirements of "smart terminals," it is necessary to satisfy system monitoring and control needs quickly and accurately. Additionally, data must be captured from the interaction between experiments or measurements and the affairs to provide reliable measurement solutions and enhance the credibility of measurement results.

(3) Compound Semiconductor Material Inspection System

Amidst the wave of environmental sustainability, compound semiconductors with high power and high voltage characteristics have become mainstream in the global energy and electric vehicle industries. The quality and price of silicon carbide substrates are key factors determining the manufacturing of components and the quality of module production, serving as the core driving force for industry development. Therefore, continuous research and development will be dedicated to refining advanced nonlinear optical technology in compound semiconductor material inspection systems.

4. Competition of Spirox products

Only the integrated circuit testing equipment with a higher proportion of revenue from distribution and agency products will be described. The competition is as follows:

The major suppliers of testing equipment are from Europe, America, Japan, and South Korea. European and American products mainly focus on system-on-chip (SoC) and mixed-signal, radio frequency (RF) testing machines, while Japanese and South Korean manufacturers specialize in the memory and flat panel display markets. The testing equipment, IC test handler, prober, flip chip bonder, wafer separator, wafer inspection equipment, and packaging device appearance inspection equipment that the Company distributes and represents cover products in power management, analog components, linear and mixed signals, SoC, RF, microprocessors, wireless communication baseband components, and display controllers. Because the market coverage is broader, sales and product strategies can be adjusted flexibly in response to changes in industry trends at any time.

(3) Overview of technologies and R&D work

1. Research and development expense in the most recent year and up to the publication date of the Annual Report :

Unit : NTD thousand

Item	Period	2023	Up to March 31, 2024
	R&D expense		44,529

2. Research and development achievement

The technologies and products which are successively upgraded and developed in 2023 are as below:

(1) Solution Kits

A. The development of new types of RF front-end components (PA/FEM for WiFi and mobile phones, such as PAMiD and PAMiF, etc) on our test platform which shortens the development time for product introduction timeline and provides higher cost performance ratio solutions.

B. Developing RF filter/switch box successfully solved the shortage of RF ports on the machine and met the needs of various harmonic testing.

(2) Continuously improve/develop UI integrated software testing environment in order to provide a fully automated production environment.

(3) Assist customers in the development, integration and verification of PMIC SLT projects, and successfully introduce test machines into the SLT testing field.

(4) Development of defect optical inspection equipment for third-generation semiconductor materials (SiC/GaN, etc.).

A. SiC/GaN substrate : Non-destructive various defect detection (SF, MPD, BPD, TSD, TED) equipment

B. SiC/GaN substrate : Stress (SA) testing equipment

C. SiC/GaN epitaxy : Non-destructive defect detection equipment

(5) Developing Micro LED wafer massive PL and non-contact massive leakage detection equipment.

(6) Developing silicon photonics test solution.

(4) Long-and short-term business development plan

1. Short-term development plan

(1) Marketing and product strategy

① To increase the integrity of the product line and actively enter emerging industries.

The Company expands its agency product line and the depth and width of professional services by extending from the long-established semiconductor production equipment distribution field to upstream IC design, silicon intellectual property (IP) development and verification fields, etc., and introduces emerging products in response to changes in market trends. In addition, the Company actively enters the market of production equipment for other high-tech industries and the production solution such as flat panel displays, MEMS sensors, wireless network communication, and so on. By leveraging its core competencies and expertise in system integration, Spirox provides complete and the most appropriate solution and customized services.

② To strengthen the application of the agency equipment and increase its added value

The Company develops its own application software solution kits and provides customized applications for equipment to enhance added value.

③ To enhance the sales and agency of related products and raw materials

In case the raw materials have a large volume and high unit price, it can not only improve the integrity of the total solution but also stabilize revenue and profit. The Company is actively introducing high-priced and high-profit consumable components such as special IC sockets and special product probes and will further integrate the distribution of consumer products to expand sales and establish stable and sustainable sources of income, thus strengthening its operational capabilities.

④ To strengthen the production and sales of proprietary products

The Company has accumulated considerable experience and strength in the production and development of proprietary software and hardware products. In the future, it will focus on cooperation with foreign well-known manufacturers of existing distributor product lines for manufacturing based on joint venture, investing in mergers and acquisitions of companies with competitive product technology, or producing them under authorization from the manufacturer.

⑤ To expand marketing areas

The Company will establish an international operation command system and strengthen the functions of sales, technical support, finance, and logistics management operation matrix to establish technical service bases and support systems in overseas regions and develop international markets. Currently, in addition to maintaining operations in the mainland China market, The Company is also expanding into worldwide through the development of its own-brand product.

(2)Product research and development direction

① To strengthen cooperation with foreign equipment suppliers and deepen core technology

The Company expands the R&D team and actively cooperates with equipment suppliers to gradually increase the production of self-made or domestically produced components and establish proprietary technology

②To develop software and hardware equipment, products, components, or IP that can support existing system equipment and total solutions, with the primary goal of increasing the sales of existing distributor system products and enhancing their functions

③Employing nonlinear optical technology, The Company focuses on developing own-brand products for inspection and analysis of the killer defects and 3D stress in compound semiconductor materials to develop actively the relevant proprietary products.

(3)Operations management, human resources, and IT

① To strengthen the Company's network system security mechanisms and update information system platforms to enhance the Company's electronic and network-based rapid operational system.

② To strengthen the management of the Company's intellectual property for its own products (including IP design and software).

③ To cultivate professional capabilities in marketing and communication of technical support talent to keep up with internationalization.

2. Long-term development plan

(1)Marketing and product strategy

Closely monitor market information and customer needs, actively seek exclusive agency from equipment suppliers to adapt to the industrial changes, continuously introduce new product agencies, and actively seek emerging industries.

(2)Product and R&D direction

Distribution of agency products and the development of own-brand products proceed simultaneously. For distribution agency product, develop niche solutions, components or equipment based on the characteristics of Taiwan and China markets, and develop critical components/products in the system to meet special needs in each market with the focus on the semiconductor supply chain and electronic product key components. Own-brand products start with optical inspection, targeting the promising field of defect inspection in compound semiconductor materials. The Company is expanding into the European and American markets and proactively commercializing advanced optical inspection technologies such as MicroLED, metamaterials, and silicon photonics.

5.2 Market and Sales & Production Overview

(1) Market analysis

1. Analysis of the geographic areas where the main products (services) of the Company are provided (supplied)

Unit : NTD thousand

Region \ Year	2023	
	Sales amount	%
Domestic	283,923	21.15%
Oversea (Note)	1,058,792	78.85%
Total	1,342,715	100.00%

Note: The oversea sales area is mainly China.

2. The Company's market share, demand and supply conditions and growth potential of the market

(1) Market share

The Company's three core businesses are "Professional Distribution," "Integrated Service," and "Own Products & Manufacturing," providing one-stop integrated total solutions for semiconductor along the supply chain. Facing the fierce industry competition, the Company is committed to replacing competition with cooperation and developing mutually beneficial cooperation models.

(2) Demand and supply conditions and growth potential of the market

① Supply

Since the equipment is a critical tool for the semiconductor and flat panel display manufacturers, the precision and stability of equipment are the primary considerations for them. There are no appropriate equipment manufacturers in Taiwan and China, which means that manufacturers still need to purchase the necessary process or testing equipment from foreign suppliers through the professional distribution agents with providing timely and comprehensive technical services to help improve the manufacturing process continuously.

② Demand and growth potential

From the aspect of industry and technology, the capital investments in wafer foundries are increasing significantly, and the development of AI applications, and the integration of vehicle-to-everything, wearable devices, and the Internet of Things will be the driving force behind demand and growth.

The development of advanced manufacturing processes is a high threshold capital competition, and the high investment cost of advanced manufacturing processes will reflect in the increasing mask costs of fabless IC design companies. In the future, the benefits of advanced manufacturing processes will mainly focus on power consumption and performance. IC design companies will no longer rely on process miniaturization to reduce costs. Therefore, whether testing equipment suppliers can help IC design companies reduce testing costs, strengthen testing equipment performance and reliability will be the opportunity for future growth.

From a regional perspective, under the US-China trade war, the semiconductor market in China has accelerated its growth. Local governments and high-tech zones are actively attracting investment and encouraging the development of self-production, continuously investing lots of resources. Hence, the demand of building factories and capital expenditures on equipment is still considerably strong, promoting the rapid development of domestic chip manufacturers in China.

3. Competitive niche

As a semiconductor equipment and integrated solution service provider, the Company has the following competitive niche :

(1) Integrated Solutions Provider :

The Company acts as a distributor for equipment and equipment control platforms needed for IC design, IC wafer manufacturing, IC packaging, and testing, providing customers with "one purchase with service for whole plant" services.

(2) The Company adheres to the principle of "customer focus" and adjusts our product strategies flexibly to meet the needs of our customers, providing them with the most suitable equipment.

- (3) The Company's elite team has years of professional industry technology and experience, is familiar with industry development and technology trends, and has established a high level of loyalty among customers and a rich network in the industry, making itself a highly efficient and internationally-oriented service team.
- (4) The Company continuously deepens and refine the proprietary technology, researching and developing system-on-chip (SoC) and mixed-signal built-in self-test and diagnostic silicon intellectual property (DFT IP).

4. Positive and negative factors for development prospects, and the response to such factors

(1) Positive factors

Compared to the competitors, the Company can provide a complete solution from IC design and failure analysis to final production testing from the supply chain of design to mass production testing in the semiconductor industry.

(2) Negative factors

① The Company's main focus is on equipment sales, which is greatly affected by the economic cycle.

Response strategy: Develop the own brand or find agents for consumables used in production lines; expand the existing product line to Asian countries with the basis in Taiwan, and proactively promote own-brand products to European and American markets.

② Shortage of professionals in the high-tech industry.

Response strategy: Strengthen employee training to improve their technical skills.

③ Industry competition is increasingly fierce, and new competitors are seizing the low-end market with low prices

Response strategy: Provide a one-stop integrated total solution for semiconductor testing on the supply chain to create more value and face industry competition.

④ China has a vast territory, making it difficult to provide timely customer service

Response strategy: Develop a marketing and service network in Shanghai and Suzhou as China bases, and arrange service personnel near suppliers and customers to provide the fastest service and ensure customer support.

⑤ With the evolution of technology and manufacturing processes, the ability to provide integrated solutions may be weakened in the future.

Response strategy: Strengthen the understanding of advanced technology and establish relationships with high-tech companies for the objective of expanding the product line to continuously build an "integrated solution for semiconductor design to production testing".

(2) Applications and manufacturing process of the Company's primary products

1. Applications of primary products

Product category	Application
Integrated circuit tester	This is primarily used to test and verify the functions, DC/AC characteristics, and parameters of various types of integrated circuits, and classify them according to product speed or characteristics. The product testing range includes domestically produced items (manufactured by wafer foundries or design companies) and outsourced products such as digital ICs, mixed-signal ICs, LCD drivers, linear ICs, high-frequency ICs, and memory ICs. Testing is generally conducted on production equipment.
Fully automated prober	The function is to enable wafers to move very precisely to the correct position on the prober, allowing the needle tip to make contact with the chip bonding bearing plate and perform wafer sort and WAT testing functions.

Product category	Application
Special chuck	For special applications such as high temperature, low temperature, ultra-high voltage/current, and ultra-low noise, special chuck configurations are installed on the wafer-level prober.
Handler	In conjunction with IC testing, a classification equipment is used to send the test objects to the testing area, and then classify them according to the test results. The main focus is on WLCSP, MEMS, IGBT, and CIS, and provides automated classification machines for three temperature ranges (high temperature, room temperature, and low temperature). It can also be combined with back-end packaging and appearance inspection equipment.
Wafer reflows oven	Make wafer-level packaging enter into one or multiple sealed chambers with negative pressure method to perform high-temperature reflow processes, which is different from the traditional open-tunnel reflow method.
eWLB De-bonder	After wafer-level packaging in plastic encapsulation, the dummy wafer or supporting wafer is removed and separated, and a process is carried out to control wafer warpage through temperature and negative pressure
Thermal compression type of flip chip bonder, chip on wafer and chip on film flip chip bonder	Flip chip bonder is a key equipment in the semiconductor backend packaging process, automatically picking up dies from wafers and places them on IC substrates, wafer substrates, or tape substrates to bond the solder balls or copper pillars or gold bumps on the die to the substrate material by thermocompression and forming a flip-chip interconnect.
Plasma cleaner	This is the process of using a microwave or RF power source to generate an electron beam in a sealed chamber to remove oxides or dirt on the surface of an object by electron collision.
Printed dispenser, printer, die-bonder, vacuum reflow oven	The process involves applying silver paste or brushing tin paste/DAP on the substrate/lead frame, followed by die bonding, and then passing through a complete In-Line SMT production line of reflow process. It is suitable for IGBT, power devices, and SiP packaging lines.
Flip chip packaging dispenser	Regarding the process of filling the bottom adhesive for the flip chip package, the adhesive is applied to the outer edge of the chip by a piezoelectric valve or screw-feeder valve, drawn into the gap at the bottom of the flip chip package by capillary action.
Pressure de-void oven	During IC packaging, all polymer films used (DAP, DAF, CUF, NCP, NCF, etc.) need to be baked and cured. Physical phenomena such as dissolution and diffusion are generated through high-temperature positive and negative pressure to remove bubbles and cure the film at the same time.
Flip chip bonder	Flip chip bonder is a key equipment in the semiconductor backend packaging process, enabling automatic picking and placing of die from the wafer onto the IC substrate.
Wafer defect automatic optical inspection	Due to its high-resolution and high-speed detection capabilities, it is suitable for use in semiconductor front-end processes, OQA, bumping, and WLCSP wafer defect inspection.

Product category	Application
Semiconductor electrical failure analysis	The equipment provides high resolution and sensitivity for semiconductor electrical failure analysis (EFA), enabling quick identification and localization of circuit failures.
Semiconductor ESD tester	Performing HBM, MM, CDM, and TLP tests on semiconductor packaging devices or wafers for electrostatic discharge (ESD) testing in accordance with international standards.
Semiconductor packaging and testing device appearance inspection equipment (AVI/PVI)	It provides fully automated 2D and 3D optical inspection for the semiconductor packaging devices, including Tray to Tray, Tray to Tape & Reel, and Pick & Place methods, etc.
Physical failure analysis	It provides scanning electron microscopy (SEM) and focused ion beam (FIB) analytical tools with nanometer-level precision for efficient physical localization of semiconductor defects and material processing.
Compound semiconductor material (SiC) defect inspection equipment	Based on the principle of nonlinear optics of crystal materials, inspection and analysis are performed for the internal defect on the substrates and epi-layers of compound semiconductor devices (SiC)
Probe card for IC testing	It is an important interface for testing wafer quality, and it can help avoid packaging costs for defective wafers through a probe card.
High-performance multi-layer printed circuit boards for IC testing	It is an auxiliary interface between the testing equipment and the testing subject.
Docking interfaces and test head robotic arms	It provides high-performance docking interface jig and operation arms for semiconductor CP and FT testing to ensure the reliability and stability of test connections.
AGV smart chip or wafer transferring robot and automation of production line	Intelligent robots are used to transfer the wafers or chips, and the automated software packages for production line automation, suitable for wafer plants, packaging plants, and testing plants.
Relevant components and consumable such as test sockets, relays, test printed circuit boards.	Relevant components and consumable of semiconductor and integrated circuit testing equipment.

2. Manufacturing processes for the Company's primary products

It is not applicable, description is as follows:

- (1)The Company mainly engages in the distribution and agency of semiconductor testing equipment and the relevant components; therefore.
- (2)Own-brand products will be designed by The Company and manufactured through outsourcing.

(3) Supply status for the Company's major raw materials

The Company mainly engages in the distribution and agency of semiconductor testing equipment and the relevant components; therefore, it is not applicable.

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

1. Key suppliers in the most recent 2 years

No.	2022				2023				Up to the first quarter in 2024 (Note)			
	Name	Amount (NTD thousand)	Percentage of total net purchases [%]	Relationship with the issuer	Name	Amount (NTD thousand)	Percentage of total net purchases [%]	Relationship with the issuer	Name	Amount (NTD thousand)	Percentage of total net purchases [%]	Relationship with the issuer
1	Supplier B	360,371	25.12	-	Supplier B	339,573	37.61	-	Supplier B	111,431	71.50	-
2	Supplier A	283,688	19.78	-	Supplier A	132,016	14.62	-	Supplier C	16,145	10.36	-
3	Others	644,070	55.10	-	Others	431,342	47.77	-	Others	28,264	18.14	-
	Total net purchases	1,434,459	100	-	Total net purchases	902,931	100	-	Total net purchases	155,840	100	-

Note : The financial numbers of the first quarter in 2024 have been reviewed by CPA.

2. Key clients in the most recent 2 years

No.	2022				2023				Up to the first quarter in 2024 (Note)			
	Name	Amount (NTD thousand)	Percentage of total net sales (%)	Relationship with the issuer	Name	Amount (NTD thousand)	Percentage of total net sales (%)	Relationship with the issuer	Name	Amount (NTD thousand)	Percentage of total net sales (%)	Relationship with the issuer
1	Client A	328,924	17.18	-	Client A	165,702	12.34	-	Client A	47,796	21.43	-
2	-	-	-	-	-	-	-	-	Client B	43,531	19.51	-
3									Client C	43,309	19.42	
4	Others	1,585,721	82.82	-	Others	1,177,013	87.66	-	Others	88,420	39.64	-
	Total net sales	1,914,645	100	-	Total net sales	1,342,715	100	-	Total net sales	223,056	100	-

Note : The financial numbers of the first quarter in 2024 have been reviewed by CPA.

(5) The production volume for the most recent 2 years

It is not applicable because the Company mainly engages in the distribution and agency of semiconductor testing equipment and the relevant components.

(6) The volume of units sold for the most recent 2 years

Due to the variety of products and their different specifications, there is no consistent unit for quantity statistics. Therefore, the Company only provides the sales value statistics by product category as follows:

Unit : NTD thousand

Product category	Year	
	2022	2023
Testing and processing equipment and components for the semiconductor and integrated circuit	1,644,002	1,254,716
Installation, maintenance and others	270,643	87,999
Total	1,914,645	1,342,715

5.3 Human Resources Information

Year		2022	2023	March 31, 2024
Employee number	Managerial officer	10	11	11
	Managerial staff	50	49	52
	Technical engineer	57	60	58
	R&D person	30	43	46
	Salesperson	18	15	13
	Total	165	178	180
Average age		40.7 years old	41.2 years old	41.2 years old
Average seniority		7.6 years	7.23 years	7.17years
Education distribution	PhD	0%	1.12%	1.11%
	Master	20.60%	21.91%	23.33%
	Bachelor	79.40%	76.40%	75.00%
	High school graduate	0%	0.56%	0.56%

5.4 Environmental Protection Expenditure

Any losses suffered by the Company in the most recent year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken : None.

5.5 Labor-management Relations

(1) The implementation of employee benefit plans, continuing education, training and retirement system; the status of labor-management agreements; and the measures for preserving employees' rights and interests :

The Company regards talents as the most important asset and is committed to providing employees with a working environment where they can contribute their strengths and feel a sense of achievement. The relevant measures and systems are explained as follows :

1. Employee benefit plans

- (1) The Company provides competitive salaries and upholds the philosophy of profit-sharing with colleagues. In addition to the annual holiday bonus and employee profit-sharing, the Company offers various incentive plans to attract, retain, develop and motivate outstanding talent. The incentive plans are as below :
 - (A) Annual salary raise.
 - (B) Retention bonus.
 - (C) Performance bonus.
 - (D) Employee stock purchase plans for treasury shares.
 - (E) Awards for exemplary behavior and outstanding colleagues.
 - (F) Recognition and rewards for long-serving employees.
- (2) In addition to the insurance-related regulations under Labor Standards Act, the Company has planned group insurance and travel insurance for colleagues and their dependents to increase their overall protection.
- (3)The Company has established a Welfare Committee responsible for planning and implementing various welfare programs and holding regular, diverse and interesting activities. These activities allow colleagues and their families to have more opportunities for communication, to build camaraderie, to accumulate emotional deposits, and to become the driving force of mutual assistance and trust. Examples of these activities include :

- (A) Employee birthday celebrations.
 - (B) Year-end party.
 - (C) Various sports and club activities.
 - (D) Travel subsidy
 - (E) Public welfare activities : In response to the 2023 Hsinchu City Government's "Fulfilling Wishes, Passing on Love" activity, underprivileged children wrote down wish cards, and the company accepted their wishes. According to statistics, a total of 20 colleagues participated in this grand event that year, helping 20 children in need to realize their dreams.
- (4) The Company provides a high-quality working environment where colleagues can work happily in a comfortable environment. The Company has the following hardware facilities :
- (A) Professional training classrooms.
 - (B) Fitness rooms (equipped with changing rooms, lockers, and showers).
 - (C) Sports facilities (bikes and yoga classroom) .
 - (D) Comfortable dining areas, cafes, and reading areas.
 - (E) Relaxation rooms, nursing rooms, and physical recovery rooms.
 - (F) Employee parking space.
- (5) The Company protects the health of colleagues in all aspects. In addition to encouraging colleagues to exercise and maintain physical and mental health, the Company combines relevant policies and activities to create a healthy workplace environment. The activities are as below :
- (A) Weekly exercise class (including spinning and power yoga) .
 - (B) Annual health inspection (with advanced health check packages) .
 - (C) Flu vaccine subsidies.
 - (D) Professional massage by visually impaired massage therapist.
 - (E) On-site medical personnel services.
 - (F) Colleague health management, including follow-up after abnormal health check results, prevention of occupational hazards, maternal health protection for female workers, prevention of illegal attacks in the workplace, prevention of disease caused by abnormal workloads, and regular health lectures.
 - (G) The company has "Sexual Harassment Prevention and Handling Measures", and there were no complaints in 2023.

2. Continuing education and training system

- (1) Assist colleagues in planning their career development, implement a dual-track promotion system, and plan professional learning and development courses for different career stages based on professional and managerial competencies.
- (2) Provide a continuous growth environment for colleagues, implement an internal lecturer system, and plan regular courses for different positions, including the following related courses :
 - (A) New employee training.
 - (B) Core job function training.
 - (C) Management job function training.
 - (D) Professional job function training.

3. Retirement system

The Company has established an employee retirement policy and a labor retirement reserve fund supervisory committee to take care of the retirement life of the employees and promote labor-management relations. The retirement reserve funds will be regularly allocated to the Taiwan Bank labor retirement reserve fund account at a ratio of 2% of the total monthly salary to safeguard the rights and interests of the employees. Since July 1, 2005, the Company has also adopted a new labor retirement system in which 6% of the contribution is allocated to the individual retirement fund account according to the insured level of the employee. The recent allocation status of the old and new retirement systems is shown in the following table :

Pension system	Old system	New system
Applicable law	Labor Standards Act	Enforcement Rules of the Labor Pension Act
Allocation method	2% of the total salary amount of the employees with old system will be deposited in a Taiwan Bank account under the name of the Company. The Labor Retirement Reserve Supervisory Committee is also established to regularly monitor the allocation status of the reserve funds and their usage.	6% of the contribution is allocated to the individual retirement fund account according to the insured level of the employee.
Allocation amount	The accumulated employee pension reached NTD 16,947 thousand up to January 1, 2024.	NTD 5,396 thousand was allocated in 2023.

Qualifications for applying for the Company's old retirement system are as follows :

- (1) Employees who meet one of the following conditions may apply for retirement :
 - A. Those who have served the Company for 15 years or more and are over 55 years old.
 - B. Those who have served the Company for 25 years or more.
 - C. Those who have served the Company for 10 years or more and are over 60 years old.
- (2) Employees who do not meet the following conditions cannot be forced to retire :
 - A. Those who are over 65 years old
 - B. Those who are physically or mentally disabled and unable to perform their duties.
- (3) Calculation of seniority :
 - A. The calculation of seniority is based on the date of the starting counting salary (from the date of employment) until the day before the transition to the new system.
 - B. The period of leave without pay shall not be counted towards seniority.
 - C. For employees who resign voluntarily or are involuntarily terminated and subsequently rehired, their past seniority shall be determined based on the conditions of their rehire.
- (4) Regulations for providing pension to employees :
 - A. Based on the preceding seniority calculation, two base salaries shall be given for every year of service. However, for working years exceeding 15 years, one base salary shall be given for every year of service, with a maximum total limit of 45 base salaries. For less than six months of service, it shall be calculated as half a year, and for six months or more of service, it shall be calculated as one year.
 - B. For employees who are forced to retire and whose physical or mental disabilities are caused by the performance of their duties, an additional 20% shall be added in accordance with the provisions of the preceding paragraph.
 - C. The standard for the pension base salary refers to the average monthly salary when the retirement is approved.

Qualifications for applying for the Company's new retirement system are as follows :

- (1) Employees who meet one of the following conditions may apply for retirement :
 - A. Those who are over 60 years old.
 - B. Those who are under 60 years old but have lost their ability to work may apply for early retirement.
- (2) Employers shall appropriate 6% of the employee's total monthly salary based on the grading table standards to the employee's individual retirement account.

4. Labor-management agreements

- (1) Department meetings: The meetings can establish appropriate communication with employees, identify problems and promote the Company policies, enabling employees to fully understand and timely respond to production techniques, safety and health, and quality control and achieving a consensus.
 - (2) Labor-management meetings and Welfare Committee meetings: The meetings provide an opportunity for both labor and management to discuss various welfare measures, strengthen their relationship, and serve as a reference source for administrative management.
- (2) **Any losses suffered by the Company in the most recent year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided : None.**

5.6 Information Security Management

(1) The information security risk management framework, information security policies, concrete management programs, and resources for information security management :

1. Information security risk management framework

The Company (in accordance with the spirit of ISO 27001 and the Company's Information Security Management Regulations) established the "Information Security Processing Team" in 2020 to coordinate the stipulation, implementation, risk management, and compliance auditing of information security and protection-related policies. The team reports annually to the Board of Directors on the effectiveness of information security management, as well as on relevant issues and directions.

2. Information security policies

The Information Security Management Regulations set in 2020 also follow the management framework of ISO 27001 and include the following:

- (1) A new information security organization led by the president is established for the information security risk management framework, which is responsible for promoting, coordinating, and supervising information security management matters. The internal auditor audits information security matters on a regular basis every year.
- (2) The information security policy and specific management plan include evaluation cycle, evaluation implementation methods, the roles and responsibilities of relevant personnel, and preventive measures, including:
 - A. Establish an information security organization.
 - B. Define responsibility allocation, division of labor principles, and decision-making procedures.
 - C. Evaluate the appointment of information personnel.
 - D. Information security education and training.
 - E. User management.
 - F. Equipment management.
 - G. Environmental security management.
 - H. Use and backup management.
 - I. Incident handling procedures.
 - J. Enhance the principle of user password selection.
- (3) The Company established an information security team in 2020 and implemented various information security operations, regularly reviewing information security policies and reporting to the Board of Directors.

3. Concrete management programs

The Company implements various management measures, including:

- (1) Set up a next-generation network firewall to enhance network control and reduce the probability of external intrusion.
- (2) Install anti-virus software to strengthen detection of malicious software behavior.
- (3) Manage and control email (including spam) to reduce the risk of malicious emails and phishing attacks.
- (4) Manage WSUS operating system hotfix updates to execute system and software updates.
- (5) Back up and replicate data, including data snapshots, off-site copying, and off-site storage, etc.
- (6) Adjust and review firewall policies and implement stricter internal network restrictions to enhance protection against internal and external network attacks.
- (7) Enhance information security awareness: Regularly send information security newsletters or announcements to help colleagues understand information security regulations and be aware of external information security attack patterns.
- (8) Respect intellectual property rights: prohibit the use of illegal, cracked, or free-installation software.
- (9) Conduct a vulnerability assessment: Utilize professional vulnerability scanning tools to identify cybersecurity weaknesses for the purpose of enhancing internal information security improvement planning.
- (10) Enhance outbound email reliability: Enable DMARC/DKIM functionality and incorporate publicly issued certificates.

4. Resources for information security management

- (1) Regular annual meetings of the Information Security Team. The 2023 Information Security Review Meeting was held on November 16, 2023.
 - (2) Quarterly information security propaganda emails. In 2023, a total of four information security publicity emails were sent to employees, along with two online training sessions.
 - (3) Social attacks drills: Starting in 2022, conduct multiple phishing email tests every year to verify employees' awareness of information security.
 - (4) Join the ISAC (Information Sharing and Analysis Center) of the Science Park and Taiwan Computer Emergency Response Team / Coordination Center to receive critical information sharing.
 - (5) Enhance information security skills: Assign information security professionals to attend external information security tool training or hacker attack and defense technology courses periodically to strengthen their information security knowledge and skills.
 - (6) Appoint a dedicated security supervisor and security personnel.
 - (7) Addition of management procedures: Create one management procedure and two operational forms based on cybersecurity management requirements.
- (2) **Any losses suffered by the Company in the most recent year and up to the annual report publication date due to significant information security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided :** None.

5.7 Important Contracts

Nature of contract	Parties	Beginning and end dates of contract	Major content	Restrictive clauses
Contract of non-exclusive agency, service and maintenance	Hamamatsu Photonics (China) Co., Ltd.	Starting from September 29, 2023, the contract will be for a period of one years.	Distribution of semiconductor electrical failure analysis equipment.	Restricted to China.
Contract of exclusive agency, service and maintenance	Toray Engineering Co., Ltd.	Starting from March 1, 2017, the contract will be for a period of two years and will automatically renew for one year each subsequent year. During the renewal period, either party may request termination in writing 90 days prior to the end of the contract	Distribution of wafer inspection equipment INSPECTRA serial products.	Restricted to a designated group of customers in Taiwan and China; prohibited from engaging in competing businesses during the contract period.
Contract of exclusive agency, service and maintenance	Tasmit Inc.	Starting from March 12, 2020, the contract will be for a period of two years and will automatically renew for one year each subsequent year. During the renewal period, either party may request termination in writing 90 days prior to the end of the contract	Distribution of wafer inspection equipment INSPECTRA serial products.	Restricted to a designated group of customers in Taiwan and China; prohibited from engaging in competing businesses during the contract period.
Contract of exclusive agency, service and maintenance	Toray Engineering Co., Ltd.	Starting from April 10, 2019, the contract will be for a period of two years and will automatically renew for one year each subsequent year. During the renewal period, either party may request termination in writing 90 days prior to the end of the contract	Flip chip bonder “FC Series”	Restricted to a designated group of customers in Taiwan and China; prohibited from engaging in competing businesses during the contract period.
Contract of non-exclusive agency, service and maintenance	ERS electronic GmbH	Starting from October 29, 2019, the contract will be for a period of two years and will automatically renew for two year each subsequent year. During the renewal period, either party may request termination in writing 90 days prior to the end of the contract	Distribution of the serial products of thermal chucks, eWLB thermal debonding, dealing and warpage adjustment “eWLB series”.	Restricted to Hong Kong and China, except the exclusive customer group of the distribution area; prohibited from engaging in competing businesses during the contract period.
Contract of non-exclusive agency, service and maintenance	SEMICS INC	Starting from March 1, 2024, the contract will be for a period of one year.	Distribution and agency of prober and the related accessories and spare parts.	Restricted to Taiwan, except the exclusive customer group of the distribution area.
Contract of non-exclusive agency, service and maintenance	Shibasoku Co., Ltd.	Starting from September 1, 2022, the contract will be for a period of two years and will automatically renew for one year each subsequent year. During the renewal period, either party may request termination in writing 3 months prior to the end of the contract	Distribution of serial products of power semiconductor device, etc.	Restricted to Taiwan , Hong Kong and China, except the exclusive customer group of the distribution area; prohibited from engaging in competing businesses during the contract period.

Nature of contract	Parties	Beginning and end dates of contract	Major content	Restrictive clauses
Contract of non-exclusive agency, service and maintenance	3S Silicon Tech Inc.	Starting from October 22, 2020, the contract will be for a period of two years and will automatically renew for one year each subsequent year. During the renewal period, either party may request termination in writing 90 days prior to the end of the contract	1. In-line Clip Die Bonder ; 2. Reflow Oven (Vacuum reflow oven) ; 3. Other products or service quoted by the suppliers.	Restricted to Taiwan and China, except the exclusive customer group of the distribution area.
Contract of non-exclusive agency, service and maintenance	Afore Oy	Starting from March 13, 2019 to December 31, 2024, the contract will automatically renew for one year each subsequent year. During the renewal period, either party may request termination in writing 90 days prior to the end of the contract	Distribution of serial products of handler's series (AIOLOS, KRONOS, APOLLON, METIS).	Restricted to Taiwan and China; prohibited from engaging in competing businesses during the contract period.
Contract of non-exclusive agency, service and maintenance	Hanwa Electronic Ind. Co., Ltd. / HANWA Trading Corporation	Starting from March 15, 2019, the contract will be for a period of two years and will automatically renew for one year each subsequent year. During the renewal period, either party may request termination in writing 90 days prior to the end of the contract	Distribution of serial products of wafer level and package level ESD systems.	Restricted to Hong Kong and China, except the exclusive customer group of the distribution area.
Contract of exclusive agency, service and maintenance	Turbodynamics GmbH	Starting from April 1st, 2022 to March 31st, 2024, if either party does not submit a written termination request in 90 days prior to the expiration date, the contract will automatically renew for one year each year. Either party may terminate the contract without giving any reason by providing a 90-day notice prior to the expiration date. However, Spirox may continue to sell inventory and unfinished orders within six months after the termination.	Distribution of products, service and maintenance of docking ; Interface Systems ; Manipulators ; ATE Trolley ; Automated Storage Systems ; Probe Card Trolleyer, etc.	Restricted to Taiwan and China; prohibited from engaging in competing businesses during the contract period.
Contract of non-exclusive agency, service and maintenance	Zhuhai Boffotto Limited.	Starting from March 9, 2020, the contract will be for a period of two years and will automatically renew for one year each subsequent year. During the renewal period, either party may request termination in writing 90 days prior to the end of the contract	Distribution of products or service of plasma cleaning machine (plasma cleaner), etc.	Restricted to Taiwan and China. The clients need to be reported to Boffotto in advance for the approval.
Contract of non-exclusive agency, service and maintenance	CASTEC International Corp.	Starting from January 1, 2020, the contract will be for a period of three years and will automatically renew for one year each subsequent year. During the renewal period, either party may request termination in writing 90 days prior to the end of the contract	Distribution of autonomous mobile robot.	Restricted to Taiwan and China, except the exclusive customer group of the distribution area.

Nature of contract	Parties	Beginning and end dates of contract	Major content	Restrictive clauses
Contract of non-exclusive agency, service and maintenance	D&X Co., Ltd & Shanghai Dongxu Electronic Technology Co., Ltd	Starting from June 1, 2019 to December 31, 2024. During the renewal period, either party may request termination in writing 90 days prior to the end of the contract	Distribution of products or service of wafer, etc.	Restricted to China and Taiwan.
Contract of non-exclusive agency, service and maintenance	Wuhan Jingce Electronic Group Co., Ltd.	Starting from September 5, 2019, the contract will be for a period of two years and will automatically renew for one year each subsequent year. During the renewal period, either party may request termination in writing 90 days prior to the end of the contract	Distribution of LCD Driver IC Test System	Restricted to China and the designated client in Taiwan.
Contract of non-exclusive agency, service and maintenance	Jetek Technology Corp.	Starting from June 14, 2019, the contract will be for a period of three years and will automatically renew for one year each subsequent year. During the renewal period, either party may request termination in writing 90 days prior to the end of the contract	Distribution of products or service of the below items : (1) Related tester of CMOS Image Sensor ; (2) Open/Short tester ; (3) MEMS Microphone tester ; (4) Other products or service quoted by the suppliers.	Restricted to China and Taiwan, except the exclusive customer group of the distribution area.
Contract of non-exclusive agency and service	MESOSCOPE TECHNOLOGY CO., LTD.	Starting from April 1, 2022, the contract will be for a period of one years and will automatically renew for one year each subsequent year. During the renewal period, either party may request termination in writing 90 days prior to the end of the contract	Distribution of products or service of the below items : (1) Nano Probing systems (2) Nano Probing Service	Restricted to China, except the exclusive customer group of the distribution area.
Contract of non-exclusive agency, service and maintenance	NI Taiwan Corporation	Starting from November 15, 2022, the contract will be for a period of three years and will automatically renew for one year if the distributor achieves certain sales conditions.	Distribution of products or service of the below items : (1)RF PA/FEM Configurations a. NI Part Number 866044-01 NI STS T4M2 DX for Spirox FEM Dual A b. NI Part Number 866045-01 NI STS T4M2 DX for Spirox FEM Quad B (2)RF IOT Configuration a. NI Part Number 866046-01 NI STS T4M2 DX for Spirox RF IOT A	Restricted to China and Hong Kong and the designated clients in Taiwan.
Contract of non-exclusive agency, service and maintenance	Osai A.S.	Starting from June 30, 2019, the contract will be for a period of two years and will automatically renew for one year each subsequent year. During the renewal period, either party may request termination in writing 90 days prior to the end of the contract	Distribution of products or service of the below items : (1)Sensor Testing Handler for MEMS ; (2)Power Module Test Handler ; (3)Power Devices Assembly Equipment ; (4)Burn-in Automation: burn-in loader/unloader ; (5)Burn-in Automation: auto trolley pre-test station ; (6)Other products or services quoted by MANUFACTURER.	Restricted to China and Taiwan, except the exclusive customer group of the distribution area.

Nature of contract	Parties	Beginning and end dates of contract	Major content	Restrictive clauses
Contract of exclusive agency, service and maintenance	STI Co. Ltd.	Starting from July 31, 2019, the contract will be for a period of two years and will automatically renew for one year each subsequent year. During the renewal period, either party may request termination in writing 90 days prior to the end of the contract	Distribution of products or service of the below items : (1) SRS30V Flux/Fluxless Reflow System ; (2)SRS30N Flux/Fluxless Reflow System ;	Restricted to China and Taiwan, except the exclusive customer group of the distribution area; prohibited from engaging in competing businesses during the contract period.
Contract of non-exclusive agency, service and maintenance	YOUR CHANCE TECHNOLOGY CO., LTD.	Starting from September 1, 2019, the contract will be for a period of three years and will automatically renew for one year each subsequent year. During the renewal period, either party may request termination in writing 90 days prior to the end of the contract	Distribution of optical measuring instruments quoted by the manufacturer, such as automatic thickness measuring instruments, one-click measuring instruments, white light interferometers, etc.	Restricted to China.
Contract of non-exclusive agency, service and maintenance	Shenzhen Doctor Technology Co.,Ltd.	Starting from June 21, 2021, the contract will be for a period of two years and will automatically renew for one year each subsequent year. During the renewal period, either party may request termination in writing 90 days prior to the end of the contract	Distribution of prober card and products agreed by other suppliers and distributors	Restricted to China and designated client in Taiwan.
Contract of non-exclusive agency, service and maintenance	Shenyang Heyan Technology Co., Ltd.	Starting from August 16, 2021, the contract will be for a period of two years and will automatically renew for one year after mutually agreed in written. During the renewal period, either party may request termination in writing 90 days prior to the end of the contract	Distribution of products or service of the below items : 1. Precision scribing machines and their spare parts and consumables 2. Other products or service quoted by the suppliers.	Restricted to China and designated client in Taiwan.
Contract of non-exclusive agency, service and maintenance	Materials Development Corporation	Starting from September 13, 2021, the contract will be for a period of three years and will automatically renew for one year each subsequent year. During the renewal period, either party may request termination in writing 90 days prior to the end of the contract	Distribution of semiconductor measurement products	Restricted to China and Taiwan.
Contract of non-exclusive agency and service	CYG Semiconductor Equipment (Zhuhai) Co., Ltd.	Starting from March 1, 2022, the contract will be for a period of two years and will automatically renew for one year each subsequent year. During the renewal period, either party may request termination in writing 90 days prior to the end of the contract	Distribution of fully automatic QFN chip sorting machine, fully automatic chip bonder/ die bonder, fully automatic chip sorting machine, and other products that are agreed upon by the supplier and distributor	Restricted to the designated clients in China.
Contract of non-exclusive agency and service	Southport Corporation.	Starting from April 1, 2022, the contract will be for a period of three years and will automatically renew for one year each subsequent year. During the renewal period, either party may request termination in writing 90 days	Distribution of products or service of the below items : 1. JadeMat-NM-RP module 2. JadeMat-WBG-SHG module 3. JadeMat-WBG-SA module 4. JadeMat-ML module 5. JadeDot-FMR module 6. JadeDot-LD module	Restricted to China and Taiwan.

Nature of contract	Parties	Beginning and end dates of contract	Major content	Restrictive clauses
		prior to the end of the contract	7. SP-MZ 8. SP-WF 9. SP-PMT-NIR1 10. SP-PMT-VIS 11. Other products or service quoted by the suppliers.	
Contract of exclusive agency	SCIENTECH CORPORATION	Starting from June 1, 2022, the contract will be for a period of two years and will automatically renew for one year each subsequent year. During the renewal period, either party may request termination in writing 90 days prior to the end of the contract	Distribution of products or service of the below items : 1. Wet process equipment 2. Temporary bonding and debonding equipment 3. Other products or service quoted by the suppliers.	Restricted to the designated clients in China, except the exclusive clients of Scientech.
Contract of non-exclusive agency	GECKOS TECHNOLOGY CORP.	Starting from July 1, 2022, the contract will be for a period of two years	Distribution of anti-oxidation nanometer conductive copper paste.	Restricted to the designated clients in China and adopt a reporting system in Taiwan.
Contract of exclusive agency	CHIUAN YAO TECHNOLOGY CO., LTD.	Starting from October 1, 2022, the contract will be for a period of two years and will automatically renew for one year each subsequent year. During the renewal period, either party may request termination in writing 90 days prior to the end of the contract	Distribution of fully automatic tape and reel inspection machines.	Restricted to the designated clients in China and Taiwan, except the exclusive clients of Chiun Yao Technology.
Contract of exclusive agency	TESCAN ORSAY HOLDING	Starting from November 18, 2022, the contract will be for a period of two years	Distribution of focused ion beam systems and other products or services quoted by the supplier	Restricted to China.
Contract of exclusive agency	ALES Tech INC.	Starting from July 1, 2023, the contract will be for a period of two years and will automatically renew for one year each subsequent year. During the renewal period, either party may request termination in writing 90 days prior to the end of the contract	Distribution of products or service of the below items : 1. NP500 Series Nanoprobe 2. NP600 Series Nanoprobe 3. MP500 Series Microprobe 4. EB500 Series Probes 5. STM Series Probes 6. Other products or service quoted by the suppliers.	Restricted to China, except the exclusive clients of ALES.

VI. Financial Information

6.1 Condensed Balance Sheets and Statements of Comprehensive Income for the Past 5 Fiscal Years with the Name of the Certified Public Accountant and Auditor's Opinion Given thereby (1) Condensed Balance Sheet and Statement of Comprehensive Income-IFRS

Consolidated Balance Sheet-IFRS

Unit : NTD thousand

Year		Financial information for the most recent 5 years					Financial information as of March 31, 2024 (Note1)
		2019	2020	2021	2022	2023	
Item							
Current Assets		3,601,332	4,103,898	4,473,008	3,331,627	2,834,902	2,494,942
Property, Plant and Equipment		1,022,169	1,280,250	1,372,814	607,667	603,469	603,562
Intangible Assets		70,705	69,932	36,819	22,001	86,481	84,112
Other Assets		229,840	723,433	524,029	86,843	99,352	81,896
Total Assets		4,924,046	6,177,513	6,406,670	4,048,138	3,624,204	3,264,512
Current Liabilities	Before Distribution	2,251,525	3,239,932	3,161,651	826,881	800,479	642,824
	After Distribution	2,289,302	3,259,055	3,184,064	941,191	914,420 (Note 2)	NA
Non-current Liabilities		220,854	577,014	604,141	384,033	226,697	186,684
Total Liabilities	Before Distribution	2,472,379	3,816,946	3,765,792	1,210,914	1,027,176	829,508
	After Distribution	2,510,156	3,836,069	3,788,205	1,325,224	1,141,117 (Note2)	NA
Equity Attributed to Owners of Parent		2,312,333	2,261,006	2,318,124	2,780,320	2,518,013	2,362,477
Share Capital		1,024,419	1,024,419	1,187,419	1,187,419	1,149,749	1,149,749
Capital Reserve	Before Distribution	242,117	238,477	466,828	618,213	437,109	437,109
	After Distribution	242,117	219,354	444,415	572,489	391,533 (Note 2)	NA
Retained Earnings	Before Distribution	1,658,313	1,576,069	1,099,369	1,335,091	1,102,379	997,083
	After Distribution	1,620,536	1,576,069	1,099,369	1,266,505	1,034,014 (Note 2)	NA
Other Equity Interests		(381,478)	(374,618)	(238,573)	(211,866)	(133,050)	(131,185)
Treasury Shares		(231,038)	(203,341)	(196,919)	(148,537)	(38,174)	(90,279)
Non-Controlling Interests		139,334	99,561	322,754	56,904	79,015	72,527
Total Equity	Before Distribution	2,451,667	2,360,567	2,640,878	2,837,224	2,597,028	2,435,004
	After Distribution	2,413,890	2,341,444	2,618,465	2,722,914	2,483,087 (Note 2)	NA

Note1 : The financial information in first quarter of 2024 has been reviewed by CPAs.

Note2 : The 2023 earning distribution proposal has been resolved by the Board of Directors on March 11, 2024 and is waiting for the current Shareholders' Meeting for adoption.

Consolidated Statement of Comprehensive Income - IFRS

Unit : NTD thousand

Item \ Year	Financial information for the most recent 5 years					Financial information year to March 31, 2024 (Note1)
	2019	2020 (restated) (Note 2)	2021	2022	2023	
Operating Revenue	2,910,805	2,016,682	2,646,239	1,914,645	1,342,715	223,056
Gross Profit (Loss) from Operations	546,450	372,723	304,474	171,730	238,422	47,319
Net Operating Income	(30,029)	(178,350)	(353,740)	(416,246)	(191,397)	(30,738)
Non-Operating Income and Expenses	59,249	109,120	4,204	733,345	146,386	(100,034)
Net Profit (Loss) Before Tax	29,220	(69,230)	(349,536)	317,099	(45,011)	(130,772)
Profit (Loss) from Continuing Operations	13,858	(60,603)	(358,979)	263,544	(55,232)	(111,784)
Profit (Loss) from Discontinuing Operations	-	24,517	(5,684)	(6,829)	-	-
Net Profit (Loss) for the Period	13,858	(36,086)	(364,663)	256,715	(55,232)	(111,784)
Other Comprehensive Income for the Period (after tax)	(49,593)	9,087	15,078	37,272	35,021	1,865
Total Comprehensive Income	(35,735)	(26,999)	(349,585)	293,987	(20,211)	(109,919)
Profit (Loss) Attributable to Owners of the Parent	10,169	(45,007)	(357,474)	240,156	(56,085)	(105,296)
Profit (Loss), Attributable to Non-Controlling Interests	3,689	8,921	(7,189)	16,559	853	(6,488)
Comprehensive Income, Attributable to Owners of the Parent	(33,826)	(37,607)	(340,655)	268,647	(21,320)	(103,431)
Comprehensive Income, Attributable to Non-Controlling Interests	(1,909)	10,608	(8,930)	25,340	1,109	(6,488)
Earnings (Loss) Per Share After Retroactive Adjustment)	0.11	(0.48)	(3.70)	2.14	(0.49)	(0.90)

Note 1 : The financial information in first quarter of 2024 has been reviewed by CPAs.

Note 2: The Board of Directors resolved to disposal of all the equity of the subsidiary Maximo Trading (Shanghai) Co., Ltd. on June 28, 2021. The 2021 financial report year reclassified the preceding profits and losses to the discontinued operating unit, and adjust the same period of the previous year (2020) together.

(2) Condensed Stand-alone Balance Sheets and Statements of Comprehensive Income for the past 5 fiscal years-IFRS

Stand-alone Balance Sheets-IFRS

Unit : NTD thousand

Year		Financial information for the most recent 5 years				
		2019	2020	2021	2022	2023
Current Assets		1,080,478	1,248,378	1,380,916	1,339,042	1,219,167
Property, Plant and Equipment		558,646	606,133	578,868	566,147	551,149
Intangible Assets		639	494	4,493	6,782	3,025
Other Assets		1,598,084	1,671,130	1,333,156	1,568,387	1,418,236
Total Assets		3,237,847	3,526,135	3,297,433	3,480,358	3,191,577
Current Liabilities	Before Distribution	808,317	978,965	562,986	352,603	479,337
	After Distribution	846,094	998,088	585,399	466,913	593,278 (Note)
Non-current Liabilities		117,197	286,164	416,323	347,435	194,227
Total Liabilities	Before Distribution	925,514	1,265,129	979,309	700,038	673,564
	After Distribution	963,291	1,284,252	1,001,722	814,348	787,505 (Note)
Share Capital		1,024,419	1,024,419	1,187,419	1,187,419	1,149,749
Capital Reserve	Before Distribution	242,117	238,477	466,828	618,213	437,109
	After Distribution	242,117	219,354	444,415	572,489	391,533 (Note)
Retained Earning	Before Distribution	1,658,313	1,576,069	1,099,369	1,335,091	1,102,379
	After Distribution	1,620,536	1,576,069	1,099,369	1,266,505	1,034,014 (Note)
Other Equity Interests		(381,478)	(374,618)	(238,573)	(211,866)	(133,050)
Treasury Shares		(231,038)	(203,341)	(196,919)	(148,537)	(38,174)
Total Equity	Before Distribution	2,312,333	2,261,006	2,318,124	2,780,320	2,518,013
	After Distribution	2,274,556	2,241,883	2,295,711	2,666,010	2,404,072 (Note)

Note : The 2023 earning distribution proposal has been resolved by the Board of Directors on March 11, 2024 and is waiting for the current Shareholders' Meeting for adoption.

Stand-alone Statement of Comprehensive Income -IFRS

Unit : NTD thousand

Year		Financial information for the most recent 5 years				
		2019	2020	2021	2022	2023
Operating Revenue		816,331	642,839	1,190,179	618,294	375,358
Gross Profit (Loss) from Operations		291,327	180,887	220,239	103,520	62,073
Net Operating Income		12,739	(90,553)	(85,948)	(119,014)	(168,019)
Non-Operating Income and Expenses		1,201	44,674	(267,666)	406,578	117,714
Net Income Before Tax		13,940	(45,879)	(353,614)	287,564	(50,305)
Profit (Loss) from Continuing Operations		10,169	(45,007)	(357,474)	240,156	(56,085)
Loss from Discontinuing Operations		-	-	-	-	-
Net Profit or Loss for the Period		10,169	(45,007)	(357,474)	240,156	(56,085)
Other Comprehensive Income for the Period (After Tax)		(43,995)	7,400	16,819	28,491	34,765
Total Comprehensive Income		(33,826)	(37,607)	(340,655)	268,647	(21,320)
Earnings Per Share (After Retroactive Adjustment)		0.11	(0.48)	(3.70)	2.14	(0.49)

(3) Name of the Certified Public Accountant and Auditor's Opinion Given Thereby

Year	Accounting firm	Name of CPAs	Opinion
2019	Deloitte Taiwan	Ming-Yuan Chung, Yu-Feng Huang	Unqualified opinion plus the section of other matters
2020	Deloitte Taiwan	Ming-Yuan Chung, Yu-Feng Huang	Unqualified opinion plus the section of other matters
2021	PKF Taiwan	Kuan-Chao Lin, Ming-Yu Wen	Unqualified opinion plus the section of other matters
2022	PKF Taiwan	Kuan-Chao Lin, Ming-Yu Wen	Unqualified opinion plus the section of other matters
2023	PKF Taiwan	Kuan-Chao Lin, Ming-Yu Wen	Unqualified opinion plus the section of other matters

6.2 Financial Analysis for the Past 5 Fiscal Years

(1) Financial Analysis-IFRS

Item		Year	Financial analysis for the most recent 5 years					Financial information in the current year up to March 31, 2024 (Note)
			2019	2020 (After restated)	2021	2022	2023	
Financial Ratio %	Total liabilities to total assets		50.21	61.79	58.78	29.91	28.34	25.41
	Long-term debts to PP&E		247.76	229.45	236.38	530.10	467.92	434.37
Ability to Pay off Debt%	Current ratio		159.95	126.67	141.48	402.91	354.15	388.12
	Quick ratio		128.86	104.74	131.21	369.89	334.59	360.34
	Interest protection		2.62	(2.57)	(10.42)	13.29	(3.32)	(63.67)
Ability to Operate	A/R turnover (times)		3.10	1.27	1.88	2.71	2.96	2.66
	A/R turnover days		118	287	194	135	123	137
	Inventory turnover (times)		7.25	3.85	7.64	7.17	5.02	4.14
	Account payable turnover (times)		4.36	2.56	3.46	3.62	3.39	2.88
	Days sales outstanding		50	95	48	51	73	88
	Fixed assets turnover (times)		3.19	1.75	1.99	1.93	2.22	1.48
	Total assets turnover (times)		0.69	0.36	0.42	0.37	0.35	0.26
Earning Ability	Return on assets (%)		0.68	(0.81)	(5.32)	5.44	(1.22)	(3.20)
	Return on equity, attributable to owners of parent (%)		0.56	(2.52)	(14.36)	9.62	(2.03)	(4.44)
	PBT to pay-in capital (%)		2.85	(6.76)	(29.44)	26.70	(3.91)	(11.37)
	Net margin (%)		0.48	(1.79)	(13.78)	13.41	(4.11)	(50.11)
	EPS (NTD)		0.11	(0.48)	(3.70)	2.14	(0.49)	(0.90)
Cash Flow	Cash flow ratio (%)		(58.49)	(18.55)	(3.71)	30.62	17.22	3.40
	Cash flow adequacy ratio (%)		(50.45)	(95.93)	(112.37)	(111.23)	(100.13)	(98.73)
	Cash reinvestment ratio (%)		(52.70)	(20.37)	(3.78)	6.61	0.82	0.81
Leverage	Operating leverage		(17.17)	(2.35)	(1.12)	(0.77)	(0.78)	(2.08)
	Financial leverage		0.62	0.90	0.92	0.94	0.95	0.94

The reason of change in each financial ratios for the most recent 2 years (the analysis can be exempt if the change did not exceed 20%)

1. Ability to pay off debt :

Interest protection: Mainly due to after-tax losses in 2023.

2. Ability to Operate :

Inventory turnover、Days sales outstanding: inventory is mainly testing equipment and related components, which is susceptible to the semiconductor business cycle and the level of customer capital expenditures. In 2023, revenue decreased by 29.87%, so the inventory turnover rate decreased and the average sales days increased.

3. Earning ability :

Return on assets, return on equity, PBT to pay-in capital, net margin and EPS : Mainly due to the gain on disposal of investments was recognized which was caused by the disposal of the subsidiaries in 2022, resulting in the increase in net loss before tax and after tax.

4. Cash flow :

Cash flow ratio, Cash reinvestment ratio : The operating cash inflow decrease in 2023.

Note : The 2024 earning distribution proposal has been audited by the CPA.

The formulas are as below :

1. Financial Ratio

(1) Total liabilities to Total assets = Total liabilities / Total assets

(2) Long-term debts to fixed assets = (Net equity + Long-term debts) / Net fixed assets

2. Ability to Pay off Debt

(1) Current ratio = Current Assets / Current liability

(2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liability

(3) Interest protection = Net income before income tax and interest expense / Interest expense

3. Ability to Operate

(1) Account receivable (including account receivable and notes receivable from operation) turnover = Net sales / the Average of account receivable (including account receivable and notes receivable from operation) balance

(2) A/R turnover day = 365 / account receivable turnover

(3) Inventory turnover = Cost of Goods Sold / the average of inventory

(4) Account payable (including account payable and notes payable from operation) turnover = Cost of goods sold / the average of account payable (including account payable and notes payable from operation) balance

(5) Inventory turnover day = 365 / Inventory turnover

(6) Fixed assets turnover = Net sales / Net Fixed Assets

(7) Total assets turnover = Net sales / Total assets

4. Earning Ability

(1) Return on assets = [PAT + Interest expense × (1 - interest rate)] / the average of total assets

(2) Return on equity = PAT / the average of net equity

(3) Net income ratio = PAT / Net sales

(4) EPS = (PAT - Dividend from prefer stock) / weighted average outstanding shares

(5) EPS = (PAT - Dividend from prefer stock) / weighted average outstanding shares

5. Cash Flow

(1) Cash flow ratio = Cash flow from operating activities / Current liability

(2) Cash flow adequacy ratio = Most recent 5-year Cash flow from operating activities / Most recent 5-year (Capital expenditure + the increase of inventory + cash dividend)

(3) Cash investment ratio = (Cash flow from operating activities - cash dividend) / (Gross fixed assets + long-term investment + other assets + working capital)

6. Leverage :

(1) Operating leverage = (Net revenue - variable cost of goods sold and operating expense) / operating income

(2) Financial leverage = Operating income / (Operating income - interest expenses)

(2) Stand-alone Financial Analysis-IFRS

Item	Year	Financial analysis in the most recent 5 years				
		2019	2020	2021	2022	2023
Financial Ratio %	Total liabilities to total assets	28.58	35.88	29.70	20.11	21.10
	Long-term debts to PP&E	434.90	420.23	472.38	552.46	492.11
Ability to Pay off Debt%	Current ratio	143.12	127.52	245.28	379.76	254.34
	Quick ratio	121.54	108.21	203.28	323.71	233.14
	Interest protection	9.41	(3.62)	(27.26)	47.49	(7.03)
Ability to Operate	A/R turnover (times)	2.37	1.71	2.26	1.23	0.91
	A/R turnover days	154	213	162	297	401
	Inventory turnover (times)	3.80	3.17	6.91	2.94	1.96
	Account payable turnover(times)	2.58	4.26	4.81	2.40	2.32
	Days sales outstanding	96	115	53	124	186
	Fixed assets turnover (times)	1.48	1.10	2.01	1.08	0.67
	Total assets turnover (times)	0.25	0.19	0.35	0.18	0.11
Earning Ability	Return on assets (%)	0.37	(1.09)	(10.18)	7.23	(1.53)
	Return on equity, attributable to owners of parent (%)	0.43	(1.97)	(15.61)	9.42	(2.12)
	PBT to pay-in capital (%)	1.36	(4.48)	(29.78)	24.22	(4.38)
	Net margin (%)	1.25	(7.00)	(30.04)	38.84	(14.94)
	EPS (NTD)	0.11	(0.48)	(3.70)	2.14	(0.49)
Cash Flow	Cash flow ratio (%)	(35.76)	(28.19)	(16.16)	21.73	(3.26)
	Cash flow adequacy ratio (%)	(7.24)	(56.17)	(116.94)	(158.40)	(127.18)
	Cash reinvestment ratio (%)	(15.50)	(12.01)	(3.92)	1.68	(4.60)
Leverage	Operating leverage	17.97	(1.42)	(2.10)	(0.58)	(0.03)
	Financial leverage	1.19	0.90	0.87	0.95	0.96

The reason of change in each financial ratios for the most recent 2 years (the analysis can be exempt if the change did not exceed 20%)

1. Ability to pay off debt :

Current ratio and quick ratio : The increase in short-term debt which caused the increase in the current liabilities.

Interest protection : The net loss after tax increased in 2023.

2. Ability to Operate :

A/R turnover, A/R turnover days, inventory turnover, days sales outstanding, fixed assets turnover and total assets turnover : The promotion activities decreased which resulted in the decrease in the sales revenue and sales cost.

3. Earning ability :

Return on assets, return on equity, PBT to pay-in capital, net margin and EPS : Mainly due to the net profit of the invested subsidiaries in 2022 were recognized, resulting in the increase in net loss before tax and after tax.

4. Cash flow :

Cash flow ratio, Cash reinvestment ratio : the operating cash inflow increase in 2023.

6. Leverage :

Operating leverage : mainly due to the increase in the operating net loss which causes the reduction of ratio.

Note: The calculation formula is the same as the financial analysis on the previous page - the calculation formula.

6.3 Audit Committee's Review Report for the Most Recent Year

Spirox Corporation Audit Committee's Review Report

2023 annual final financial statements, including the parent company only and consolidated balance sheets, statements of comprehensive income, statements of changes in equity and statements of cash flows, prepared and submitted by the Board of Directors of the Company, have been audited by the CPAs, Kuan-Chao Lin and Ming-Yu Wen of PKF Taiwan, with an Audit Report issued. Along with the business report and the earnings distribution table, the said financial statements have been audited by the Audit Committee according to the law, and the Audit Committee considers that the said reports and table comply with provisions stipulated in law. This review report was hereby issued in accordance with Article 219 of the Company Act for approval.

Convener of the Audit Committee of Spirox Corporation:
Wu, Chia-Jung

March 11, 2024

- 6.4 The Most Recent Year's CPA Audited and Certificated Consolidated Financial Reports :** Please refer to page 101 to 180.
- 6.5 The Most Recent Year's CPA Audited and Certificated Parent Company Only Financial Reports :** Please refer to page 181 to 244.
- 6.6 The Impact on the Company's Financial Status in Cases where the Company or Its Affiliates Have Financial Difficulties :** None.

VII. Review of Financial Status, Operating Results, and Risk Management

7.1 Analysis of Financial Status

Unit : NTD thousand

Item	Year	2023 Amount	2022 Amount	Difference	
				Amount	%
Current assets		2,834,902	3,331,627	(496,725)	(15%)
Property, plant and equipment		603,469	607,667	(4,198)	(1%)
Intangible assets		86,481	22,001	64,480	293%
Other assets		99,352	86,843	12,509	14%
Total assets		3,624,204	4,048,138	(423,934)	(10%)
Current liabilities		800,479	826,881	(26,402)	(3%)
Non-current liabilities		226,697	384,033	(157,336)	(41%)
Total liabilities		1,027,176	1,210,914	(183,738)	(15%)
Equity attributed to owners of parent		2,518,013	2,780,320	(262,307)	(9%)
Share capital (including the share capital waiting for registration)		1,149,749	1,187,419	(37,670)	(3%)
Capital reserve		437,109	618,213	(181,104)	(29%)
Retained earnings		1,102,379	1,335,091	(232,712)	(17%)
Other equity		(133,050)	(211,866)	78,816	(37%)
Treasury stock		(38,174)	(148,537)	110,363	(74%)
Non-controlling equity		79,015	56,904	22,111	39%
Total stockholders' equity		2,597,028	2,837,224	(240,196)	(8%)

(1) Analysis and description will be given only if the increase/decrease in ratio reaches 20% or exceeds NTD10 million:

- Intangible assets : The increase in goodwill generated from the merger of subsidiaries in 2023.
- Non-current liabilities : The decrease in long-term borrowings.
- Capital reserve : Allotment of cash dividends and recognition of changes in ownership interests in subsidiaries.
- Other equity : Recognized the disposal on investments in equity instruments at fair value through other comprehensive income.
- Treasury stock : Cancellation of treasury shares
- Non-controlling equity : Non-controlling interests were recognized from consolidated subsidiaries in 2023.

(2) The change listed as above has no significant influence to the Company.

7.2 Analysis of Operation Results

Comparison and Analysis Table of Operation Results

Unit : NTD thousand

Item \ Year	2023	2022	Amount of increase (decrease)	Change ratio (%)
Revenue	1,342,715	1,914,645	(571,930)	(30%)
Operating cost	1,104,293	1,742,915	(638,622)	(37%)
Gross profit	238,422	171,730	66,692	39%
Operating expense	428,260	589,753	(161,493)	(27%)
Other income and loss	(1,559)	1,777	(3,336)	(187%)
Operating loss	(191,397)	(416,246)	224,849	(54%)
Non-operating revenue and expense	146,386	733,345	(586,959)	(80%)
Net profit (loss) before tax	(45,011)	317,099	(362,110)	(114%)
Income tax expense	(10,221)	(53,555)	43,334	(81%)
Profit (loss) from continuing operations for the current period	(55,232)	263,544	(318,776)	(121%)
Discontinuing operation	-	(6,829)	6,829	(100%)
Net profit (loss) for the current period	(55,232)	256,715	(311,947)	(122%)
Net other comprehensive profit after tax for the current period	35,021	37,272	(2,251)	(6%)
Total comprehensive profit (loss) for the current period	(20,211)	293,987	(314,198)	(107%)
<p>Analysis and description will be given only if the increase/decrease in ratio reaches 20% or exceeds NTD10 million :</p> <ul style="list-style-type: none"> • Revenue : Affected by the semiconductor business cycle and the slowdown in customer capital expenditures, revenue was low. • Operating cost : Revenue decreases. • Gross profit : The provision for inventory slack losses in 2022 was relatively high. • Operating expense : Salary expenses are reduced. • Operating loss : Reduction in operating expenses. • Non-operating revenue and expense : Decrease in interests in financial assets at fair value through profit or loss in 2023, and the gain on disposal of investments which was caused by the disposal of the subsidiaries in 2022. • Income tax expense : Net profit before tax decreased. • Net profit (loss) before tax ∙ Profit (loss) from continuing operations for the current period ∙ Total comprehensive profit (loss) for the current period : Non-operating income and expenses decreased. 				

7.3 Analysis of Cash Flow

(1) Analysis on cash flow changes during the most recent year

Unit : NTD thousand

Item \ Year	2023	2022	Amount of increase (decrease)	Change ratio (%)
Operating activities	137,857	253,174	(115,317)	(45.55%)
Investment activities	615,000	(245,214)	860,214	(350.80%)
Financing activities	(396,007)	63,566	(459,573)	(722.99%)
Amount impacted by change in foreign exchange rate	971	(11,214)	12,185	(108.66%)
Total	1,460,624	1,102,803	357,821	32.45%

Analysis on cash flow changes :

- Operating activities : Mainly due to the increase in pre-tax net loss in 2023 compared with 2022.
- Investment activities : Mainly due to other receivables of the subsidiary company disposed of in 2022 were recovered In 2023, and cash inflow from disposal financial assets measured at fair value through other comprehensive profit or loss.
- Financing activities : Mainly due to repurchase part of the equity of the subsidiary, and pay cash dividends.
- Amount impacted by change in foreign exchange rate : The fluctuation of exchange rates caused a impact on the cash and cash equivalents of foreign currencies.

Enhancement plan for illiquidity : No illiquidity.

(2) Improvement plan for insufficient liquidity and liquidity analysis for the coming year :

No cash shortage is expected.

7.4 Impacts of Major Capital Expenditures on Finance and Business in the Most Recent Year : None.

7.5 Investment Policy in Recent Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year

The Company operates various reinvestment businesses and regulates transactions between them in accordance with the established "Internal Control System" and "Subsidiary Management Regulations". The Company's finance department regularly obtains operational and financial information from each reinvestment business and fully evaluates their operating conditions and profitability to gain the understanding of their business situation and effectively manage their business performance.

In the next year, the company will continue to develop towards integrating technology and upstream and downstream relationships, and may even make investments for the purpose of strategic cooperation, vertical integration of upstream and downstream or horizontal expansion of channels and markets, and appropriately adjust the original investment scale and market according to the purpose of holding and organizational structure to expand its operations, more effectively integrate and utilize resources, and improve investment efficiency and investment profitability.

7.6 Analysis of Risk Management

(1) The impact of volatility of interest rate, exchange rate and inflation on the company's profit and loss, and the countermeasures of the Company

The Company borrows funds at both fixed and floating interest rates, which generates interest rate exposure, so the Company manages this risk by maintaining an appropriate mix of fixed and floating interest rates. As a multinational corporation, the Company exposes to currency risk arising from transactions which use different functional currencies of the Company and each subsidiary, mainly in US dollars. This relevant currency risk is associated with future commercial transactions as well as recognized assets and liabilities. If it is difficult to naturally hedge or periodically settle foreign currency positions to avoid currency risk caused by fluctuations in exchange rates, the Company will take other strategies to hedge the exchange rate risk, such as buying and selling forward foreign exchange contracts and dual currency. The Company has established "Regulations Governing Derivatives Transactions" and strengthened the risk control management. In the most recent year, the Company estimates the inflation in the countries or regions where the Company sells the products in USD or CNY will not have a significant impact on the profits recently.

(2) The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; the countermeasures of the Company

The Company focuses on operating the core business and does not engage in high-risk or high-leverage investment activities.

The Company only engages in the loaning of funds and making of endorsements/guarantees to provide the business support to the subsidiaries. The Company has established "Regulations Governing the Acquisition and Disposal of Assets", "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees", "Regulations Governing Endorsement/Guarantee" and "Regulations Governing Derivatives Transactions" which have been approved by the Board of Directors and Shareholders' Meeting. All relevant operations are conducted in accordance with the preceding rules. The Company did not generate significant profits or losses from these transactions in 2023.

(3) Research and development plan and estimated R&D expenditures

The Company places great emphasis on the cultivation of proprietary technology and development in various market areas. Currently, the independently developed products include the SoC tester, compound semiconductor material defect inspection equipment, macro inspection AOI equipment for wafer, and leadscan equipment for package appearance inspection. The budget for research and development expenses in 2024 is expected to increase compared to 2023.

(4) The impact of important domestic and foreign policies and legal updates on the company's financial business, and the countermeasures of the Company

The Company has revised its management regulations, operational procedures and Articles of Incorporation accordingly in light of legal updates and the practical needs of financial operations.

(5) The impact of technological changes (including information security risks) and industrial changes on the Company's finance and business, and the countermeasures of the Company

With the rapid advancement of technology, the Company's semiconductor industry bears the brunt. Therefore, the Company constantly provides market information to upstream equipment suppliers in response to market demands and technological developments, in order to let the suppliers develop flexible product strategies that best fit the market. In terms of business strength, the Company has been operating in Taiwan and China for many years, receiving recognition and trust from the customers and achieving excellent channel performance records. This has allowed upstream equipment suppliers to have more trust in the Company and continue to entrust us with the distribution of the latest generation of equipment. On the other hand, the Company provides the

most suitable equipment and application solutions for downstream customer production needs, reducing the time to market and improving throughput to forms a stable and long-lasting partnership with our customers through professional and high-quality customized services.

Regarding information technology security risks and management measures, the Company has established comprehensive network and computer security measures. However, the Company cannot guarantee that the computer systems, which are essential for important corporate functions such as operations and accounting, can completely avoid network attacks from any third party. These network attacks illegally invade the Company's internal network system and engage in activities that damage the Company's operations and reputation. In the event of a severe network attack, the system may lose important data, and business operations may also come to a halt. Malicious hackers may also attempt to introduce computer viruses, destructive software, or ransomware into the network system to disrupt the Company's operations, extort or blackmail the Company, gain control of the computer system, or spy on confidential information. These attacks may lead to the Company having to compensate customers for losses due to delayed or canceled orders, or having to bear significant costs to implement remedial and improvement measures to strengthen the Company's network security system. They may also result in the Company assuming significant legal responsibilities due to related legal cases or regulatory investigations related to the leakage of information, which the Company has obligation to keep confidentiality, involving employees, customers, or third parties. The Company continuously reviews and evaluates its cyber security regulations and procedures to ensure their appropriateness and effectiveness.

(6) The impact of corporate image change on corporate crisis management, and the Company's countermeasures : None.

(7) Expected benefits and possible risks associated with any merger and acquisitions, and the Company's countermeasures : None.

(8) Expected benefits and possible risks associated with any plant expansion, and the Company's countermeasures : None.

(9) Risks associated with any consolidation of sales or purchasing operations, and the countermeasures of the Company

The Company engages in semiconductor testing equipment agency business which the sales targets cover the upstream, midstream, and downstream industries, including IC design companies, wafer foundries, testing companies, IDM factories, and TFT-LCD manufacturers; hence, there is currently no concentration of sales risk. In the latest fiscal year, only one customer accounted for more than 10% of the total sales, with a sales ratio of 12%.

The Company has introduced more than 20 new suppliers, with no concentration of purchasing risk, and is moving towards the development of more diversified products and more comprehensive solutions.

(10) The impact, risk and countermeasures of a large number of transfers or replacements of directors or major shareholders holding more than 10% of the shares on the Company : None.

(11) The impact, risk and countermeasures of the change of management on the Company : None.

(12) Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the Company and/or any company director, the president, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the Company; and (2) have been concluded by means of a final and unappealable judgment, or are still under

litigation. Where such a dispute could materially affect shareholders' equity or the prices of the Company's securities, the Annual Report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the Annual Report :
None.

(13) Other important risks and the countermeasures of the Company : None.

7.7 Other Important Matters : None.

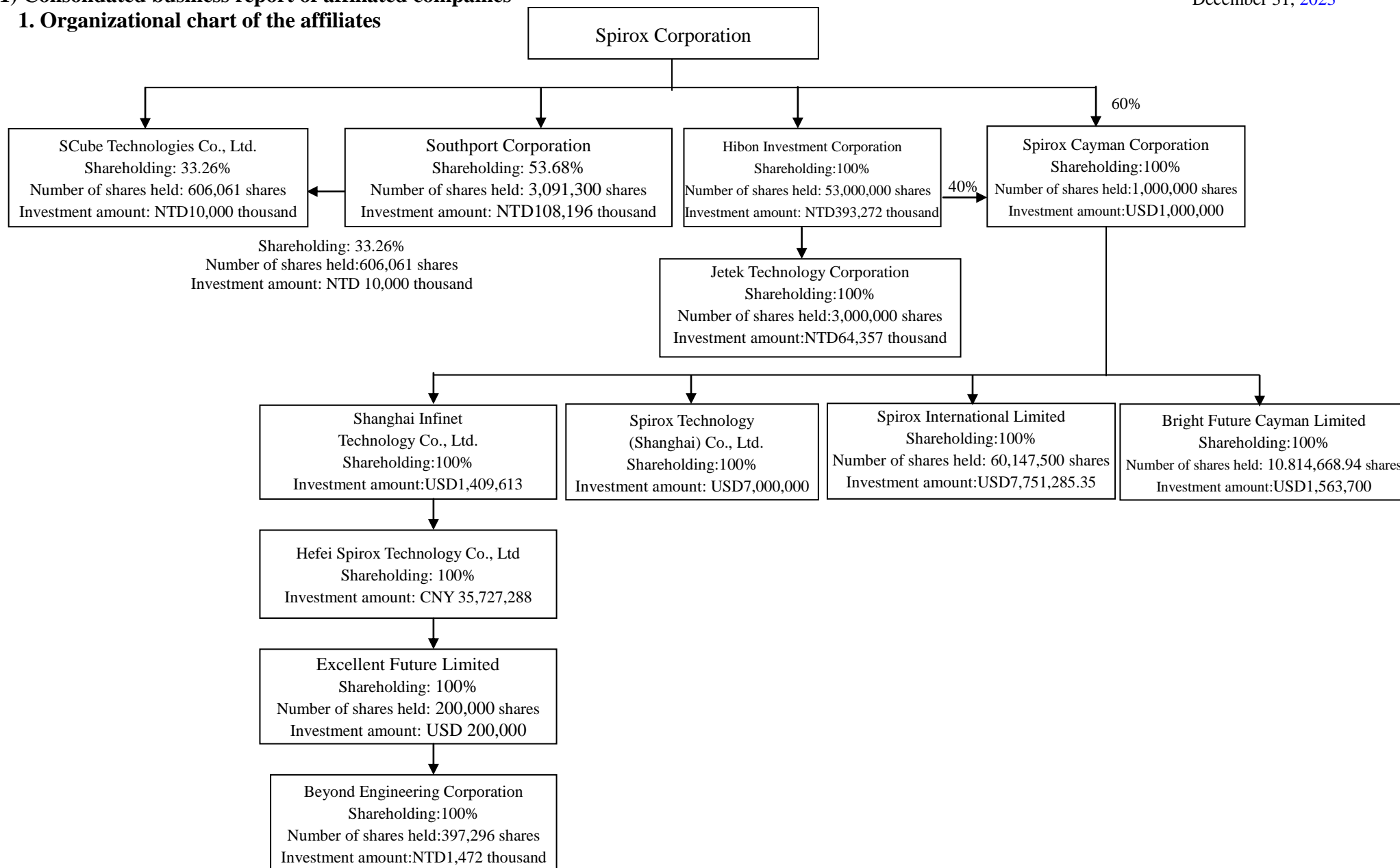
VIII. Special Disclosure

8.1 Summary of Affiliated Companies

(1) Consolidated business report of affiliated companies

December 31, 2023

1. Organizational chart of the affiliates



2. The name, incorporation date, address, paid-in capital, and main business items of each affiliate :

December 31, 2023

Company name	Incorporation Date	Address	Paid-in capital	Main business or manufacturing items
Hibon Investment Corporation	February 2, 1996	Note 1	NTD 530,000,000	General investment
Beyond Engineering Corporation	March 28, 2011	Note 2	NTD 3,972,960	General instruments manufacturing and sales of electronic material
Jetek Technology Corporation	July 5, 2002	Note 3	NTD 30,000,000	Sales of semiconductor tester and provision of solutions
Southport Corporation	August 25, 2014	Note 4	NTD 60,613,720	Optical instrument manufacturing
SCube Technologies Co., Ltd.	July 20, 2009	Note 5	NTD 18,221,220	Semiconductor equipment testing and parts sales services
Shanghai Infinet Technology Co., Ltd.	July 22, 2004	Note 6	CNY 11,000,000	Computer tester and electronic component
Spirox Technology (Shanghai) Co., Ltd.	November 16, 2005	Note 7	USD 7,000,000	Development, design, manufacturing and sales of integrated circuit software
Hefei Spirox Technology Co., Ltd.	December 7, 2020	Note 8	CNY 1,068,376	Development, design and sales of integrated circuit
Spirox Cayman Corporation	June 27, 2000	Note 9	USD 1,000,000	General investment
Spirox International Limited	November 16, 2001	Note10	USD 7,751,285 (HKD 60,147,500)	International trading
Bright Future Cayman Limited	January 23, 2019	Note 11	USD 1,563,700 (CNY 10,814,668.94)	General investment
Excellent Future Limited	March 11, 2022	Note12	USD200,000	General investment
Spirox Corporation USA	January 22, 1979	Note 13	Note 14	Agency of semiconductor equipment and warehousing logistics

Note 1 : 13F-1, No. 93, Shuiyuan St., Hsinchu City

Note 2 : 11F-1, No. 93, Shuiyuan St., Hsinchu City

Note 3 : 5F-3, No. 93, Shuiyuan St., Hsinchu City

Note 4 : 8F, No. 178, Sec. 3, Minquan East Road, Songshan District, Taipei City

Note 5 : 2F, No. 173, Minquan Rd., Linkou District, New Taipei City

Note 6 : Block F, Room 203, Building No. 1, No. 3311, Tingfeng Highway., Xinyi Town, Jinshan Dist., Shanghai City, China

Note 7 : Room 368, Section 302, No. 211 Fute North Road, Shanghai Pilot Free Trade Zone., Shanghai City, China

Note 8 : Room E712, Changhe Economic City, Nangang Science and Technology Park, Intersection of Dabieshan Road and Tianlong Road, High-tech Zone., Hefei City, Anhui Province, China

Note 9 : The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O.BOX. 32052 Grand Cayman, KY1-1208, Cayman Islands

Note10 : Room 602, Chung Wai Comm Bldg 447-449 Lockhart Road, Causeway Bay, Hong Kong

Note11 : The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O.BOX. 32052 Grand Cayman, KY1-1208, Cayman Islands

Note12 : Vistra Corporate Services Centre, Suite 23, 1st Floor, Eden Plaza, Eden Island, Mahé, Republic of Seychelles

Note13 : 46560 Fremont Blvd, suite 403 Fremont, CA 94538 USA

Note14 : Spirox Corporation USA ceased operations on March 30 2023, and completed the liquidation process on December 7, 2023.

3. For companies presumed to have a relationship of control and subordination under Article 369-3 of Company Act., the following particulars shall be disclosed : None.

4. Description of business relationship

(1) Industries covered by the business operation of overall affiliated companies: Please refer to the " The name, incorporation date, address, paid-in capital, and main business items of each affiliate " mentioned above.

(2) Cooperation among the interrelated business of affiliated companies :

The Company and Spirox International Ltd : The Company mainly indirectly sales the semiconductor equipment and components to the clients in China through Spirox International Ltd.

The Company and Spirox Technology (Shanghai) Co., Ltd. : The Company mainly indirectly sales the semiconductor equipment and components and provide verification service to the clients in China through Spirox Technology (Shanghai) Co., Ltd.

5. The name of the directors, supervisors, and general manager of each affiliate and the details of their shareholding or capital contribution in such affiliate :

December 31, 2023

Company name	Title	Name	Shareholding	
			Number of shares or capital contribution	Percentage of Shareholding or capital contribution
Hibon Investment Corporation	Chairman	Representative of Spirox : Peter Chin	53,000,000 shares	100 %
	Director	Representative of Spirox : Jack Chen		
	Director	Representative of Spirox : Paul Yang		
	Supervisor	Representative of Spirox : Pinion Cheng		
Beyond Engineering Corporation	Chairman	Representative of Hibon : Peter Chin	397,296 shares	100%
	Director	Representative of Hibon : Jack Chen		
	Director	Representative of Hibon : Paul Yang		
	Supervisor	Representative of Hibon : Pinion Cheng		
Jetek Technology Corporation	Chairman	Representative of Hibon : Peter Chin	3,000,000 shares	100%
	Director	Representative of Hibon : Jack Chen		
	Director	Representative of Hibon : Paul Yang		
	Supervisor	Representative of Hibon : Pinion Cheng		
Southport Corporation	Chairman	Representative of Spirox : I-Jan Chen	3,091,300 shares	51%
	Director	Representative of Spirox : Paul Yang		
	Director	Representative of Spirox : Peter Chin		
	Supervisor	Pinion Cheng	—	—
SCube Technologies Co., Ltd.	Chairman	Paul Yang	560,000 shares	30.73%
	Supervisor	I-Jan Chen	—	—
Shanghai Inifinet Technology Co., Ltd.	Chairman	Representative of Spirox Cayman : Peter Chin	CNY11,000,000 (Note 1)	100%
	Director	Representative of Spirox Cayman : Neil Chen		
	Director	Representative of Spirox Cayman : Paul Yang		
	Supervisor	Representative of Spirox Cayman : Pinion Cheng		
	President	Peter Chin	—	—
Spirox Technology (Shanghai) Co., Ltd.	Chairman	Representative of Spirox Cayman : Peter Chin	USD7,000,000 (Note 1)	100%
	Director	Representative of Spirox Cayman : Jack Chen		
	Director	Representative of Spirox Cayman : Paul Yang		
	Supervisor	Representative of Spirox Cayman : Pinion Cheng		
	President	Charles Lin	—	—
Hefei Spirox Technology Co., Ltd	Chairman	Representative of Inifinet : Peter Chin	CNY1,068,376 (Note 1)	100%
	Director	Representative of Inifinet : Paul Yang		
	Director	Representative of Inifinet : Alex Huang		
	Director	Representative of Inifinet : Richard Lin	—	—
	Director	Hsiao-Ting Yu	—	—
	Supervisor	Representative of Inifinet : Pinion Cheng	CNY1,068,376 (Note 1)	100%
	President	Richard Lin	—	—
Spirox Cayman Corporation	Chairman	Representative of Spirox : Peter Chin	600,000 shares	60%
Spirox International Limited	Director	Peter Chin	—	—
	Director	Paul Yang	—	—
Bright Future Cayman Limited	Director	Representative of Spirox Cayman : Peter Chin	10,814,668.94shares	100%
Excellent Future Limited	Director	Representative of Hefei Spirox : Peter Chin	200,000 shares	100%
Spirox Corporation USA	Chairman	(Note 2)	(Note 2)	(Note 2)

Note 1 : Spirox Technology (Shanghai) Co., Ltd., Shanghai Inifinet Technology Co., Ltd. and Hefei Spirox Technology Co., Ltd are all limited company without issuance of stock; therefore, the capital contribution is stated instead.

Note 2 : Spirox Corporation USA ceased operations on March 30, 2023, and completed the liquidation process on December 7, 2023

6. Operation results of affiliated companies :

Unit : thousand

Company name	Capital		Total assets	Total liabilities	Net value	Operating revenue	Operating income	Net income after tax	Earnings per share (NTD)
Southport Corporation	NTD	60,614	171,543	52,284	119,259	23,667	(30,147)	(25,481)	(4.2)
SCube Technologies Co., Ltd.	NTD	18,221	31,651	5,976	25,675	14,890	930	1,120	0.6
Hibon Investment Corporation	NTD	530,000	899,772	120	899,652	-	(437)	47,871	0.9
Jetek Technology Corporation	NTD	30,000	108,045	44,633	63,413	168,670	41,076	32,196	10.7
Spirox Technology (Shanghai) Co., Ltd.	NTD	205,065	1,281,423	917,244	364,179	598,880	(43,382)	84,965	NA
	CNY	52,351	296,146	211,982	84,164	136,317	(9,875)	19,340	NA
Shanghai Infinet Technology Co., Ltd.	NTD	51,952	68,833	110,524	(41,691)	-	(176)	(23,752)	NA
	CNY	11,000	15,908	25,543	(9,635)	-	(40)	(5,407)	NA
Hefei Spirox Technology Co., Ltd.	NTD	4,648	67,355	-	67,355	-	(3,575)	(19,205)	NA
	CNY	1,068	15,566	-	15,566	-	(814)	(4,371)	NA
Excellent Future Limited	NTD	6,141	(36,935)	-	(36,935)	-	(24)	(115,563)	(77.8)
	USD	200	(1,203)	-	(1,203)	-	(1)	(499)	(2.5)
Beyond Engineering Corporation	NTD	3,973	14,244	53,077	(38,833)	-	(36,814)	(37,421)	(94.2)
Spirox Cayman Corporation	NTD	30,705	605,471	-	605,471	-	(2,683)	82,361	82.4
	USD	1,000	19,719	-	19,719	-	(86)	2,642	2.6
Spirox International Limited	NTD	238,003	236,245	133,109	103,137	326,633	24,621	14,995	0.2
	USD	7,751	7,694	4,335	3,359	10,477	790	481	0.0
Bright Future Cayman Limited	NTD	48,013	79,452	-	79,452	-	(25)	3,297	0.3
	USD	1,564	2,588	-	2,588	-	(1)	106	0.0

Resource : 2023 audited financial reports

Note : The average/ end-of-period exchange rate of USD/NTD and CNTY/NTD respectively are 31.1775/30.705 and 4.3933/4.3270.

(2) Consolidated financial statements of affiliated companies

Pursuant to the “Regulations Governing Preparation of Consolidated Business Reports Covering Affiliated Enterprises, Consolidated Financial Statements Covering Affiliated Enterprises, and Reports on Affiliations”, as the entities that must be included in preparing the consolidated financial statements covering affiliated enterprises are entirely the same as those that IFRS 10 requires to be included in preparing the consolidated financial report comprising the parent and its subsidiaries, and the required disclosures to be made in the consolidated financial statements covering affiliated enterprises are already made in the consolidated financial report comprising the parent and its subsidiaries; hence, the consolidated financial statements covering affiliated enterprises need not be prepared. Please refer to page 99 for the Declaration of Consolidated Financial Statements of Affiliated.

8.2 Private Placement Securities in the Most Recent Year and Up to the Date of Publication of the Annual Report : None.

8.3 Subsidiaries’ Holding or Disposal of the Company’s Shares in the Most Recent Year and Up to the Date of Publication of the Annual Report

Currency : NTD

Name of subsidiaries	Paid-in capital	Source of funds	The Company’s ownership	The date of the acquisition or disposal	Number of shares or amount	Number of shares or amount of disposal	Investment gains and losses	Shares as of the date of publication of the Annual Report	Set pledge	Endorsement amount of the Company	Loan amount of the Company
Hibon Investment Corporation	530,000 thousand	Own Funds	100%	—	—	—	—	355,030 shares 16,944 thousand	—	—	—

8.4 Other Necessary Supplement : None.

8.5 Any Matter Which Has a Significant Impact on Shareholders Equity or the Price for the Securities Referred to Article 36, Paragraph 3, Subparagraph 2 of Securities and Exchange Act : None.

SPIROX CORPORATION and Subsidiaries
Consolidated Financial Statements for the Years Ended
December 31, 2023 and 2022 and
Independent Auditor's Report

For the convenience of readers, in independent auditors' report and the accompanying consolidated 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 and difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Declaration of Consolidated Financial Statements of Affiliated

The entities that are required to be included in the combined financial statements of Spirox Corporation as of and for the year ended December 31, 2022, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Spirox Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Spirox Corporation

Chairman: Peter Chin

March 23, 2023

Independent Auditors' Report

The Board of Directors and Shareholders
of Spirox Corporation

Opinion

We have audited the accompanying consolidated statements of Spirox Corporation and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits the reports of other independent accountants, the accompanying consolidated financial statements present fairly. In all material respects, the consolidated financial position of Spirox Corporation and its subsidiaries as of December 31, 2022 and 2021, 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 the International Financial Reporting Standards(IFRS), International Accounting Standards(IAS), IFRIC Interpretations(IFRIC), and SIC Interpretations(SIC) endorsed and issues 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 generally 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 statement section of our report. We are independent of Spirox Corporation and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other independent accountants, 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 materials that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. 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.

Key audit matter for Spirox Corporation and its subsidiaries's consolidated financial statements for the year ended December 31, 2022 are stated as follows:

Appropriateness of sales revenue recognition

Spirox Corporation and its subsidiaries' sales revenue mainly comes from the agency of sales of semiconductor equipment. We consider that whether the recognition time of sales revenue was fairly, is an area of high concern in the audit.

Please refer to Note 4(20) for accounting policy on revenue recognition.

We performed the following audit procedures:

1. Understand the related internal control system and procedures for sales transactions, and further evaluate the effectiveness of the design and implementation of internal control system regarding the sales transactions.
2. Ascertain whether the content and classification of the main operating revenue are appropriate, and confirm whether the operating revenue is recognized in accordance with regulations.
3. Test the consistency of operating revenue, accounts receivable and credit terms from major customers:
 - (1) Obtain or compile a comparative analysis table of major customers' operating revenue, accounts receivable and credit terms.
 - (2) Obtain and review credit information of the inspected company to its major customers.
 - (3) Whether the maturity for the collection of accounts receivable complies with the credit terms of the inspected company.
4. Test authenticity of major customers:
 - (1) Inspect the relevant industry background and other information of manufacturers and customers for the main agency brand to confirm the authenticity of customers.
 - (2) Sample and check the original orders, shipping lists or export declarations of relevant external customers to confirm the consistency of sales revenue recognition amount and time.
5. Test the consistency of transactions content with major customers:
 - (1) Whether the collection period of accounts receivable is abnormal.
 - (2) Find out whether the object of significant accounts receivable is consistent with the sales object.
 - (3) Inspect the top ten purchase objects, and check whether there are situations where the purchase and sale objects are the same.

Other Matters

Using the reports of other independent accountants

Among the subsidiary included in the consolidated financial statements of Spirox Corporation's subsidiaries, Jetek Technology Corp., was prepared according to a different framework for financial reporting that was not been audited by us but by other accountants. We conducted our audits of the above-mentioned financial statements that have been converted into adjustments made in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), Interpretations of IFRS ("IFRIC"), and Interpretations of IAS ("SIC") endorsed by the Financial Supervisory Commission ("FSC") of the Republic of China ("ROC"). Therefore, our opinion on the consolidated financial statements referred to above, which relates to the amount and other financial disclosures of the aforementioned financial statements, were based on the audited reports of other auditors. As of December 31, 2022 and 2021, the total assets of the above subsidiary were NT\$75,651 thousand and NT\$90,289 thousand, accounting for 1.87% and 1.41% of the total consolidated assets, respectively. For the years ended December 31, 2022 and 2021, the net operating revenue were NT\$77,039 thousand and NT\$92,582 thousand, accounting for 4.02% and 3.50% of the consolidated net operating revenue, respectively.

Others

Spirox Corporation has prepared the parent company only financial statements for the 2022 and 2021, and the audit report with unqualified opinions and other matters issued by the accountant is on file for reference.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, 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 Spirox Corporation and its subsidiaries'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 Spirox Corporation and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the audit committee) are overseeing Spirox Corporation and its subsidiaries'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 generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain 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 to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Spirox Corporation and its subsidiaries's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to the events or conditions that may cast significant doubt on Spirox Corporation and its subsidiaries'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 Spirox Corporation and its subsidiaries 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 appropriate audit evidence regarding the financial information of the entities or business activities within Spirox Corporation and its subsidiaries 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 the 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 our independence, and where applicable related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of significance in the audit of the consolidated financial statements for the year ended December 31, 2022 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 reasonable be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Kuan Chao Lin and Ming Yu Wen.

PKF Taiwan
Republic of China
March 23, 2023

The accompanying consolidated 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, in independent auditors' report and the accompanying consolidated 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 and difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail. As the consolidated financial statements are the responsibility of the management, PKF Taiwan cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive form the translation.

SPIOX CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

ASSETS	Note	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
CURRENT ASSETS	4				
Cash and cash equivalents	6	\$ 1,460,624	41	\$ 1,102,803	28
Financial assets at fair value through profit or loss, current	7, 29	730,402	20	646,696	16
Financial assets measured at amortized cost, current	9, 28, 31	93,343	3	123,684	3
Notes receivable, net	10, 29	2,566	-	132	-
Accounts receivable, net	10, 29	334,290	9	506,066	13
Other receivables	11	52,837	1	666,665	16
Current tax assets	22	1,358	-	768	-
Inventories, net	12	73,757	2	171,545	4
Prepayments		82,790	2	101,494	3
Other current assets		2,935	-	11,774	-
Total current assets		2,834,902	78	3,331,627	83
NON-CURRENT ASSETS	4				
Financial assets at fair value through profit or loss, non-current	7, 29	7,315	-	688	-
Financial assets at fair value through other comprehensive income, non-current	8, 29	51,694	1	50,825	1
Property, plant and equipment	14, 31	603,469	17	607,667	15
Right-of-use assets	15	12,049	-	15,087	-
Intangible assets	16	86,481	3	22,001	1
Deferred tax assets	22	18,586	1	11,996	-
Other non-current assets	31	9,708	-	8,247	-
Total non-current assets		789,302	22	716,511	17
Total assets		\$ 3,624,204	100	\$ 4,048,138	100
LIABILITIES AND EQUITY					
CURRENT LIABILITIES	4				
Short-term borrowings	17, 29, 31	\$ 183,472	5	\$ 117,152	3
Contract liabilities	20	83,173	2	94,669	2
Accounts payable		251,927	7	393,425	10
Other payables	29	98,502	3	92,164	2
Current tax liabilities	22	9,933	-	3,137	-
Lease liabilities, current	15	8,478	-	9,315	-
Current portion of long-term borrowings	17, 29, 31	161,024	5	112,847	3
Other current liabilities		3,970	-	4,172	-
Total current liabilities		800,479	22	826,881	20
NON-CURRENT LIABILITIES	4				
Long-term borrowings	17, 29, 31	64,017	2	228,781	6
Deferred tax liabilities	22	152,434	4	142,655	4
Lease liabilities-non-current	15	4,395	-	6,487	-
Net defined benefit liabilities, non-current	18	3,360	-	4,304	-
Guarantee deposits	29	2,491	-	1,806	-
Total non-current liabilities		226,697	6	384,033	10
Total liabilities		1,027,176	28	1,210,914	30
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	4, 19, 24				
Share capital					
Ordinary shares		1,149,749	32	1,187,419	29
Capital surplus		437,109	12	618,213	15
Retained earnings					
Legal reserve		707,818	20	683,421	17
Special reserve		220,024	6	235,388	6
Unappropriated earnings		174,537	5	416,282	11
Other equity		(133,050)	(4)	(211,866)	(5)
Treasury shares		(38,174)	(1)	(148,537)	(4)
Equity attributable to owners of the parent		2,518,013	70	2,780,320	69
Non-controlling interests		79,015	2	56,904	1
Total equity		2,597,028	72	2,837,224	70
Total liabilities and equity		\$ 3,624,204	100	\$ 4,048,138	100

SPIROX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Item	Note	2023		2022	
		Amount	%	Amount	%
Operating revenue, net	4, 20	\$ 1,342,715	100	\$ 1,914,645	100
Operating costs	12	1,104,293	82	1,742,915	91
Gross profit		238,422	18	171,730	9
Operating expenses					
Selling expenses		233,785	18	341,413	18
Administrative expenses		120,986	9	192,447	10
Research expenses		44,529	3	58,715	3
Expected credit impairment losses (gains)	10	28,960	2	(2,822)	-
Total operating expenses		428,260	32	589,753	31
Other operating income and expenses, net	21	(1,559)	-	1,777	-
Operating loss		(191,397)	(14)	(416,246)	(22)
Non-operating income and expenses					
Interest income	21	32,656	3	18,460	1
Other income	21	18,695	1	45,165	2
Other gains or losses	21	105,602	8	700,090	37
Financial costs	21	(10,416)	(1)	(25,796)	(1)
Expected credit impairment gains	11	(20)	-	(4,574)	-
Share of profit (loss) of associates and joint ventures accounted for using equity method, net		(131)	-	-	-
Total non-operating income and expenses		146,386	11	733,345	39
Profit (loss) before income tax		(45,011)	(3)	317,099	17
Income tax expenses	4, 22	(10,221)	(1)	(53,555)	(3)
Profit (loss) from continuing operations		(55,232)	(4)	263,544	14
Loss from discontinued operations	4, 13	-	-	(6,829)	(1)
Net profit (loss) for the year		(55,232)	(4)	256,715	13
Other comprehensive income (loss)					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit plan		534	-	4,756	-
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income		22,389	2	(6,299)	-
Income tax related to items that will not be reclassified	22	(107)	-	(952)	-
Total items that will not be reclassified to profit or loss		22,816	2	(2,495)	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translating the financial statements of foreign operations	4, 19	15,192	1	45,640	2
Income tax related to items that may be reclassified		(2,987)	-	(5,873)	-
Total items that may be reclassified subsequently to profit or loss		12,205	1	39,767	2
Total other comprehensive income		35,021	3	37,272	2
Total comprehensive income for the year		\$ (20,211)	(1)	\$ 293,987	15
Net profit (loss) attributable to:					
Owners of the Parent		\$ (56,085)		\$ 240,156	
Non-controlling interests		853		16,559	
		\$ (55,232)		\$ 256,715	
Total comprehensive income attributable to:					
Owners of the Parent		\$ (21,320)		\$ 268,647	
Non-controlling interests		1,109		25,340	
		\$ (20,211)		\$ 293,987	
Earnings (loss) per share	4, 23				
From continuing and discontinued operations					
Basic		\$ (0.49)		\$ 2.14	
Diluted		\$ (0.49)		\$ 2.13	
From continuing operations					
Basic		\$ (0.49)		\$ 2.17	
Diluted		\$ (0.49)		\$ 2.16	

SPIROX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

Equity attributable to owners of the parent

Item	Retained earnings					Other equity							Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Equity directly associated with disposal groups held for sale	Exchange differences on translating the financial statements of foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Others	Treasury shares	Equity attributable to owners of the parent	Non-controlling interests	
Balance, January 1, 2022	\$ 1,187,419	\$ 466,828	\$ 683,421	\$ 370,564	\$ 45,384	\$ 7,291	\$ (75,996)	\$ (160,354)	\$ (9,514)	\$ (196,919)	\$ 2,318,124	\$ 322,754	\$ 2,640,878
Appropriation of earnings:													
Reversal of special reserve	-	-	-	(135,176)	135,176	-	-	-	-	-	-	-	-
Cash dividends from capital surplus-NT\$0.19992 per share	-	(22,413)	-	-	-	-	-	-	-	-	(22,413)	-	(22,413)
Net profit for the year ended December 31, 2022	-	-	-	-	240,156	-	-	-	-	-	240,156	16,559	256,715
Other comprehensive income (loss) for year ended December 31, 2022, net of income tax	-	-	-	-	3,814	334	30,642	(6,299)	-	-	28,491	8,781	37,272
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	243,970	334	30,642	(6,299)	-	-	268,647	25,340	293,987
Share-based payment transactions	-	6,933	-	-	-	-	-	-	-	-	6,933	251	7,184
Treasury shares transferred to employees	-	(1,979)	-	-	(8,248)	-	-	-	-	48,382	38,155	-	38,155
Adjustments due to dividends that subsidiaries received from parent company	-	71	-	-	-	-	-	-	-	-	71	-	71
Derecognition of subsidiaries (Note 27)	-	(239,539)	-	-	-	(7,625)	141	-	9,514	-	(237,509)	(173,796)	(411,305)
Derecognition of disposal groups held for sale-Associates (Note 13)	-	(7,736)	-	-	-	-	-	-	-	-	(7,736)	-	(7,736)
Changes in ownership interests in subsidiaries	-	416,048	-	-	-	-	-	-	-	-	416,048	(416,048)	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	298,403	298,403
Balance, December 31, 2022	1,187,419	618,213	683,421	235,388	416,282	-	(45,213)	(166,653)	-	(148,537)	2,780,320	56,904	2,837,224
Appropriation of earnings:													
Legal reserve appropriated	-	-	24,397	-	(24,397)	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(15,364)	15,364	-	-	-	-	-	-	-	-
Cash dividends to shareholders-NT\$0.59955 per share	-	-	-	-	(68,586)	-	-	-	-	-	(68,586)	-	(68,586)
Cash dividends from capital surplus-NT\$0.39970 per share	-	(45,724)	-	-	-	-	-	-	-	-	(45,724)	-	(45,724)
Net loss for the year ended December 31, 2023	-	-	-	-	(56,085)	-	-	-	-	-	(56,085)	853	(55,232)
Other comprehensive income (loss) for year ended December 31, 2023, net of income tax	-	-	-	-	427	-	11,949	22,389	-	-	34,765	256	35,021
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	(55,658)	-	11,949	22,389	-	-	(21,320)	1,109	(20,211)
Share-based payment transactions	-	11,629	-	-	-	-	-	-	-	-	11,629	-	11,629
Adjustments due to dividends that subsidiaries received from parent company	-	355	-	-	-	-	-	-	-	-	355	-	355
Treasury shares transferred to employees	-	(355)	-	-	(6,269)	-	-	-	-	30,774	24,150	-	24,150
Changes in ownership interests in subsidiaries	-	(141,581)	-	-	-	-	-	-	-	-	(141,581)	141,581	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(120,579)	(120,579)
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	(44,478)	-	-	44,478	-	-	-	-	-
Treasury shares acquired	-	-	-	-	-	-	-	-	-	(21,230)	(21,230)	-	(21,230)
Treasury shares retired	(37,670)	(5,428)	-	-	(57,721)	-	-	-	-	100,819	-	-	-
Balance, December 31, 2023	\$ 1,149,749	\$ 437,109	\$ 707,818	\$ 220,024	174,537	\$ -	\$ (33,264)	\$ (99,786)	\$ -	\$ (38,174)	\$ 2,518,013	\$ 79,015	\$ 2,597,028

SPIROX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities:		
Net profit (loss) before income tax		
Profit (loss) from continuing operations before tax	\$ (45,011)	\$ 317,099
Profit (loss) from discontinued operations before tax	-	(6,829)
Net profit (loss) before income tax	(45,011)	310,270
Adjustments for :		
Depreciation	36,525	205,304
Amortization	6,542	7,938
Expected credit impairment losses	28,980	1,752
Gains on financial assets at fair value through profit or loss, net	(142,135)	(234,266)
Financial costs	10,416	29,027
Share of losses of associates and joint ventures accounted for using equity method	131	-
Interest income	(32,656)	(18,460)
Dividend income	(1,907)	(1,103)
Provision for inventory market price decline and obsolete and slow-moving inventories	9,102	49,691
Share-based payment	11,629	7,184
Gains on derecognition of subsidiaries and disposal groups held for sale, net	-	(472,109)
Impairment loss	-	10,858
Gains (losses) on disposal of property, plant and equipment, net	1,580	(2,046)
Property, plant and equipment transferred to expenses	195	99
Losses on foreign exchange, net	32,846	62,674
Losses (gains) on lease modification	(21)	269
Changes in operating assets and liabilities		
(Increase) decrease in notes receivable	(2,434)	1,343
Decrease in accounts receivable	136,770	58,478
Decrease in other receivables	62,818	468
(Increase) decrease in inventories	117,798	(69,478)
Decrease in prepayments	23,189	89,507
Decrease in other current assets	10,592	7,968
Decrease in other operating assets	450	687
Increase (decrease) in contract liabilities	(12,170)	10,546
Increase (decrease) in notes and accounts payable	(144,737)	88,349
Increase in other payables	11,884	153,401
Decrease in other current liabilities	(1,005)	(9,604)
Decrease in net defined benefit liabilities	(410)	(450)
Cash generated from operations	118,961	288,297
Interest received	35,371	14,094
Dividends received	1,907	1,103
Interest paid	(10,418)	(54,021)
Income tax refund (paid)	(7,964)	3,701
Net cash generated from operating activities	137,857	253,174
Cash flows from investing activities:		
Acquisitions of financial assets at fair value through other comprehensive income	(10,780)	(14,957)
Proceeds from disposal of financial assets at fair value through other comprehensive income	31,917	-
Decrease in financial assets at amortized cost	30,313	169,705
Acquisitions of financial assets at fair value through profit or loss	(7,169)	-
Proceeds from disposal of financial assets at fair value through profit or loss	-	63,502
Net cash outflow from acquisitions of subsidiaries	(3,074)	-
Net cash outflow from derecognition of subsidiaries	-	(178,926)
Acquisitions of property, plant and equipment	(24,025)	(144,428)
Proceeds from disposal of property, plant and equipment	216	12,873
Increase in other receivables	597,602	(146,065)
Acquisitions of intangible assets	-	(6,918)
Net cash generated from (used in) investing activities	615,000	(245,214)

(To be continued)

	2023	2022
(Continued)		
Cash flow from financing activities:		
Increase (decrease) in short-term borrowing	\$ 59,362	\$ (168,864)
Proceeds from long-term borrowings	-	106,120
Repayment of long-term borrowings	(143,136)	(165,366)
Increase (decrease) in guarantee deposits	685	(90)
Cash payment for the principal portion of the lease liabilities	(8,638)	(23,689)
Cash dividends	(113,955)	(22,342)
Treasury shares acquired	(15,921)	-
Proceeds from treasury shares transferred to employees	24,150	38,155
Changes in non-controlling interests	(198,554)	298,403
Increase in long-term notes payable	-	1,239
Net cash generated from (used in) financing activities	<u>(396,007)</u>	<u>63,566</u>
Effect of foreign exchange rate changes	<u>971</u>	<u>(11,214)</u>
Net increase in cash and cash equivalents	357,821	60,312
Cash and cash equivalents at the beginning of the year	<u>1,102,803</u>	<u>1,042,491</u>
Cash and cash equivalents at the end of the year	<u>\$ 1,460,624</u>	<u>\$ 1,102,803</u>

SPIROX CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. General Information

Spirox Corporation (the “Company”) was established in December 11, 1987. The Company’s main business includes the design and sales of computer parts, computer inspection machines, electronic components, computer disk drivers and power supplies, sales and repair of microcomputers and their peripheral devices, computer software designs, and the importing and exporting trade business for the aforesaid products, as well as agency, quotation, bidding and distribution business of the related products of domestic and foreign manufactures.

On December 12, 2002, the Company’s shares were listed and traded on the Taiwan Stock Exchange.

On April 29, 2003, the Company was resolved by the Board of Directors to merge with Spirox Systems Corporation by an absorption merger. On September 29, 2003 as the base date for the merger and capital increase was approved by the resolution of the Board of Directors on April 29, 2003. Spirox Corporation would be the surviving company while Spirox Systems Corporation would be dissolved in the merger. The name of the surviving company after the merger is still Spirox Corporation.

The Company was approved by the resolution of the Board of Directors on May 10, 2017 to divide and transfer the relevant business of design and integration service department to VESP Technology Corporation, which was newly established and 100% owned by the Company. VESP Technology Corporation issued new shares to the Company as consideration, and September 1, 2017 was the base date for the division. In addition, due to the reorganization and signing of an equity transfer agreement in 2022, the Group’s shareholding of VESP Technology Corporation had been transferred. Since the loss of control, it is no longer a subsidiary of the Company.

This consolidated financial statements are denominated in New Tainwan dollar, the functional currency of the Company.

Spirox Corporation and its subsidiaries are hereinafter collectively referred to as the Company.

2. The Authorization of Financial Statements

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 11, 2024.

3. Application of New and Revised International Financial Reporting Standards

- a. Initial application of 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).

New standards, interpretations and amendments endorsed by FSC effective since 2023 are as follows :

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023
Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”	January 1, 2023

Note : The " International Tax Reform - Pillar Two Model Rules" released in May 2023 added new paragraphs 4A and 88A to 88D. Paragraphs 4A and 88A will apply immediately after the issuance of these amendments, and in accordance with International Accounting Standards No. 8 The provisions apply retroactively; and paragraphs 88B to 88D will apply for annual reporting periods beginning after January 1, 2023. The information required by these paragraphs is not required to be disclosed for any interim period ending before December 31, 2023.

- b. Amendments to the IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2024

New standards, interpretations and amendments endorsed by FSC effective since 2024 are as follows :

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 16 "Sale and Leaseback"	January 1, 2024
Amendments to IAS 1 "Classification of Liabilities as Current or Noncurrent"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS7 "supplier arrangements"	January 1, 2024

- c. The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
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" and Amendments to IFRS 17 "Insurance Contracts" replace IFRS 4 "Insurance Contracts"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025

As of the date the accompanying consolidated financial statements were authorized for issue, the consolidated company continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be used disclosed when the consolidated company completes the evaluation.

4. Summary of Significant Accounting Policies

The summary of the significant accounting policies adopted by the consolidated financial statements is described as follows:

- a. Statement of compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 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.

- b. Basis for preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, contingent consideration of business combination and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets. For assets, the historical cost usually refers to the fair value of the consideration paid to acquire the asset; for liabilities, it usually refers to the amount received to undertake the obligation or the amount expected to be paid to settle the debt.

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 assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for assets or liabilities.

c. Basis of consolidation

1) Principle for preparation of consolidated financial statements

Control is achieved when the Company is exposed to variable remuneration from the participation of the invests or has rights to such variable remuneration, and has ability to influence such remuneration through its power over the investee. In particular, the Company only controls the investor only when the Company has the following 3 control elements:

- (i) The power over the investee (that is, the existing right that gives him the current ability to lead relevant activities)
- (ii) Risks or rights, from variable remuneration for the participation of the investee, and
- (iii) The ability to use its power over the invested to affect the amount of investee remuneration

When the Company directly or indirectly holds less than a majority of the voting rights or similar rights of the investor, the Company considers all relevant facts and circumstances to assess whether it has power over the investee, including:

- (i) Contract agreement with other voting rights holders of the investee
- (ii) Rights arising from other contractual agreements
- (iii) Voting rights and potential voting rights

When the facts and circumstances show that one or more of the 3 control elements has changed, the Company will reassess whether it still controls the investee.

The consolidated financial statements includes the financial statements of the Company and the entities (subsidiaries) controlled by the Company. The financial statements of the subsidiaries shall be included in the consolidated financial report from the date when they obtain control, and until the date when they no longer have control.

The financial statements of the subsidiaries have been appropriately adjusted in material respects to make their accounting policies consistent with the accounting policies used by the Company.

The major transactions, balances, income, and expenses and losses between the various entities of the consolidated company have been completely eliminated at the time of consolidated.

If the consolidated company loses control of a subsidiary, then

- (i) Derecognise the assets (including goodwill) and liabilities of subsidiaries
- (ii) Derecognise the book amount of any non-controlling interests
- (iii) Recognise the fair value of the consideration received, if any
- (iv) Recognise any investment retained in the former subsidiary at its fair value
- (v) Recognise any profit or loss as current profit and loss
- (vi) Reclassification of the parent company previously recognized in other comprehensive profit and loss items as current profit and loss.

2) The subsidiaries included in the consolidated financial statements

The consolidated entities are listed as follows:

Name of investor	Name of subsidiary	Main business and products	Percentage of ownership		Remark
			December 31, 2023	December 31, 2022	
Spirox Corporation	HIBON INVESTMENT CORPORATION	General investment	100%	100%	
	Spirox Cayman Corporation	General investment	60%	60%	Note 1
	SOUTHPORT CORPORATION	Optical and precision equipment manufacturing and services	53.68%	-	Note 10
	SCube Technologies Co., Ltd.	Semiconductor equipment testing and parts sales services	33.26%	-	Note 11
HIBON INVESTMENT CORPORATION	BEYOND ENGINEERING CORP.	Electronic material retailing	-	100%	
	Spirox Cayman Corporation	General investment	40%	40%	Note 1
SOUTHPORT CORPORATION	Jetek Technology Corp.	Semiconductor test equipment sales and solution provision	100%	100%	
	SCube Technologies Co., Ltd.	Semiconductor equipment testing and parts sales services	33.26%	-	Note 11
Spirox Cayman Corporation	Spirox Corporation USA	Warehousing logistics service	-	100%	Note 8
	Spirox International Limited	International trade	100%	100%	
	Spirox Technology (Shanghai) Co., Ltd.	Development, design, production and sales of IC software	100%	100%	
	Maximo (Shanghai) Trading Co.	Fast moving consumer goods agency and distribution	-	-	Note 2
	Bright Future Cayman Limited	General investment	100%	87.08%	Note 3
Shanghai Infinet Technology Co., Ltd.	Shanghai Infinet Technology Co., Ltd.	Computer inspection machine, electronic components	100%	100%	
	Hefei Spirox Technology Co., Ltd.	Development, design and sales of IC software	100%	91.73%	Note 4
Hefei Spirox Technology Co., Ltd.	Excellent Future Limited	General investment	100%	100%	Note 5
Excellent Future Limited	BEYOND ENGINEERING CORP.	Electronic material retailing	100%	-	Note 9
Bright Future Cayman Limited	VESP Technology Co., Ltd.	IC verification service	-	-	Note 7
	VESP Technology Co., Ltd.	General investment	-	-	Note 7
Global Future Investment Limited	VESP Technology Corporation	IC verification service	-	-	Note 6, 7

Note 1: Spirox Cayman Corporation conducted a non-proportional cash capital reduction was carried out on March 1, 2022, which reduced the Company's shareholding ratio to 60%. Since the Company and its subsidiary, HIBON INVESTMENT CORPORATION, merged to hold 100% of the shares of Spirox Cayman Corporation, the Company managed according to organizational restructuring. On October 13, 2023, a proportional cash reduction was conducted, returning a total of USD 8,400 thousand (equivalent to NTD 270,816 thousand).

Note 2: Spirox Cayman Corporation participated in the cash capital increase of Maximo (Shanghai) Trading Co. on April 1, 2019 as the base date. In addition, on behalf of Spirox Cayman Corporation on June 28, 2021, the Board of Directors of the Company decided to propose to dispose of the entire shareholding of Maximo (Shanghai) Trading Co., a subsidiary holding 51.02% of the shares. Maximo (Shanghai) Trading Co. handled a cash capital increase on December 7, 2021 as the base date, and Spirox Cayman Corporation did not participate, resulting in a decrease of its shareholding ratio from 51.02% to 44.79%. On December 10, 2021, an equity transfer agreement was signed, and the sale was carried out in batches. The shareholding ratio dropped from 44.79% to 26.46%, and the amendment registration was completed on January 19, 2022. This sale of shares resulted in the loss of control over the subsidiary, so since the date of loss of control, the financial statements of the subsidiary was not included in the consolidated financial report. The financial statements on January 19, 2022 has not been reviewed by an accountant. In addition, the remaining 26.46% of the shares held by Spirox Cayman Corporation were sold to Bold Lion Limited on December 1, 2022, and the amendment registration was completed on December 6, 2022. Since December 6, 2022, it was not an affiliate of the Company.

Note 3: Bright Future Cayman Limited completed the amendment registration of employee stock subscriptions on June 1, 2022, causing the shareholding ratio of Spirox Cayman Corporation to drop from 100% to 80.77%. In addition, Bright Future Cayman Limited handled a non-proportional capital increase in cash on June 14, 2022, as Spirox Cayman Corporation did not participate the increase in proportion, resulting in an increase of its shareholding ratio from 80.77% to 86.82%. On October 1, 2022, it bought back shares held by employees, resulting in an increase of its shareholding ratio from 86.82% to 87.08%. In addition, Spirox Cayman Corporation repurchased employee-held shares in February 2023, increasing its ownership from 87.08% to 87.22%. Bright Future Cayman Limited conducted a non-proportional cash reduction on March 15, 2023, in which Spirox Cayman Corporation did not participate based on its ownership percentage, resulting in Spirox Cayman Corporation's ownership increasing from 87.22% to 100%. Furthermore, Bright Future Cayman Limited conducted a cash reduction on September 15, 2023, returning USD 8,000 thousand to Spirox Cayman Corporation.

Note 4: Considering the development prospects of the semiconductor industry and the growth of future demand, the Company newly established Hefei Spirox Technology Co., Ltd. ("Hefei Spirox") on December 7, 2020. Shanghai Infinet Technology Co., Ltd. transferred part of Hefei Spirox's shares on December 16, 2021, and its shareholding ratio dropped from 100% to 98%. In addition, Shanghai Infinet Technology Co., Ltd. and KAIA Capital Fund IL.P. ("KAIA") signed a shareholder agreement and a capital increase agreement on Hefei Spirox in September 2021. According to the agreement, KAIA completed the subscription of RMB 32,000 thousand on January 25, 2022 for the newly added registered capital of RMB 68,376 in Hefei Spirox, and obtained 6.4% of the equity of Hefei Spirox after the capital increase. Shanghai Infinet Technology Co., Ltd.'s shareholding ratio dropped from 98% to 91.73%. In January 2023, Shanghai Infinet Technology Co., Ltd. repurchased shares from both KAIA and another shareholder, increasing its ownership from 91.73% to 100%.

Note 5: Considering the development prospects of the semiconductor industry and the growth of future demand, the Company newly established Excellent Future Limited on March 11, 2022. On August 8, 2023, it received a cash injection of USD 200,000 from Hefei Spirox Technology Co., Ltd.

- Note 6: On May 12, 2020, the Board of Directors resolved to expand the operational model and professional division of verification analysis. It was proposed to transfer the shares held by the Company in VESP Technology Co., Ltd. to Global Future Investment Limited at a price of NTD 10.98 per share, with a total transaction amount of approximately NTD 220 million. On March 17, 2022, Global Future Investment Limited acquired 100% of VESP Technology Co., Ltd. for approximately USD 7.738 million at the transfer price, and the registration change was completed on March 31, 2022.
- Note 7: VESP Technology Co., Ltd. processed a cash capital increase on April 12, 2022 as the base date, and Bright Future Cayman Limited did not participate the increase in proportion, causing its shareholding ratio to drop from 100% to 75.59%. In addition, the Board of Directors resolved on November 8, 2022 and approved that the subsidiary, Bright Future Cayman Limited, disposed all shareholding of VESP Technology Co., Ltd. and signed an equity transfer agreement on November 16, 2022 with Centre Testing International Group Co. Ltd., and the amendment registration was completed on December 29, 2022. The sales of shares resulted in the loss of control over the subsidiary; since the date of loss of control, the subsidiary is not included in the consolidated financial reports.
- Note 8: The Company ceased operations on March 30, 2023, and completed the liquidation process on December 7, 2023.
- Note 9: On May 11, 2022, the Board of Directors resolved to align with future business developments by proposing to transfer the shares of BEYOND ENGINEERING CORP., held by HIBON INVESTMENT CORPORATION (holding 100% of shares), to Excellent Future Limited at a price of NTD 11.08 per share, with a total transaction amount of approximately NTD 4,401 thousand. On August 9, 2023, Excellent Future Limited acquired 100% of BEYOND ENGINEERING CORP. for approximately USD 138,000 at the transfer price, and the registration change was completed on August 28, 2023.
- Note 10: The Company subscribed to 3,091 thousand shares of ordinary shares of SOUTHPORT CORPORATION in November 2023 through a cash capital increase. The par value per share is NTD 10, with a total investment cost of NTD 108,195 thousand. Please refer to Note 26 for details.
- Note 11: In January 2023, the Company subscribed to 606 thousand shares of ordinary shares of SCube Technologies Co., Ltd. through a cash capital increase. The par value per share is NTD 10, with a total investment cost of NTD 10,000 thousand. Additionally, on November 30, 2023, the Company acquired 53.68% equity interest in SOUTHPORT CORPORATION, resulting in the Company holding controlling interest of 66.52% indirectly in SCube Technologies Co., Ltd. Therefore, SCube Technologies Co., Ltd. is included as a subsidiary in the consolidated financial statements.

d. Classification of assets and liabilities as current and non-current

Current asset are assets held for trading purposes and assets expected to be converted to cash, sold or consumed within 12 months from the end of the reporting period. Current liabilities are obligations incurred for trading purposes and obligations expected to be settled within 12 months from the end of the reporting period. Assets and liabilities that are not classified as current are noncurrent assets and liabilities, respectively.

e. Foreign currencies

Item include in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The functional currency of the Company, HIBON INVESTMENT CORPORATION, BEYOND ENGINEERING CORP., Jetek Technology Corp., SOUTHPORT CORPORATION and SCube Technologies Co., Ltd. is New Taiwan Dollar. The functional currency of Spirox Cayman Corporation, Spirox Corporation USA, Spirox International Limited, Bright Future Cayman Limited and Excellent Future Limited is US Dollar. The functional currency of Shanghai Infinet Technology Co., Ltd., Hefei Spirox Technology Co., Ltd. and Spirox Technology (Shanghai) Co., Ltd. is RMB. When preparing consolidated financial statements, the financial performance and financial status of each consolidated entity are converted into New Taiwan Dollar.

In preparing the consolidated financial statements, transactions in currencies other than the entity’s functional currency (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. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that are denominated in currencies are retranslated at the rates prevailing at the date when the fair value was determined Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for the exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income, Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company’s foreign operations are translated into New Taiwan Dollar using 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 arising are recognized in other comprehensive income and accumulated in equity.

f. Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, time deposits with original maturities of less than 3 months, and highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of changes in value.

g. Inventories

Inventories are recorded at cost and calculated using the weighted-average method. The purchase cost of inventories includes the purchase price, import taxes and other taxes (except for the part that can be recovered by the enterprise from the taxation authority), as well as transportation, handling and other costs directly attributable to the acquisition of the goods. Trade discounts, concessions and other similar items are deducted from determining the cost of purchase.

Inventories are measured at the lower of cost or net realizable value. Net realizable value refers to estimated selling price, minus the estimated cost to be completed and the estimated cost required to complete the sale. When the comparative cost and the net realizable value are lower, the comparison is made item by item. The amount of inventories written down from cost to net realizable value is recognized as cost of goods sold and will be re-evaluated the net realizable value of inventories in each subsequent period. If the factors that previously caused the net realizable value of the inventory to be lower than the cost have vanished, or there is evidence that the net realizable value has increased due to changes in economic conditions, within the scope of the original offset amount, the increase in the net realizable value of the inventory shall be reversed and recognized as the reduction of the cost of goods sold in the current period.

h. Investments accounted for using equity method

The consolidated company uses the equity method to account for its investments in associates. Financial statements of associates are prepared for the same reporting as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company. In addition, when an investment recognized using equity method is classified as held for sale or to be distributed to owners, the investments accounted for using equity method will cease to be used.

i. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Except for freehold land is not depreciated, depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. 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.

j. Leases

If a contract transfers control over the use of an identified asset for a period of time in exchange for consideration, the contract is a lease or includes a lease.

Lessor

The lessor classifies each lease as an operating lease or a finance lease. A lease that transfers almost all the risks and rewards attached to the ownership of the underlying asset is financial lease; if a

lease does not transfer almost all the risks and rewards attached to the ownership of underlying asset, it is an operating lease.

If it is an operating lease, the lessor recognizes the lease payments as income on a straightline basis, but if other systematic basis is more representative of the form of the reduced use efficiency of the underlying asset, this basis applies. If it is a financial lease, the lessor shall recognize the finance lease receivables and the unearned finance income of the finance lease on the lease start date, and adopts a systematic and reasonable basis to allocate the finance income to the lease period, so that each period of the lease period has a fixed rate of return.

Lessee

The Company recognizes right-of-use assets and lease liabilities for all the commencement date of the lease. The right-of-use asset is measured at cost, and the lease liability is based on the present value of the lease payment not yet paid on that date.

The right-of-use assets shall be depreciated, and its depreciation period shall be the earlier of the period from the beginning of the end of useful life of the right-of-use asset or the expiration of the lease terms ; However, if the lessee will acquire the ownership of leased asset at the end of the lease term, or if the cost of the right-of-use asset reflects the exercise of the purchase option, the depreciation period is from the lease start date to the useful life of the underlying asset.

Lease liabilities use the effective interest rate method to calculate interest expense, so that the interest rate of each period calculated based on the lease liability balance is fixed. Lease payments are used to pay interest and reduce lease liabilities. The interest on the lease liabilities is recognized in profit or loss.

k. Intangible assets

Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual year, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Company disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Other 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 life, residual values, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss. Intangible assets with indefinite useful lives are stated at cost less accumulated impairment losses.

2) Internally generated – Research and development expenditures

Research expenditures are recognized as expenses when incurred.

3) Acquired through business combination

Intangible assets acquired through business combination are recognized at fair value on the date of acquisition and recognized separately from goodwill, and the subsequent measurement method is the same as that of intangible assets acquired separately.

4) 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.

1. Impairment

At the end of each reporting period, the consolidated company reviews the carrying amounts of its 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 the asset 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 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. Value in use is evaluated based on the present value of estimated future cash flows, discounted at the current market-determined rate, and certain risk assumptions which impact future cash flows.

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 corresponding 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 on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

Goodwill shall be tested for impairment regularly every year, and the impairment loss shall be recognized in the profit and loss of the current year and shall not be reversed in subsequent periods.

m. Disposal groups held for sale

When the carrying amount of the disposal group is expected to be recovered mainly through a sale transaction rather than continued use, it is classified as held for sale. To meet this classification, a disposal group must be available for immediate sale in its current state, and the sale must be highly probable. It meets a high probability when the appropriate level of management is committed to a plan to sell the asset and the sale is expected to be made within one year from the classification date. If control of the subsidiary will be lost at the time of sale, all assets and liabilities of the subsidiary are classified as held for sale regardless of whether the non-controlling interest in the former subsidiary is retained after the sale. The disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell, and depreciation of such assets is discontinued.

Certain events or circumstances may extend the period of completion of the sale to more than one year, if the delay is caused by events or circumstances beyond the control of the enterprise, and there is sufficient evidence that the enterprise still maintains its commitment for the plan of selling the disposal groups, the extension of the period required to complete the sale does not prevent the disposal groups from being classified as held for sale.

n. Discontinued operations

A discontinued operation is a business component that has been disposed of or classified as held for sale and represents a separate line of business or area of operation. In the previous period before the consolidated statements of comprehensive income, the profit and loss related to the discontinued operation shall be expressed so that the disclosure is related to the discontinued operation in the current period.

o. Financial instruments

Financial assets and financial liabilities are recognized only when the Company becomes a party to the contractual terms of the financial instruments. At the time of initial recognition, it should be measured at fair value. If it is not a financial asset or financial liability that is measured at fair value through profit or loss, the transaction costs directly attributable to the acquisition or the issuance of the financial asset or financial liability should be added or subtracted. However, accounts receivable that do not contain a significant financial component should be measured at the transaction price when initially recognized.

Financial assets are only delisted when one of the following conditions is met:

- a) Invalidation of contractual rights from cash flow of financial assets;
- b) Almost all risks and rewards of transferring ownership of financial assets, or almost all risks and rewards of ownership of the financial assets are neither transferred nor retained, and control of the financial assets is not retained.

For financial products with an active market, the fair value is based on the public quoted prices in the active market; for financial products without an active market, the fair value is estimated by evaluation method.

The recognition and delisting of conventional transaction financial assets are based on the transaction day accounting treatment.

1) Financial assets

Financial assets are based on the business model for managing financial assets and the contractual cash flow characteristics of financial assets. Financial assets held by the Company are classified into measured at amortized cost, at fair value through profit or loss and at fair value through other comprehensive income:

Measured at amortized cost

If a financial asset meets the following two conditions at the same time, it will be measured at the amortized cost:

- a) Financial assets are held under a certain business model. The purpose of this model is to hold financial assets to collect contractual cash flows.
- b) The contractual terms of the financial asset generate cash flows on a specific date, and these cash flows are all interest on the payment of the principal and the amount of principal in circulation.

For financial assets measured at amortized cost, their benefits or losses are recognized in profit and loss, but if they are part of a hedging relationship, they are treated as hedging accounting. Interest income is calculated using the effective interest method.

Interest income is calculated using the effective interest method.

At fair value through other comprehensive income

If a financial asset meets the following two conditions at the same time, it will be measured at fair value through other comprehensive income :

- a) Financial assets are held under a certain business model whose purpose is achieved by collecting contractual cash flows and selling financial assets ; and
- b) The contractual terms of the financial asset generate cash flows on a specific date, and these cash flows are all interest on the payment of the principal and the amount of principal in circulation.

Gains or losses are recognized in other comprehensive profit and loss, except for derogation benefits or losses and foreign currency exchange gains and losses. When assets are delisted, the accumulated benefits or losses listed in other comprehensive profit and loss are reclassified from equity to profit and loss.

If the investment in a specific equity instrument that should be measured at fair value through profit and loss is not held for trading, nor is it a contingent consideration recognized in a business combination, an irrevocable choice can be made at the time of initial recognition and its subsequent fairness. Changes in value are reported in other comprehensive income. In this case, the profit or loss is recognized in other comprehensive profits and losses, but dividends that are not investment cost recovery are included in the profits and losses. When assets are delisted, the accumulated benefits or losses listed in the other comprehensive profit and loss shall not be reclassified to profit and loss.

Measured at fair value through profit or loss

Financial assets are all measured at fair value through profit and loss, except when measured at amortized cost or at fair value through other comprehensive profits and losses.

At the time of initial recognition, financial assets can be irrevocably designated as measured at fair value through profit and loss to eliminate or significantly reduce. If not designated, it will be measured by using different basis to measure assets or liabilities or recognizing its benefits and losses. Or the recognition is inconsistent.

The benefit or loss is recognized in the profit and loss, but if it is part of the hedging relationship, it shall be treated as hedging accounting.

2) Financial liabilities

Financial liabilities shall be classified as measured at amortized cost, except for derivatives that do not comply with hedging accounting, designated as measured at fair value through profit and loss, and contingent consideration in a business combination that shall be classified as measured at fair value through profit or loss. Measured, except for financial liabilities that are not in compliance with delisted transfers or continuous participation in transferring assets, financial guarantee contracts, and commitments to provide loans at lower than market interest rates.

3) Impairment

Financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive gains and losses, contract assets and loan commitments under applicable impairment regulations, and financial guarantee contracts to measure impairment based on the expected credit loss model. If the credit risk of a financial instrument has increased significantly since its initial recognition, the allowable loss is measured in the amount of expected credit loss during the duration of each reporting day ; If the credit risk of a financial instrument has not increased significantly since the initial recognition, the 12-month expected credit loss amount will be used to measure the allowable loss on the reporting date.

p. Reserve for liabilities

The reserve for liabilities shall be recognized when the consolidated company has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

q. 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 expenses when employees have rendered services entitling them to the contributions. For defined retirement benefits plan, the pension shall be recognized according to the actuarial results. Remeasurement, comprising actuarial gains and losses 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.

r. Share-based payment arrangement

Employee share option

Employee share option is recognized as expenses on a straight-line basis during the vesting period based on the fair value of the equity instrument on the grant date and the best estimated quantity expected to be acquired, and the capital reserve-employee share option is adjusted at the same time. If it is immediately vested on the grant date, it shall be fully recognized as an expense on the grant date. The signing date that the Company transfers treasury stocks to employees is the date of grant.

The Company revises the estimated number of employee share option expected to be vested on each balance sheet date. If there is a revision to the original estimated quantity, the affected number is

recognized as profit or loss, so that the accumulated expenses reflect the revised estimate, and the capital reserve-employee share option is adjusted accordingly.

s. Government grants

Government grants are recognized only when it is reasonably certain that the consolidated company will comply with the conditions attached to the government subsidies and will receive such subsidies.

Government grants are recognized in the profit and loss on a systematic basis during the period when the related costs that they intend to compensate are recognized as expenses by the consolidated company. Government grants that are conditional on the acquisition, construction or other means of acquisition of non-current assets of the consolidated company are recognized as deferred income and transferred to profit and loss during the useful life of the relevant assets at a reasonable and systematic basis.

If the government grants are used to compensate for expenses or losses that have occurred, or is for the purpose of providing immediate financial support to the consolidated company and there is no future related costs, it is recognized in the profit and loss during the period when it can be received.

t. Revenue recognition

The Company allocates the transaction price to each contractual performance obligation after the contractual performance obligation is identified in the customer contract and recognized revenue when each performance obligation is satisfied.

Sales revenue comes from the agency sales of related products of integrated circuit (IC) design and verification equipment and the agency of fast-moving consumer goods. The Company recognizes revenue and accounts receivable at the time when the customer has the right to set the price and use the products and has the primary responsibility for re-selling the products and bears the risk of obsolescence of the products when the goods are shipped or delivered to the location designated by the customers.

Service revenue comes from IC verification services. With the provision of services by the Company, the customer obtains and consumes the performance benefits at the same time, and the relevant income is recognized when the services are provided.

u. Non-operating income

Dividend income from investments is recognized when the right to receive the dividend is confirmed, it is probable that the economic benefits associated with the dividend will flow in, and the amount of the dividend can be measured reliably. Interest income is recognized on an accrual basis based on the principal outstanding and the applicable effective interest rate over time.

v. Income tax

The income tax consists of current income tax and deferred income tax. The current income tax and deferred income tax shall be recognized in profit or loss, other than the income tax related to combined entities, and items stated into other comprehensive income or stated into equity directly.

The current income tax includes the projected income tax payable or tax refund receivable based on the current taxable income (loss), and the adjustment of income tax payable or tax refund receivable in the previous years. The amount refers to the best estimates of the expected payables or receivables measured on the basis of the statutory tax rate or tax rate substantially enacted on the reporting date. Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

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

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

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

w. Earnings (Loss) per share

The basic earnings (loss) per share is calculated by the current net profit (loss) divided by the weighted average number of shares outstanding. However, upon capitalization of retained earnings or capitalization of capital reserves, or if the decrease is due to capital reduction to write off losses, it will be adjusted retrospectively according to the ratio of capital increase and capital reduction. Diluted earnings (loss) per share is calculated using the same manner as basic earnings (loss) per share, but only after the effect of all dilutive potential ordinary shares are adjusted.

x. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as current expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. If there is any change in the amount after the shareholders' meeting in the following year, the change in accounting estimate will be adjusted and recorded to profit or loss of the following year.

y. Operating segments information

An operating segment is a component of an entity, that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity). Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The consolidated financial reports of the Company are affected by accounting policies, accounting assumptions and estimates, and the management must make appropriate professional judgments when preparing the consolidated financial reports.

The assumptions and estimates of the Company are the best estimates made in accordance with the relevant International Financial Reporting Standards. Estimates and assumptions are based on historical experience and other relevant factors, but actual results may differ from these estimates and assumptions.

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

a. Fair value measurement and valuation process of financial assets

When there is no market quotation for financial assets measured at fair value in an active market, the Company will decide whether to outsource the valuation and determine the appropriate fair value valuation technique in accordance with relevant laws or judgments.

If input values at Level 1 cannot be obtained when estimating the fair value, the Company or the appraiser appointed shall refer to information of the analysis of the investee's financial status and operating results, recent transaction prices, quotations of the same equity instruments in inactive markets, quotations of similar instruments in active markets and valuation multiples of comparable companies, etc. to determine the input values. If the actual changes in future input values differ from expectations, changes in fair value may occur.

Please refer to Note 28 for descriptions of fair value valuation techniques and input values.

b. Estimated impairment of financial assets

The estimated impairment of accounts receivable is based on the Company's assumptions about the default rate and expected loss rate. The Company considers historical experience as well as forward-looking information to make assumptions and select inputs for impairment assessments.

6. Cash and Cash Equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand	\$ 166	\$ 108
Demand deposits	826,877	644,281
Cash equivalents (investments with original maturities less than 3 months)-Time deposits	633,573	458,414
Checking accounts	<u>8</u>	<u>-</u>
	<u>\$ 460,624</u>	<u>\$1,102,803</u>

The market rate intervals of time deposits at the end of the reporting period were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Time deposits with original maturities of less than 3 months	1.1%-5.65%	0.32%-3.95%

7. Financial instruments at fair value through profit or loss

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets - current</u>		
Mandatory measured at fair value through profit or loss		
Non-derivative financial assets		
Foreign investments		
Listed shares (a)	<u>\$ 730,402</u>	<u>\$ 646,696</u>
<u>Non-current financial assets</u>		
Mandatorily measured at fair value through profit or loss		
Non-derivative financial assets		
Foreign investments		
Listed shares	\$ 931	\$ 688
Beneficiary Certificate of Fund	<u>6,384</u>	<u>-</u>
	<u>\$ 7,315</u>	<u>\$ 688</u>

- a. Due to the spread of the epidemic in London, it was impossible to obtain the local Chinese embassy certification documents for the share transfer operation in a short period of time. Considering the timeliness of the capital amendment registration process of Union Semiconductor (Hefei) Co., Ltd. (Union Semiconductor), the Board of Directors of the Company resolved on November 11, 2020

that the above-mentioned capital loan of RMB 85,000 thousand from Spirox Cayman Corporation to Union Semiconductor was converted into an investment project. It became to invest in Union Semiconductor at RMB 5 per share by Spirox Technology (Shanghai) Co., Ltd., a subsidiary 100% owned by Spirox Cayman Corporation. The investment amount was RMB 85,000 thousand. The number of shares acquired was 17,000 thousand shares, accounting for about 3.07% of the total issued shares of Union Semiconductor. In addition, Union Semiconductor repaid the loan principal and interest arising from debt equity swap of Spirox Cayman Corporation in cash. Union Semiconductor was listed on the Sci-Tech innovation board on August 18, 2022. As of December 31, 2022, the Company's shareholding ratio in Union Semiconductor was 2.04%. The Company disposed of 1,000 thousand shares of Union Semiconductor in December 2023. As of December 31, 2023, the Company's shareholding ratio in Union Semiconductor was 1.92%.

8. Financial assets at fair value through other comprehensive income ("FVTOCI")

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Non-current</u>		
Investments in equity instruments	<u>\$ 51,694</u>	<u>\$ 50,825</u>
<u>Investments in equity instruments</u>		
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Non-current</u>		
Domestic investments		
Listed shares and emerging market shares	\$ 21,652	\$ 15,090
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Unlisted shares	29,881	18,289
Foreign investments	<u>161</u>	<u>17,446</u>
	<u>\$ 51,694</u>	<u>\$ 50,825</u>

The Company invests in equity instruments for medium- and long-term strategic purposes, and expects to make profits through long-term investments. Accordingly, the management chose to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

In the second quarter of 2023, in order to realize some long-term investments profits and adjust investments positions to diversify risks, the Company sold some foreign stocks at a fair value of \$31,917 thousand, and related other equity - unrealized losses from financial assets measured at FVTOCI of \$44,478 thousand were transferred to retained earnings.

9. Financial assets at amortized cost

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Domestic investment		
Restricted bank deposits	\$ 1,003	\$ -
Time deposits with original maturities of more over 3 months	<u>92,340</u>	<u>123,684</u>
	<u>\$ 93,343</u>	<u>\$123,684</u>

- a. As of December 31, 2023 and 2022, the interest rate ranges for time deposits with original maturities of more than 3 months were 1.45% to 4.50% and 0.02% to 3.50% per annum, respectively.
- b. Refer to Note 31 for information relating to investments in financial assets at amortized cost pledged as security.

10. Notes and accounts receivable, net

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes receivable</u>		
At amortized cost		
Carrying amount	\$ 2,566	\$ 132
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 2,566</u>	<u>\$ 132</u>
<u>Accounts receivable</u>		
At amortized cost		
Carrying amount	\$ 381,179	\$ 521,929
Less: Allowance for impairment loss	(<u>46,889</u>)	(<u>15,863</u>)
	<u>\$ 334,290</u>	<u>\$ 506,066</u>

The credit period of the Company to customers is different according to the evaluation of each transaction. In principle, the credit period is 90 days after the invoice is issued.

The Company measures the loss allowance of notes and accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on receivables are estimated using a provision matrix by reference to the past default experience with the respective debtors and an analysis of the debtors' current financial positions, GDP growth rate, unemployment rate and industrial indicators. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the expected credit loss rate based on the account opening days of receivables is not further distinguished according to different segments of the Company's customer base.

If there is any evidence shows that the counter-party is in serious financial difficulty and the Company cannot reasonably expect to recover the amount, the Company directly writes off the related accounts receivable. The Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, they are recognized in profit or loss.

The loss allowance of notes and accounts receivable measured using the provision matrix are as follows:

December 31, 2023

	<u>Not past due</u>	<u>Overdue less than 90 days</u>	<u>Overdue 91 to 180 days</u>	<u>Overdue 181 to 365 days</u>	<u>Overdue more than 365 days</u>	<u>Total</u>
Expected credit loss rate	0%~0.26%	1.92%	4.39%	12.86%	100%	
Carrying amount	\$ 283,940	\$ 34,243	\$ 11,063	\$ 11,146	\$ 43,353	\$ 383,745
Loss allowance(lifetime ECLs)	(<u>960</u>)	(<u>657</u>)	(<u>486</u>)	(<u>1,433</u>)	(<u>43,353</u>)	(<u>46,889</u>)
Amortized cost	<u>\$ 282,980</u>	<u>\$ 33,586</u>	<u>\$ 10,577</u>	<u>\$ 9,713</u>	<u>\$ -</u>	<u>\$ 336,856</u>

December 31, 2022

	<u>Not past due</u>	<u>Overdue less than 90 days</u>	<u>Overdue 91 to 180 days</u>	<u>Overdue 181 to 365 days</u>	<u>Overdue more than 365 days</u>	<u>Total</u>
Expected credit loss rate	0%~0.5%	4%	6%	8%	100%	
Carrying amount	\$ 180,260	\$ 161,488	\$ 112,308	\$ 27,081	\$ 40,924	\$ 522,061
Loss allowance(lifetime ECLs)	(<u>548</u>)	(<u>6,461</u>)	(<u>4,964</u>)	(<u>2,068</u>)	(<u>1,822</u>)	(<u>15,863</u>)
Amortized cost	<u>\$ 179,712</u>	<u>\$ 155,027</u>	<u>\$ 107,344</u>	<u>\$ 25,013</u>	<u>\$ 39,102</u>	<u>\$ 506,198</u>

On December 31, 2022, the actual overdue credit period of one year has been fully recovered after the reporting period.

The movements of the loss allowance of accounts receivable are as follows:

	For the year ended December 31	
	2023	2022
Balance at January 1	\$ 15,863	\$ 17,840
Provision (reversal) impairment loss	28,960	(2,822)
Acquisition from business combination	2,315	-
Derecognition of subsidiaries	-	(5)
Effect of foreign exchange rate change	(249)	850
Balance at December 31	<u>\$ 46,889</u>	<u>\$ 15,863</u>

For the year ended December 31, 2023, the total carrying amount of accounts receivable and loss allowance decreased \$140,750 thousand and \$31,026 thousand, respectively; For the year ended December 31, 2022, the total carrying amount of accounts receivable and loss allowance decreased \$367,054 thousand and \$1,977 thousand, respectively, due to the combined effect of changes and total carrying amount increased in notes receivable and accounts receivable of different aging risk groups.

11. Other receivables, net

	December 31, 2023	December 31, 2022
<u>Other receivables</u>		
Measured at amortized cost		
	December 31, 2023	December 31, 2022
Carrying amount	\$ 57,431	\$671,239
Less: Loss allowance	(4,594)	(4,574)
	<u>\$ 52,837</u>	<u>\$666,665</u>

The movements of loss allowance of other receivables were as follows:

	For the year ended December 31	
	2023	2022
Balance at January 1	\$ 4,574	\$ -
Provision impairment loss	20	4,574
Balance at December 31	<u>\$ 4,594</u>	<u>\$ 4,574</u>

12. Inventories

	December 31, 2023	December 31, 2022
Merchandise	\$ 46,549	\$ 171,545
Raw materials	15,509	-
finished goods	7,984	-
work in progress	3,715	-
	<u>\$ 73,757</u>	<u>\$ 171,545</u>

Cost of sales is as follows:

	For the year ended December 31	
	2023	2022
Cost of good sold	\$ 1,095,191	\$ 1,693,224
Provision for inventory market price decline and slow-moving inventories	9,102	49,691
	<u>\$ 1,104,293</u>	<u>\$ 1,742,915</u>

13. Non-current assets held for sale and disposal groups held for sale

a. Discontinued operations

In order to focus on the operation of the semiconductor business and improve the financial structure of the Company, the Board of Directors approved on June 28, 2021 resolution that the subsidiary Spirox Cayman Corporation, a total of 100% directly and indirectly owned by the Company, disposed all shares of 51.02% in its subsidiary, Maximo (Shanghai) Trading Co., which was responsible of all business regarding fast moving consumer goods for the Company. Since the transaction process was expected to be completed in the next twelve months, the operation was classified as held for sale from the second quarter of 2021, and the expected sale price would exceed the carrying amount of the relevant net assets, so there was no impairment loss to be recognized when the classification was made. In addition, the related assets and liabilities in the second quarter of 2021 had been transferred to the disposal groups held for sale. The Company regards Maximo (Shanghai) Trading Co. as a separate main operating cash-generating unit, so the cash-generating unit was reclassified as a discontinued operation. Maximo (Shanghai) Trading Co. handled a cash capital increase on December 7, 2021 as the base date, and the Company did not participate, resulting in a decrease of its shareholding ratio from 51.02% to 44.79%. On December 10, 2021, an equity transfer agreement was signed, and the sale was carried out in batches. The shareholding ratio dropped from 44.79% to 26.46%, and the amendment registration was completed on January 19, 2022. This sale of shares resulted in the loss of control over the subsidiary. On May 24, 2022, the Company signed a supplementary agreement on the letter of intent for equity investment, and the sale plan was postponed to be completed by December 31, 2022. The Group was approved by the resolution made by the Board of Directors on November 8, 2022 and sold the remaining 6,017,083 shares to Bold Lion Limited at about RMB3.6 per share, and sold all the remaining shares on December 1, 2022. The amendment registration was completed on December 6, 2022.

The discontinued operation's profit and loss details and cash flow information are as follows:

	<u>January 1 to 19, 2022</u>
Operating revenue	\$ 143,535
Operating costs	(119,410)
Gross profit	24,125
Selling expenses	(17,979)
Administrative expenses	(9,578)
Operating profit	3,432
Interest income	-
(To be continued)	
(Continued)	
Other income	-
Other gains or losses	(166)
Financial costs	(3,231)
Profit (loss) before income tax	(6,829)
Income tax expense	-
Profit (Loss) from discontinued operations	<u>(\$ 6,829)</u>
Profit (Loss) from discontinued operations attributable to:	
Owners of the Company	(\$ 3,007)
Non-controlling interests	<u>(3,822)</u>
	<u>(\$ 6,829)</u>
Cash flows	
Operating activities	\$ 59,813
Financing activities	927
Effect of foreign exchange rate changes	(279)
Net cash inflow	<u>\$ 60,461</u>

There was no income tax loss or profit arising from the profit (loss) of the discontinued operations.

b. Disposal group held for sale

It had not been included in the consolidated financial statements from the date when the Company lost control on January 19, 2022, but transferred to an affiliated company, which transferred to held for sale non-current group after remeasurement at fair value as of January 19, 2022. The Company sold the remaining 6,017,083 shares at RMB 21,662 thousand (equivalent to NT\$93,280 thousand, classified as other receivables) on December 1, 2022, and recognized the gains on disposal of subsidiaries amounted to 39,492 thousand. In January and March 2023, the above other receivables have recovered \$69,960 thousand and \$23,320 thousand, respectively.

	<u>December 6, 2022</u>
Consideration received	\$ 93,280
Derecognition of non-current assets held for sale-investments in affiliates	(61,524)
Capital surplus	<u>7,736</u>
Gains on disposals	<u>\$ 39,492</u>

14. Property, plant and equipment

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Assets used by the Company	\$ 557,273	\$ 579,267
Assets subject to operating leases	<u>46,196</u>	<u>28,400</u>
	<u>\$ 603,469</u>	<u>\$ 607,667</u>

a. Assets used by the Company

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Equipment awaiting examination	Total
Cost									
Balance at January 1, 2023	\$ 388,175	\$ 190,701	\$ 210,895	\$ 590	\$ 12,466	\$ 43,404	\$ 28,456	\$ 6,619	\$ 881,306
Additions	-	1,268	7,130	-	676	-	518	1,211	10,803
Acquisition from business combination	-	-	23,682	-	619	7,567	3,631	-	34,895
Disposals	-	(528)	(159,317)	-	(2,905)	(23,799)	(441)	-	(186,990)
Reclassification	-	-	2,575	-	59	-	-	(2,634)	-
Transfer to expenses	-	-	(745)	-	-	-	-	-	(745)
Assets reclassified as leased for operating lease purposes	-	(29,654)	-	-	-	-	-	-	(29,654)
Effect of exchange rate changes	-	-	7,975	-	185	2,654	2,516	-	13,330
Balance at December 31, 2023	<u>\$ 388,175</u>	<u>\$ 190,701</u>	<u>\$ 210,895</u>	<u>\$ 590</u>	<u>\$ 12,466</u>	<u>\$ 43,404</u>	<u>\$ 28,456</u>	<u>\$ 6,619</u>	<u>\$ 881,306</u>
Accumulated depreciation									
Balance at January 1, 2023	\$ -	\$ 72,566	\$ 173,916	\$ 590	\$ 7,720	\$ 35,717	\$ 11,530	\$ -	\$ 302,039
Depreciation	-	4,588	10,547	-	2,308	3,604	6,225	-	27,272
Disposals	-	(528)	(152,987)	-	(2,892)	(23,799)	(363)	-	(180,569)
Acquisition from business combination	-	-	9,480	-	270	3,240	2,054	-	15,044
Transfer to expenses	-	-	(550)	-	-	-	-	-	(550)
Assets reclassified as leased for operating lease purposes	-	(10,641)	-	-	-	-	-	-	(10,641)
Effect of exchange rate changes	-	-	7,980	-	209	2,738	2,754	-	13,681
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 65,985</u>	<u>\$ 48,386</u>	<u>\$ 590</u>	<u>\$ 7,615</u>	<u>\$ 21,500</u>	<u>\$ 22,200</u>	<u>\$ -</u>	<u>\$ 166,276</u>
Carrying amount at January 1, 2023	<u>\$ 388,175</u>	<u>\$ 118,135</u>	<u>\$ 36,979</u>	<u>\$ -</u>	<u>\$ 4,746</u>	<u>\$ 7,687</u>	<u>\$ 16,926</u>	<u>\$ 6,619</u>	<u>\$ 579,267</u>
Carrying amount at December 31, 2023	<u>\$ 388,175</u>	<u>\$ 95,802</u>	<u>\$ 43,809</u>	<u>\$ -</u>	<u>\$ 3,485</u>	<u>\$ 8,326</u>	<u>\$ 12,480</u>	<u>\$ 5,196</u>	<u>\$ 557,273</u>
Cost									
Balance at January 1, 2022	\$ 388,175	\$ 278,010	\$ 851,427	\$ 590	\$ 26,834	\$ 155,974	\$ 61,995	\$ 41,483	\$ 1,804,488
Additions	-	3,686	37,156	-	1,724	3,516	6,664	45,172	97,918
Disposals	-	(3,210)	(1,570)	-	(3,953)	(3,141)	(24,176)	-	(36,050)
Reclassification	-	-	77,722	-	-	(2,055)	-	(51,036)	24,631
Transfer to expenses	-	-	-	-	(703)	-	-	-	(703)
Effect of reductions due to business combination	-	(87,785)	(782,209)	-	(11,339)	(115,603)	(16,943)	(17,603)	(1,031,482)
Effect of exchange rate changes	-	-	28,369	-	(97)	4,713	916	(11,397)	22,504
Balance at December 31, 2022	<u>\$ 388,175</u>	<u>\$ 190,701</u>	<u>\$ 210,895</u>	<u>\$ 590</u>	<u>\$ 12,466</u>	<u>\$ 43,404</u>	<u>\$ 28,456</u>	<u>\$ 6,619</u>	<u>\$ 881,306</u>
Accumulated depreciation									
Balance at January 1, 2022	\$ -	\$ 102,215	\$ 271,613	\$ 590	\$ 12,809	\$ 53,149	\$ 20,556	\$ -	\$ 460,932
Depreciation	-	7,907	129,815	-	4,531	27,888	10,575	-	180,716
Disposals	-	(3,210)	(1,478)	-	(3,758)	(3,137)	(13,640)	-	(25,223)
Reclassification	-	-	(185)	-	-	(1,986)	-	-	(2,171)
Transfer to expenses	-	-	-	-	(604)	-	-	-	(604)
Effect of reductions due to business combination	-	(34,346)	(234,860)	-	(5,243)	(43,273)	(6,065)	-	(323,787)
Effect of exchange rate changes	-	-	9,011	-	(15)	3,076	104	-	12,176
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 72,566</u>	<u>\$ 173,916</u>	<u>\$ 590</u>	<u>\$ 7,720</u>	<u>\$ 35,717</u>	<u>\$ 11,530</u>	<u>\$ -</u>	<u>\$ 302,039</u>
Carrying amount at January 1, 2022	<u>\$ 388,175</u>	<u>\$ 175,795</u>	<u>\$ 579,814</u>	<u>\$ -</u>	<u>\$ 14,025</u>	<u>\$ 102,825</u>	<u>\$ 41,439</u>	<u>\$ 41,483</u>	<u>\$ 1,343,556</u>
Carrying amount at December 31, 2022	<u>\$ 388,175</u>	<u>\$ 118,135</u>	<u>\$ 36,979</u>	<u>\$ -</u>	<u>\$ 4,746</u>	<u>\$ 7,687</u>	<u>\$ 16,926</u>	<u>\$ 6,619</u>	<u>\$ 579,267</u>

As of December 31, 2023 and 2022, the Company did not have any impairment on property, plant and equipment.

Depreciation expenses were accrued on a straight-line basis over the following estimated useful lives:

Buildings	2 to 51 years
Machinery and equipment	2 to 6 years
Transportation equipment	6 years
Office equipment	2 to 6 years
Leasehold improvements	5 to 6 years
Other equipment	1 to 6 years

Please refer to Note 27 for the reclassification of property, plant and equipment.

Please refer to Note 31 for the amount of property, plant and equipment used by the Company pledged as security for loans.

b. Operating lease

	<u>Buildings</u>
<u>Cost</u>	
Balance at January 1, 2023	\$ 43,781
Assets used by the Company	<u>29,654</u>
Balance at December 31, 2023	<u>\$ 73,435</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2023	\$ 15,381
Assets used by the Company	10,641
Depreciation	<u>1,217</u>
Balance at December 31, 2023	<u>\$ 27,239</u>
Carrying amount at January 1, 2023	<u>\$ 28,400</u>
Carrying amount at December 31, 2023	<u>\$ 46,196</u>
<u>Cost</u>	
Balance at January 1, 2022	<u>\$ 43,781</u>
Balance at December 31, 2022	<u>\$ 43,781</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2022	\$ 14,523
Depreciation	<u>858</u>
Balance at December 31, 2022	<u>\$ 15,381</u>
Carrying amount at January 1, 2022	<u>\$ 29,258</u>
Carrying amount at December 31, 2022	<u>\$ 28,400</u>

The Company rents out buildings and structures under operating lease with the lease period of 2020 to 2026, and has no right to renew the contract. At the end of the lease period, the lessee does not have right of preferential refusal of the asset.

The total amount of lease payments to be received in the future for renting out the buildings used by the Company under operating lease was as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
First year	\$ 9,013	\$ 9,307
1~5 years	<u>8,085</u>	<u>2,220</u>
	<u>\$ 17,098</u>	<u>\$ 11,527</u>

Depreciation were accrued on a straight-line basis over the following estimated useful lives:

Buildings	51 years
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Please refer to Note 31 for the operating lease amount of property, plant and equipment pledged as security for loans.

15. Lease agreement

a. Right-of-use assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Right-of-use assets carrying amount		
Buildings	<u>\$ 12,049</u>	<u>\$ 15,087</u>
	<u>For the year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Additions to Right-of-use assets	<u>\$ 2,673</u>	<u>\$ 6,386</u>
Disposal of right-of-use assets	<u>\$ 3,279</u>	<u>\$ 5,932</u>
Effect of acquisitions on right-of-use assets due to business combination	<u>\$ 5,786</u>	<u>\$ -</u>
Effect of reductions on right-of-use assets due to business combination	<u>\$ -</u>	<u>\$ 14,308</u>
Depreciation charge for Right-of-use assets		
Land	\$ -	\$ 276
Buildings	8,036	23,199
Depreciation of discontinued operations	<u>-</u>	<u>252</u>
	<u>\$ 8,036</u>	<u>\$ 23,727</u>

b. Lease liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Lease liabilities carrying amount		
Current	<u>\$ 8,478</u>	<u>\$ 9,315</u>
Non-current	<u>\$ 4,395</u>	<u>\$ 6,487</u>

Ranges of discount rates for lease liabilities are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Buildings	2.33%~5.00%	5.00%

c. Material lease in activities and terms

The Company leases land and buildings for uses as factories, offices and employee dormitories in 2022, the lease period is from 2019 to 2052. The lease payments agreed under the land lease agreement in Taiwan will be adjusted accordingly by the announced land values, the rental rate of national land approved by the Executive Yuan or other reasons. The Company does not have the right of preferential refusal to acquire the leased assets including the land and buildings at the end of the lease term, and sublease and transfer are not available.

The Company had decreases in right-of-use land and buildings due to derecognition of subsidiaries in 2022.

d. Other lease information

	For the year ended December 31	
	2023	2022
Expenses relating to short-term lease (Note)	\$ <u>1,020</u>	\$ <u>4,938</u>
Total cash outflow for leases (Note)	\$ <u>7,727</u>	\$ <u>28,627</u>

Note: Including the listed amount of the discontinued operation.

The Company's leases of parking space and dormitory qualify as short-term 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.

16. Intangible assets

	Computer software	Patents	Expertise	Goodwill	Total
<u>Cost</u>					
Balance at January 1, 2023	\$ 11,913	\$ -	\$ 21,870	\$ 24,183	\$ 57,966
Effect of acquisitions resulting from business combination	-	-	40,000	31,023	71,023
Disposals	(317)	-	-	-	(317)
Effect of foreign exchange rate changes	(2)	-	-	-	(2)
Balance at December 31, 2023	<u>\$ 11,594</u>	<u>\$ -</u>	<u>\$ 61,870</u>	<u>\$ 55,206</u>	<u>\$ 128,670</u>
<u>Accumulated amortization and impairment loss</u>					
Balance at January 1, 2023	\$ 5,088	\$ -	\$ 6,939	\$ 23,938	\$ 35,965
Disposals	(317)	-	-	-	(317)
Amortization	3,779	-	2,763	-	6,542
Effect of foreign exchange rate changes	(1)	-	-	-	(1)
Balance at December 31, 2023	<u>\$ 8,549</u>	<u>\$ -</u>	<u>\$ 9,702</u>	<u>\$ 23,938</u>	<u>\$ 42,189</u>
Carrying amount at January 1, 2023	<u>\$ 6,825</u>	<u>\$ -</u>	<u>\$ 14,931</u>	<u>\$ 245</u>	<u>\$ 22,001</u>
Carrying amount at December 31, 2023	<u>\$ 3,045</u>	<u>\$ -</u>	<u>\$ 52,168</u>	<u>\$ 34,900</u>	<u>\$ 86,481</u>
<u>Cost</u>					
Balance at January 1, 2022	\$ 14,071	\$ 128	\$ 21,870	\$ 24,183	\$ 60,252
Additions	6,918	-	-	-	6,918
Disposals	(687)	(128)	-	-	(815)
Effect of reductions due to business combination	(8,410)	-	-	-	(8,410)
Effect of foreign exchange rate changes	21	-	-	-	21
Balance at December 31, 2022	<u>\$ 11,913</u>	<u>\$ -</u>	<u>\$ 21,870</u>	<u>\$ 24,183</u>	<u>\$ 57,966</u>
<u>Accumulated amortization and impairment loss</u>					
Balance at January 1, 2022	\$ 5,716	\$ 128	\$ 4,509	\$ 13,080	\$ 23,433
Disposals	(687)	(128)	-	-	(815)
Amortization	5,508	-	2,430	-	7,938
Impairment loss	-	-	-	10,858	10,858
Effect of reductions due to business combination	(5,445)	-	-	-	(5,445)
Effect of foreign exchange rate changes	(4)	-	-	-	(4)
Balance at December 31, 2022	<u>\$ 5,088</u>	<u>\$ -</u>	<u>\$ 6,939</u>	<u>\$ 23,938</u>	<u>\$ 35,965</u>
Carrying amount at January 1, 2022	<u>\$ 8,355</u>	<u>\$ -</u>	<u>\$ 17,361</u>	<u>\$ 11,103</u>	<u>\$ 36,819</u>
Carrying amount at December 31, 2022	<u>\$ 6,825</u>	<u>\$ -</u>	<u>\$ 14,931</u>	<u>\$ 245</u>	<u>\$ 22,001</u>

Amortizations were accrued on a straight-line basis over the following estimated useful lives:

Computer software	1 to 10 years
Patents	3 years
Expertise	9 years

The intangible assets are not pledged as security for loans.

Please refer to Note 26 for the intangible assets acquired due to the business combination in 2023 of the Company.

The provision of impairment loss was \$10,858 thousand after the Company assessed the recoverable amount of goodwill, based on the annual discount rate of 12.59% for the year 2022 that was accrued based on the calculation of cash flows verified by the management's financial budget for the next five years. The above discount rate was based on the weighted average cost of capital (WACC) rate. Other key assumptions included estimated operating revenue and gross profit. These assumptions referred to past operating conditions of the CGUs and management's expectations of the market.

17. Borrowings

a. Short-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Unsecured borrowings</u>		
Bank loans	\$ 172,347	\$ 111,070
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Secured borrowings</u>		
Bank loans (Note 31)	11,125	6,082
	<u>\$ 183,472</u>	<u>\$ 117,152</u>

The interest rates of bank revolving loans were 2.03%~3.5% and 2.25%~6.8% as of December 31, 2023 and 2022, respectively.

b. Long-term borrowings

Creditors	December 31, 2023	December 31, 2022	Interest rate(%)	Repayment period and method
<u>Unsecured borrowings</u>				
Bank loans				
Taiwan Cooperative Bank	\$ 224	\$ -	2.095	Repayment grace period is 1 year. From July 5, 2024, repayment occurs monthly over 48 periods, with interest payments made monthly.
Taiwan Cooperative Bank	\$ 738	\$ -	2.095	Repayment grace period is 1 year. From July 5, 2024, repayment occurs monthly over 48 periods, with interest payments made monthly.
Taiwan Cooperative Bank	\$ 674	\$ -	2.095	Repayment grace period is 1 year. From July 5, 2024, repayment occurs monthly over 48 periods, with interest payments made monthly.
Taiwan Cooperative Bank	\$ 1,000	\$ -	2.75	Repayment grace period is 1 year. From January 28, 2024, repayment occurs monthly over 48 periods, with interest payments made monthly.
E.SUN Bank	\$ 100	\$ -	2.92	Repayment grace period is 1 year. From December 28, 2023, repayment occurs monthly over 48 periods, with interest payments made monthly.
<u>Secured borrowings(Note 31)</u>				
Bank loans				
Yushan Bank Dongguan Office	\$ -	\$ 10,590	3.84	From May 15, 2019, repayment amortized in 10 installments, per every 6 months. Principal repay 5% of the original loan amount in each of the first 9 installments, and repay the balance in the last installment. Interest is monthly basis.
Yushan Bank Dongguan Office	-	22,038	3.23	From August 15, 2019, repayment amortized in 10 installments, per every 6 months. Principal repay 5% of the original loan amount in each of the first 9 installments, and repay the balance in the last installment. Interest is monthly basis.
First Bank Hsinchu Branch	60,696	120,000	2.35	Repayment grace period is 24 months. From January 10, 2023, principal and interest are amortized in 24 installments according to annuity method.
First Bank Hsinchu Branch	25,290	50,000	2.35	Repayment grace period is 24 months. From January 28, 2023, principal and interest

Creditors	December 31, 2023	December 31, 2022	Interest rate(%)	Repayment period and method
First Bank Hsinchu Branch	31,578	47,000	2.35	are amortized in 24 installments according to annuity method. Repayment grace period is 24 months. From May 13, 2023, principal and interest are amortized in 24 installments according to annuity method.
First Bank Hsinchu Branch	61,429	70,000	2.35	Repayment grace period is 24 months. From October 2, 2023, principal and interest are amortized in 24 installments according to annuity method.
First Bank Hsinchu Branch	22,000	22,000	2.35	Repayment grace period is 24 months. From January 7, 2024, principal and interest are amortized in 24 installments according to annuity method.
Taiwan Cooperative Bank	2,954	-	2.095	Repayment grace period is 1 year. From July 5, 2024, repayment occurs monthly over 48 periods, with interest payments made monthly.
Taiwan Cooperative Bank	2,695	-	2.095	Repayment grace period is 1 year. From July 5, 2024, repayment occurs monthly over 48 periods, with interest payments made monthly.
Taiwan Cooperative Bank	2,017	-	2.095	Repayment grace period is 1 year. From July 5, 2024, repayment occurs monthly over 48 periods, with interest payments made monthly.
Taiwan Cooperative Bank	4,000	-	2.75	Repayment grace period is 1 year. From January 28, 2024, repayment occurs monthly over 48 periods, with interest payments made monthly.
E.SUN Bank	1,900	-	2.92	Repayment grace period is 1 year. From December 28, 2023, repayment occurs monthly over 48 periods, with interest payments made monthly.
TAIWAN BUSINESS BANK,LTD.	4,523	-	2.095	From July 20, 2023, repayment occurs monthly over 60 periods, with both interest and principal paid monthly.
Land Bank of Taiwan (Note)	2,578	-	2.63	From July 20, 2020, repayment occurs monthly over 60 periods. Interest is paid monthly from the 1 st period to the 24 th period. From the 25 th period to the 60 th period, both principal and interest are amortized equally over each period.
Land Bank of Taiwan (Note)	645	-	2.63	From July 20, 2020, repayment occurs monthly over 60 periods. Interest is paid monthly from the 1 st period to the 24 th period. From the 25 th period to the 60 th period, both principal and interest are amortized equally over each period.
	225,041	341,628		
Less: Current portion	(161,024)	(112,847)		
Long-term borrowings	\$ 64,017	\$ 228,781		

Note: The loan pertains to SCube Technologies Co., Ltd., which is a subsidiary included in the Company.

18. Post-employment benefit plans

a. Defined contribution plans

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

b. Defined benefit plans

The defined benefit plan adopted by the Company and domestic subsidiaries in accordance with the Labor Standards Law is operated by the government. 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% of total monthly salaries and wages 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 consolidated balance sheets in respect of the Company’s defined benefit plans were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	\$ 20,305	\$ 23,306
Fair value of plan assets	(<u>16,945</u>)	(<u>19,002</u>)
Net defined benefit liabilities	<u>\$ 3,360</u>	<u>\$ 4,304</u>

Movements in net defined benefit liabilities (assets) were as follows:

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities (assets)</u>
Balance at January 1, 2022	\$ 42,388	(\$ 30,186)	\$ 12,202
Service cost			
Interest expenses (income)	<u>255</u>	(<u>178</u>)	<u>77</u>
Recognized in profit or loss	<u>255</u>	(<u>178</u>)	<u>77</u>
Benefit paid	(<u>14,185</u>)	<u>14,185</u>	<u>-</u>
Remeasurements			
Actuarial loss (benefit)			
-Changes in demographic hypothesis	815	-	815
-Changes in financial assumptions	(3,469)	-	(3,469)
-Experience adjustments	<u>194</u>	(<u>2,296</u>)	(<u>2,102</u>)
Recognized in other comprehensive loss (income)	(<u>2,460</u>)	(<u>2,296</u>)	(<u>4,756</u>)
Contributions from the employer	-	(527)	(527)
Disposal of subsidiaries	(<u>2,692</u>)	<u>-</u>	(<u>2,692</u>)
Balance at December 31, 2022	<u>23,306</u>	(<u>19,002</u>)	<u>4,304</u>
Service cost			
Interest expenses (income)	<u>375</u>	(<u>305</u>)	<u>70</u>
Recognized in profit or loss	<u>375</u>	(<u>305</u>)	<u>70</u>
Benefit paid	(<u>2,912</u>)	<u>2,912</u>	<u>-</u>
Remeasurements			
Actuarial loss (benefit)			
-Changes in financial assumptions	675	-	675
-Experience adjustments	(<u>1,139</u>)	(<u>70</u>)	(<u>1,209</u>)
Recognized in other comprehensive loss (income)	(<u>464</u>)	(<u>70</u>)	(<u>534</u>)
Contributions from the employer	<u>-</u>	(<u>480</u>)	(<u>480</u>)
Balance at December 31, 2023	<u>\$ 20,305</u>	(<u>\$ 16,945</u>)	<u>\$ 3,360</u>

Through the defined benefit plans under the Labor Standards Law, 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 rate risk: The decrease in interest rates on government bonds will increase the current value of the defined benefit obligation, but the return on investment in plan assets will also increase, which will have a partially offsetting effect on the net defined benefit obligation.
- 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:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.29%	1.61%
Expected rate of salary increase	3.00%	3.00%

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:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate		
0.5% increase	(<u>\$ 1,043</u>)	(<u>\$ 1,398</u>)
0.5% decrease	<u>\$ 1,116</u>	<u>\$ 1,508</u>
Expected rate of salary increase		
0.5% increase	<u>\$ 2,246</u>	<u>\$ 3,058</u>
0.5% decrease	(<u>\$ 2,007</u>)	(<u>\$ 2,677</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.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Expected contributions to the plan for the next year	<u>\$ 17,615</u>	<u>\$ 20,460</u>
Average duration of the defined benefit obligation	11 years	12 years

19. Equity

a. Share capital Ordinary shares

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Authorized shares (in thousands)	<u>300,000</u>	<u>300,000</u>
Authorized capital	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
Issued and fully paid shares (in thousands)	<u>114,975</u>	<u>118,742</u>
Issued capital	<u>\$ 1,149,749</u>	<u>\$ 1,187,419</u>

As of December 31, 2023 and 2022, the number of shares authorized were 300,000 thousand shares with a par value of \$10 per share, carry one vote per share and the right to receive dividends. Among the shares authorized, there were 30,000 thousand shares reserved for the issuance of employee share option certificates.

The relevant information regarding the issuance of common shares through private placement and the pending public offering is as follows:

	<u>1st, 2021</u>
The Shareholder meetings resolution date	2021.11.02
Private placement base date	2021.11.30
	<u>1st, 2021</u>
Number of shares (in thousands)	16,300
Face value (in NTD)	10
Subscription price (in NTD)	24
Total amount of private placement (in thousands of NTD)	391,200

Besides the above-mentioned private placement of ordinary shares which are subject to restrictions on circulation and transfer in accordance with the Securities and Exchange Act, and can only be listed and traded after 3 years from the delivery date and retroactive handling for publicly issuance, the rights and obligations of private placement are the same as those of public companies which issue ordinary shares.

b. Capital surplus

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Additional paid-in capital	\$165,659	\$216,811
From merger	78,174	78,174
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	40,907	40,907
<u>May be used to offset a deficit only</u>		
Changes in ownership interests in subsidiaries	27,192	168,773
Employee share option	125,177	95,908
<u>May not be used for any purpose</u>		
Employee share option	-	17,640
	<u>\$437,109</u>	<u>\$618,213</u>

Note: 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 capital surplus and to once a year).

c. Retained earnings and dividend policy

Under the Company's dividend policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors, refer to compensation of employees and remuneration of directors in Note 21(9).

Dividends to shareholders can be distributed in cash or shares, of which the cash portion of dividends shall not less than 10% of the distribution. The dividend policy is proposed by the Board of Directors every year according to law, and submitted to the shareholders' meeting for resolution, subject to factors such as Company's current and future investment environment, capital demand, domestic and foreign competition conditions and capital demand budgets, as well as shareholders' interests, balancing dividends and the Company's long-term financial planning.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. 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.

The special reserve shall be allocated from the cumulative net amount of other deductions from equity in the preceding period and the cumulative net amount of increase in investment property fair value in the preceding period. If there remains any insufficiency, allocate it 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.

The Company resolved to distribute earnings and capital surplus for the years 2022 and 2021 at the Shareholders' Meetings held on June 21, 2023 and June 22, 2022, the distributions were as follows:

	For the year ended December 31	
	2022	2021
Legal reserve	<u>\$ 24,397</u>	<u>\$ -</u>
Reversal of special reserve	<u>(\$ 15,364)</u>	<u>(\$135,176)</u>
Cash dividends distributed from earnings	<u>\$ 68,586</u>	<u>\$ -</u>
Cash distributed from capital surplus	<u>\$ 45,724</u>	<u>\$ 22,413</u>
Cash dividends per share (NT\$)	<u>\$0.99925</u>	<u>\$0.19992</u>

Note: The total numbers of ordinary shares outstanding were affected due to the repurchase of company shares and the transfer of treasury shares to employees. The cash distribution from capital surplus in 2022 and 2021 was adjusted from \$1 per share to \$0.99925 and \$0.2 per share to \$0.19992, respectively.

The appropriations of earnings and capital surplus in cash for 2023 were proposed by the Board of Directors on March 11, 2024:

	For the year ended December 31, 2023
Reversal of special reserve	<u>(\$ 83,947)</u>
Cash dividends distributed from earnings	<u>\$ 68,365</u>
Cash distributed from capital surplus	<u>\$ 45,576</u>

Cash dividends per share (NT\$) \$ 1

The appropriations of earnings and capital surplus in cash for 2023 are subject to the resolution of the shareholders' meeting to be held on June 19, 2024.

d. Special reserve

	For the year ended December 31	
	2023	2022
Balance at January 1	\$235,388	\$370,564
Reversal of special reserve		
	For the year ended December 31	
	2023	2022
Reversal of in respect of debits to other equity items	(15,364)	(135,176)
Balance at December 31	<u>\$220,024</u>	<u>\$235,388</u>

As of December 31, 2023 and 2022, the special reserves both were \$10,948 thousand and \$10,948 thousand for the first time using IFRSs.

The reversal amount of special reserve in 2023 refers to the part of the special reserve accrued for the difference between the market price of the parent Company's shares held by the subsidiaries and the carrying amount based on the shareholding ratio, the reduction in exchange losses from the financial statements of overseas operating entities for the current period, net of the increase in unrealized losses on financial assets, is deducted. The reversal amount of special reserve in 2022 refers to the part of the special reserve accrued for the difference between the market price of the parent Company's shares held by the subsidiaries and the carrying amount based on the shareholding ratio, and the net amount which the rise of market price in the current period and the reduction in the unrealized loss of financial assets deduct the increase amount of exchange losses from exchange differences on translation of foreign financial statements.

e. Other equity

1) Exchange differences on translating the financial statements of foreign operations

	For the year ended December 31	
	2023	2022
Balance at January 1	(\$ 45,213)	(\$ 75,996)
Exchange differences on translating the financial statements of foreign operations	11,949	30,642
Derecognition of subsidiaries	-	141
Balance at December 31	<u>(\$ 33,264)</u>	<u>(\$ 45,213)</u>

2) Unrealized gains or losses of financial assets measured at FVTOCI

	For the year ended December 31	
	2023	2022
Balance at January 1	(\$166,653)	(\$160,354)
Recognized for the year		
Unrealized (losses) gains from Equity instruments	22,389	(6,299)
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	<u>44,478</u>	<u>-</u>
Balance at December 31	<u>(\$ 99,786)</u>	<u>(\$166,653)</u>

3) Others

	For the year ended December 31	
	2023	2022
Balance at January 1	\$ -	(\$ 9,514)
Derecognition of subsidiaries	-	9,514
Balance at December 31	<u>\$ -</u>	<u>\$ -</u>

f. Non-controlling interests

	For the year ended December 31	
	2023	2022
Balance at January 1	\$ 56,904	\$322,754
Net profit (Loss) for the year	853	16,559
Other comprehensive income of the year		
Remeasurements of defined benefit plan	-	(10)
Exchange differences on translating the financial statements of foreign operations	256	8,791
Share-based payment transaction	-	251
Derecognition of subsidiaries (Note 25)	-	(173,796)
Changes in ownership interests in subsidiaries	141,581	(419,048)
Non-controlling interests increase (decrease)	(120,579)	298,403
Balance at December 31	<u>\$ 79,015</u>	<u>\$ 56,904</u>

Changes in ownership interests in subsidiaries for the year ended December 31, 2023

In January 2023, Shanghai Infinet Technology Co., Ltd. had a repurchase of equity stake in Hefei Spirox Technology Co., Ltd. from shareholders, resulting in an increase in the shareholding ratio from 91.73% to 100%. Since it did not affect the Company's control over the subsidiary, it was handled as an equity transaction. The changes were as follows:

Cash capital increase from non-controlling interests	<u>Amount</u> (\$154,364)
The carrying amount of subsidiaries' net assets to be calculated the amount to be transferred out of non-controlling interest based on changes in relative equity	<u>10,357</u>
Equity transactions differences	<u>(\$144,107)</u>

In February 2023, Spirox Cayman Corporation bought back the shares of Bright Future Cayman Limited held by resigned employees, resulting in an increase in the shareholding ratio from 87.08% to 87.22%. Since it did not affect the Company's control over the subsidiary, it was handled as an equity transaction. The changes were as follows:

Cash capital increase from non-controlling interests	<u>Amount</u> (\$ 455)
The carrying amount of subsidiaries' net assets to be calculated the amount to be transferred out of non-controlling interest based on changes in relative equity	<u>509</u>
Equity transactions differences	<u>\$ 54</u>

On March 15, 2023, Spirox Cayman Corporation did not proportionally participate in the cash capital decrease of Bright Future Cayman Limited, resulting in an increase in the shareholding ratio

from 87.22% to 100%. Since it did not affect the Company's control over the subsidiary, it was handled as an equity transaction. The changes were as follows:

	<u>Amount</u>
Cash capital increase from non-controlling interests	(\$ 43,735)
The carrying amount of subsidiaries' net assets to be calculated the amount to be transferred out of non-controlling interest based on changes in relative equity	<u>46,207</u>
Equity transactions differences	<u>\$ 2,472</u>

The equity transaction for the year ended December 31, 2023 decreased \$141,581 thousand for capital surplus-changes in ownership interests in subsidiaries.

Changes in ownership interests in subsidiaries for the year ended December 31, 2022

In January 2022, Shanghai Infinet Technology Co., Ltd. did not proportionally participate in the cash capital increase of Hefei Spirox Technology Co., Ltd., resulting in a decrease in the shareholding ratio from 98% to 91.73%. Since it did not affect the Company's control over the subsidiary, it was handled as an equity transaction. The changes were as follows:

	<u>Amount</u>
Cash capital increase from non-controlling interests	\$142,047
The carrying amount of subsidiaries' net assets to be calculated the amount to be transferred out of non-controlling interest based on changes in relative equity	(<u>11,956</u>)
Equity transactions differences	<u>\$130,091</u>

In April 2022, Bright Future Cayman Limited did not proportionally participate in the cash capital increase of VESP Technology Co., Ltd., resulting in a decrease in the shareholding ratio from 100% to 75.59%. Since it did not affect the Company's control over the subsidiary, it was handled as an equity transaction. The changes were as follows:

	<u>Amount</u>
Cash capital increase from non-controlling interests	\$142,006
Advance receipts for ordinary share recognized on December 31, 2021	170,049
The carrying amount of subsidiaries' net assets to be calculated the amount to be transferred out of non-controlling interest based on changes in relative equity	(<u>72,516</u>)
Equity transactions differences	<u>\$239,539</u>

In June 2022, Bright Future Cayman Limited completed the amendment registration of employee share purchase, which caused the shareholding ratio of Spirox Cayman Corporation to drop from 100% to 80.77%. In addition, Bright Future Cayman Limited handled the non-proportional cash capital increase on June 14, 2022, and Spirox Cayman Corporation did not proportionally participate in it, resulting in an increase in the shareholding ratio from 80.77% to 86.82%. Since it did not affect the Company's control over the subsidiary, it was handled as an equity transaction. The changes were as follows:

	<u>Amount</u>
Cash capital increase from non-controlling interests	\$ 15,165
Advance receipts for ordinary share recognized on December 31, 2021	26,292
The carrying amount of subsidiaries' net assets to be calculated the amount to be transferred out of non-controlling interest based on changes in relative equity	(<u>25,878</u>)
Equity transactions differences	<u>\$ 15,579</u>

In October 2022, Spirox Cayman Corporation bought back the shares of Bright Future Cayman Limited held by resigned employees, resulting in an increase in the shareholding ratio from 86.82%

to 87.08%. Since it did not affect the Company's control over the subsidiary, it was handled as an equity transaction. The changes were as follows:

	<u>Amount</u>
Cash consideration received from non-controlling interests	(\$ 815)
The carrying amount of subsidiaries' net assets to be calculated the amount to be transferred out of non-controlling interest based on changes in relative equity	<u>456</u>
Equity transaction difference	(<u>\$ 359</u>)

Due to the above-mentioned changes in shareholding ratio, Spirox Cayman Corporation adjusted the recognition of effects of investment accounted for using equity method that was not held at proportionate shareholding ratio. The recognition of an increase in changes in ownership equity of subsidiaries was \$31,198 thousand.

The equity transaction for the year ended December 31, 2022 increased \$416,048 thousand for capital surplus-changes in ownership interests in subsidiaries.

g. Treasury shares

1) Reasons and quantities of shares reacquired:

		<u>December 31, 2023</u>	
<u>Reacquired from</u>	<u>Purpose of reacquired</u>	<u>Shares (in thousands)</u>	<u>Amount</u>
The Company	For transferring shares to employees	551	\$ 21,230
HIBON INVESTMENT CORPORATION	Subsidiary held shares of the Company	<u>355</u>	<u>16,944</u>
		<u>906</u>	<u>\$ 38,174</u>

Note: The initial number of shares was 4,917 thousand shares, increased by the purchase of 551 thousand shares during the period, decreased by the transfer of 1,150 thousand shares to employees, and canceled 3,767 thousand shares.

		<u>December 31, 2022</u>	
<u>Reacquired from</u>	<u>Purpose of reacquired</u>	<u>Shares (in thousands)</u>	<u>Amount</u>
The Company	For transferring shares to employees	4,917	\$ 131,593
HIBON INVESTMENT CORPORATION	Subsidiary held shares of the Company	<u>355</u>	<u>16,944</u>
		<u>5,272</u>	<u>\$ 148,537</u>

- 2) According to the Securities and Exchange Act, the number of shares bought back may not exceed 10% of the total number of issued and outstanding shares of the Company. The total amount of the shares bought back may not exceed the amount of retained earnings plus premium on capital shares plus realized capital surplus.
- 3) The treasury shares held by the Company shall not be pledged in accordance with the Securities and Exchange Act, nor shall they be entitled to dividend distributions and voting rights. Shares of the Company held by the subsidiaries are treated as treasury shares, except that they cannot participate in the Company's cash capital increase and have no voting rights; they enjoy the same rights as ordinary shareholders.
- 4) According to the Securities and Exchange Act, the shares bought back by the Company for transferring shares to employees shall be transferred within 3 years from the date of buyback. The shares not transferred within the said time limit shall be deemed as not issued by the Company, and amendment registration for the shares cancelling shall be processed. Where the buyback was required to maintain the Company's credit and shareholders' rights and interests, the shares so purchased shall be cancelled and the amendment registration shall be affected within 6 months from the date of buyback. The Board of Directors resolved on May 12, 2020 to amend the time limit set out in Article 3 of the "procedures of transferring shares to employees for the first time buyback in 2018" from 3 years to 5 years in accordance with Article 28-2 of the Securities and Exchange Act amended on June 21, 2019.

- 5) The 8,000 thousand treasury shares of the Company's sixth buyback, up to December 28, 2023, a total of 4,233 thousand shares have been transferred in batches. The remaining 3,767 thousand shares reached the five-year mark on December 27, 2023. Pursuant to the Board Resolution on December 13, 2023, the Company established December 28, 2023, as the reduction of capital reference date. The share cancellation was completed on January 22, 2024. The breakdown of the partial were transferred in installments as follows:
 For the first transfer to employees, the total of 1,035 thousand shares were transferred with an amount of \$27,697 thousand, and the subscription base date was set as July 28, 2020. (The treasury shares transferred as employees share option was completed on July 28, 2020.)
 For the second transfer to employees, the total of 140 thousand shares were transferred with an amount of \$3,746 thousand, and the subscription base date was set as February 1, 2021.
 For the third transfer to employees, the total of 45 thousand shares were transferred with an amount of \$1,204 thousand, and the subscription base date was set as March 26, 2021.
 For the fourth transfer to employees, the total of 55 thousand shares were transferred with an amount of \$1,472 thousand, and the subscription base date was set as August 13, 2021.
 For the fifth transfer to employees, the total of 46 shares were transferred with an amount of \$1,231 thousand, and the subscription base date was set as January 21, 2022.
 For the sixth transfer to employees, the total of 47 thousand shares were transferred with an amount of \$1,258 thousand, and the subscription base date was set as March 24, 2022.
 For the seventh transfer to employees, the total of 695 thousand shares were transferred with an amount of \$18,598 thousand, and the subscription base date was set as August 11, 2022.
 For the eighth transfer to employees, the total of 1,020 thousand shares were transferred with an amount of \$27,295 thousand, and the subscription base date was set as November 9, 2022.
 For the ninth transfer to employees, the total of 485 thousand shares were transferred with an amount of \$12,979 thousand, and the subscription base date was set as January 12, 2023.
 For the tenth transfer to employees, the total of 120 thousand shares were transferred with an amount of \$3,211 thousand, and the subscription base date was set as March 24, 2023.
 For the eleventh transfer to employees, the total of 120 thousand shares were transferred with an amount of \$3,211 thousand, and the subscription base date was set as August 10, 2023.
 For the twelfth transfer to employees, which were conducted in two installments, 375 thousand shares and 50 thousand shares were transferred with an amount of \$10,035 thousand and \$1,338 thousand, and the subscription base date was set as November 9 and December 14, 2023.
- 6) On February 21, 2023, the Board of Directors of the Company resolved to repurchase treasury shares for the eighth time to transfer shares to employees. In the second quarter of 2023, 34 thousand shares were repurchased for an amount of NTD 985 thousand.
- 7) On December 13, 2023, the Board of Directors of the Company resolved to repurchase treasury shares for the ninth time to transfer shares to employees. In the fourth quarter of 2023, 517 thousand shares were repurchased for an amount of NTD 20,245 thousand.
- 8) The subsidiary, HIBON INVESTMENT CORPORATION held 355 thousand shares of the Company's share on December 31, 2023 and 2022, and the average book value per share were \$47.73, respectively. The shares were registered as treasury shares, and the fair value of each share was \$39.20 and \$24.75, respectively.

20. Operating revenue

	For the year ended December 31	
	2023	2022
Revenue from contracts with customers		
Sales revenue	\$ 1,254,716	\$ 1,644,002
Service revenue	64,046	250,192
Repair and maintenance revenue	23,362	19,159
Other operating revenue	591	1,292
	<u>\$ 1,342,715</u>	<u>\$ 1,914,645</u>

The revenue of the Company comes from sales revenue transferred at a certain point in time and service and repair and maintenance revenue gradually transferred over time.

a. Contract balances

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Contract liability-current	<u>\$ 83,173</u>	<u>\$ 94,669</u>

Changes in contract liabilities are primarily attributable to differences in the timing of satisfaction of performance obligations and the timing of payment by customers.

b. Disaggregation of revenue

<u>By region</u>	<u>For the year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Taiwan	\$ 283,923	\$ 314,693
China	1,041,236	1,572,432
Others	<u>17,556</u>	<u>27,520</u>
	<u>\$ 1,342,715</u>	<u>\$ 1,914,645</u>

c. Revenue of products

	<u>For the year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Semiconductor equipment	\$ 1,254,716	\$ 1,644,002
Service revenue	64,046	250,192
Repair and maintenance revenue	23,362	19,159
Other operating revenue	<u>591</u>	<u>1,292</u>
	<u>\$ 1,342,715</u>	<u>\$ 1,914,645</u>

21. Net profit for the continuing operations

a. Other operating income and expenses, net

	<u>For the year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Gains on disposal of property, plant and equipment	(\$ 1,580)	\$ 2,046
Losses (gains) on lease modification	<u>21</u>	(<u>269</u>)
	<u>(\$ 1,559)</u>	<u>\$ 1,777</u>

b. Interest income

	<u>For the year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Bank deposits	\$ 31,818	\$ 7,192
Other interest income	<u>838</u>	<u>11,268</u>
	<u>\$ 32,656</u>	<u>\$ 18,460</u>

c. Other income

	<u>For the year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Rent income	\$ 12,271	\$ 10,597
Dividend revenue	1,907	1,103
Government grants	3,478	17,682
Other income	<u>1,039</u>	<u>15,783</u>
	<u>\$ 18,695</u>	<u>\$ 45,165</u>

d. Other gains or losses

	For the year ended December 31	
	2023	2022
Gains on financial assets at FVTPL, net	\$ 142,135	\$ 234,266
Net foreign exchange gain (loss)	(30,179)	5,918
Miscellaneous expenses	(6,354)	(1,345)
Net profit of derecognition of subsidiaries and disposal group held for sale (Note 13 and 25)	-	472,109
Impairment loss	-	(10,858)
	<u>\$ 105,602</u>	<u>\$ 700,090</u>

e. Financial costs

	For the year ended December 31	
	2023	2022
Interest expenses		
Bank loans	\$ 9,891	\$ 24,092
Lease liabilities	525	1,704
	<u>\$ 10,416</u>	<u>\$ 25,796</u>

f. Depreciation and amortization

	For the year ended December 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	\$ 436	\$ 151,649
Operating expenses	36,089	53,400
	<u>\$ 36,525</u>	<u>\$ 205,049</u>
An analysis of amortization by function		
Operating costs	\$ -	\$ 1,455
Operating expenses	6,542	6,476
	<u>\$ 6,542</u>	<u>\$ 7,931</u>

g. Research and development expenditures recognized as expenses as incurred

	For the year ended December 31	
	2023	2022
Research and development expenses	<u>\$ 44,529</u>	<u>\$ 58,715</u>

h. Employee benefit expenses

	For the year ended December 31	
	2023	2022
Post-employment benefits		
Defined contribution plans	\$ 8,054	\$ 11,305
Defined benefit plans (Note 18)	70	77
Other employee benefits	286,450	509,121
	<u>\$ 294,574</u>	<u>\$ 520,503</u>
Summary by function		
Operating costs	\$ 17,854	\$ 115,010
Operating expenses	276,719	405,493
	<u>\$ 294,573</u>	<u>\$ 520,503</u>

i. Compensation of employees and remuneration of director

In accordance with the Company's Articles of Incorporation, the Company allocates no less than 2% and no higher than 5% for the distributions of compensation to employees and remuneration to directors, respectively, from the balance after deducting the cumulative losses depends on the condition of current year benefit. The recipients of cash or share distributions for employees' compensation include employees of affiliated companies who meet certain criteria. 2023 and 2022 employees' compensation and directors' remunerations were resolved by the Board of Directors on March 11, 2024 and March 23, 2023, respectively. The resolutions were as follows:

	For the year ended December 31	
	2023	2022
Compensation of employees	\$ -	\$ 11,982
Remuneration of directors	-	-

If there is any change in the amount after the adoption of the annual consolidated financial statements, the change in accounting estimate will be adjusted and recorded in the following year.

The Company held a board meeting on March 23, 2023, where the actual distribution amounts for employee remuneration and director remuneration were consistent with the recognized amounts in the annual consolidated financial statements. The Company held board meetings on March 23, 2022, to decide not to allocate remunerations to employees and directors, and the annual financial report did not recognize the relevant amount.

	For the year ended December 31			
	2022		2021	
	Compensation of employees	Remuneration of directors	Compensation of employees	Remuneration of directors
Amount to be distributed resolved by the board of directors	\$ 11,982	\$ -	\$ -	\$ -
Amount recognized in annual financial statements	\$ 11,982	\$ -	\$ -	\$ -

Information on compensation of employees and remuneration of directors resolved by the Company's board of directors in 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

22. Income tax for the continuing operations

a. Income tax recognized in profit or loss

Major components of tax expense recognized are as follows:

	For the year ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 14,161	\$ 3,352
Adjustments for prior year	(7)	780
	14,154	4,132
Deferred tax		
In respect of the current year	(3,933)	49,423
Income tax expense recognized in profit or loss	\$ 10,221	\$ 53,555

A reconciliation of accounting profit and income tax expense and the applicable tax rate is as follows:

	For the year ended December 31	
	2023	2022
Profit (loss) before tax for continuing operations	(\$ 45,011)	\$ 317,099
Tax expense (income) calculated at statutory rate (Note)	\$ 18,504	\$ 48,731
Nondeductible expenses in determining taxable income	12,546	(33,558)
Unrecognized loss carryforwards and deductible temporary differences	(27,825)	34,256
Additional levy on undistributed earnings	3,311	-
Adjustments for prior years	(10)	780
Tax effects of payment of foreign tax credit	<u>3,695</u>	<u>3,346</u>
Income tax expense recognized in profit or loss	<u>\$ 10,221</u>	<u>\$ 53,555</u>

Note: The applicable tax rate is based on calculation of the applicable income tax rate of the relevant National income.

b. Income tax expense (income) recognized in other comprehensive income

	For the year ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year		
- Remeasurement of defined benefit plan	(\$ 107)	(\$ 952)
- Translation of foreign operations	(<u>2,987</u>)	(<u>5,873</u>)
	(<u>\$ 3,094</u>)	(<u>\$ 6,825</u>)

c. Current tax assets and liabilities

	December 31, 2023	December 31, 2022
Current tax assets		
Tax refund receivable	<u>\$ 1,358</u>	<u>\$ 768</u>
Current tax liabilities	<u>\$ 9,933</u>	<u>\$ 3,137</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2023

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference	Disposal of subsidiaries	Ending balance
<u>Deferred tax assets</u>						
Temporary differences						
Unrealized exchange loss	\$ 1,044	(\$ 1,024)	\$ -	\$ 16	\$ -	\$ 36
Unrealized gross profit	144	(144)	-	-	-	-
Leave payable	-	87	-	-	-	87
Provision for inventory market price decline and obsolete and slow-moving inventories	-	1,353	-	-	-	1,353
Exchange differences on translation of foreign operations	10,808	-	(2,987)	-	-	7,821
Loss carryforwards	-	4,921	-	-	4,368	9,289
	<u>\$ 11,996</u>	<u>\$ 5,193</u>	<u>(\$ 2,987)</u>	<u>\$ 16</u>	<u>\$ 4,368</u>	<u>\$ 18,586</u>
<u>Deferred tax liabilities</u>						
Temporary differences						
Gains on foreign investments accounted for using equity method	\$126,424	\$ 7,134	\$ -	\$ -	\$ -	\$ 133,558
Acquisition from business combination	2,986	(702)	-	-	8,412	10,696
Defined retirement benefit plans	7,991	82	107	-	-	8,180
Unrealized exchange income	5,254	(5,254)	-	-	-	-
	<u>\$142,655</u>	<u>\$ 1,260</u>	<u>\$ 107</u>	<u>\$ -</u>	<u>\$ 8,412</u>	<u>\$ 152,434</u>

For the year ended December 31, 2022

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference	Disposal of subsidiaries	Ending balance
<u>Deferred tax assets</u>						
Temporary differences						
Unrealized						
exchange loss	\$ 6,573	(\$ 5,853)	\$ -	\$ 324	\$ -	\$ 1,044
Leave payable	110	47	-	-	(157)	-
Severance pay payable	-	490	-	-	(490)	-
Unrealized gross profit	385	(241)	-	-	-	144
Defined retirement benefit plans	337	-	7	-	(344)	-
Exchange differences on translation of foreign operations						
	16,681	-	(5,873)	-	-	10,808
	<u>\$ 24,086</u>	<u>(\$ 5,557)</u>	<u>(\$ 5,866)</u>	<u>\$ 324</u>	<u>(\$ 991)</u>	<u>\$ 11,996</u>
<u>Deferred tax liabilities</u>						
Temporary differences						
Gains on foreign investments accounted for using equity method						
	\$ 88,921	\$ 37,503	\$ -	\$ -	\$ -	\$ 126,424
Acquisition from business combination						
	3,472	(486)	-	-	-	2,986
Defined retirement benefit plans						
	7,104	94	959	-	(166)	7,991
Unrealized exchange income						
	-	6,755	-	-	(1,501)	5,254
	<u>\$ 99,497</u>	<u>\$ 43,866</u>	<u>\$ 959</u>	<u>\$ -</u>	<u>(\$ 1,667)</u>	<u>\$ 142,655</u>

- e. Unrecognized deductible temporary differences of deferred tax assets in the consolidated balance sheets

	December 31, 2023	December 31, 2022
Deductible temporary differences	<u>\$ 57,317</u>	<u>\$ 73,536</u>

- f. Income tax assessments

The income tax returns of the Company through 2021 and its subsidiaries in Taiwan through 2021 have been assessed by the tax authorities.

23. Earnings per share

Unit: NT\$ per share

	For the year ended December 31	
	2023	2022
Basic earnings (loss) per share		
From continuing operations	(\$ 0.49)	\$ 2.17
From discontinued operations	\$ -	(\$ 0.03)
Total basic earnings (loss) per share	(<u>\$ 0.49</u>)	<u>\$ 2.14</u>
Diluted earnings (loss) per share		
From continuing operations	(\$ 0.49)	(\$ 3.71)
From discontinued operations	\$ -	<u>\$ 0.01</u>
Total diluted earnings (loss) per share	(<u>\$ 0.49</u>)	(<u>\$ 3.70</u>)

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share for the continuing operations were as follows:

Net profit (loss) for the year

	For the year ended December 31	
	2023	2022
Net profit (loss) attributable to the Company's owners	(\$ 56,085)	\$ 240,156
Less: Gains of discontinued operations used in the computation of basic earnings per share	-	(<u>3,007</u>)
Net profit (loss) of continuing operations used in the computation of basic earnings per share	(56,085)	243,163
Effect of dilutive potential ordinary shares	-	-
Net profit (loss) of continuing operations used in the computation of diluted earnings per share	(<u>\$ 56,085</u>)	<u>\$ 243,163</u>

The weighted average number of ordinary shares outstanding (in thousand shares) was as follow:

	For the year ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	114,060	112,086
Effect of potentially dilutive ordinary shares:		
Compensation to employees	<u>94</u>	<u>484</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>114,154</u>	<u>112,570</u>

If the Company has the option to pay employees in shares or cash, the calculation of diluted earnings per share assumes that employee compensation will be paid in shares and is included in the weighted-average number of ordinary shares outstanding for the purpose of calculating diluted earnings per share when the potential ordinary shares have a dilutive effect. The dilutive effect of these potential ordinary shares will continue to be considered in the calculation of diluted earnings per share prior to the issuance of employee compensation shares in the following year.

24. Share-based payment arrangements

a. Share option plan of the Company

In order to attract and retain professional talents demanded, and to bring employees together and feel a sense of belonging to the Company, the Company and its subsidiary, VESP Technology Corporation ("VESP Corp.") offered a total of 2,960 thousand units and 6,387 thousand units of employee share option on January 12, 2022 and April 1, 2020, respectively, to jointly create corporate interests. In addition, to jointly create the interests of the Company and shareholders with the strategic partners and professionals needed for the business operation of VESP Corp. and its affiliated enterprises, there were 450 thousand units and 811 thousand units of share option provided for specific individuals as an incentive mechanism.

Each unit of share option can subscribe for one ordinary share of the subsidiary, Bright Future Cayman Limited ("BF Limited"), and the subscription price is RMB 1 per share. The lifetime of the share option is 0.112 year and 0.072 year, respectively.

According to the employee share subscription method and related contracts, employees shall maintain their employment status of the Company and its subsidiaries within 3 years from the signing date and gradually vest during the employment. If an employee loses his/her status as an employee, the employee shall compensate 1.5 times the total subscription price, and the amount of compensation shall be the shares of BF Limited held by him/her to be purchased by Spirox Cayman Corporation, the shareholder of BF Limited, at the original contract price as subscription price. From the capital increase base date, any share subscribed by the employees shall not be transferred within 2 years. In addition, under certain conditions, employees may request Spirox Cayman Corporation to purchase the shares of BF Limited held by them.

According to the employee share subscription method and related contracts signed with the specific person, this person must aggressively contribute to knowledge or technique required for the business operation of VESP Corp. and its affiliated enterprises within 3 years from the signing date, and this person agrees to this statement that will be fully determined by VESP Corp. If this person violates the contracts, he/she shall compensate 1.5 times the total subscription price, and the amount of compensation shall be the shares of BF Limited held by him/her to be purchased by Spirox Cayman Corporation, the shareholder of BF Limited, at the original contract price as subscription price. From the capital increase base date, any share subscribed by the person shall not be transferred within 2 years. In addition, under certain conditions, the specific person may request Spirox Cayman Corporation to purchase the shares of BF Limited held by him/her.

The relevant information of share option are as follows:

Share option	For the year ended December 31, 2023		For the year ended December 31, 2022	
	Number of options (in thousands)	Weighted- average exercise price (RMB)	Number of options (in thousands)	Weighted- average exercise price (RMB)
Beginning balance	9,993	\$ 1	7,198	\$ 1
Granted	-	1	3,410	1
Vested	(9,993)	-	-	-
Expired	-	-	(615)	-
Ending balance	-	-	9,993	-
Weighted-average fair value of share option granted (RMB)	\$ 0.075~0.079		\$ 0.075~0.079	

The Company uses the Binomial Option Pricing Model ("CRR model") for the subscription of shares granted on January 12, 2022 and April 1, 2020, respectively. The input values used in the CRR model are as follows:

	<u>January 12, 2022</u>	<u>April 1, 2020</u>
Lifetime (Year)	0.112	0.072
Risk-free interest rate	2.00%	1.41%
Expected volatility	25.77%	39.58%
Expected dividend yield	-	-
Strike price (RMB)	1.000	1.000
Current price (RMB)	1.065	1.052
Fair value of share option (RMB)	0.079	0.075

The weighted-average values of the share option are RMB 0.079 and RMB 0.075 per unit, respectively. The compensation costs recognized in 2022 were \$3,581 thousand.

b. Share option plan of the employee

The Company signed a treasury share transfer contract (seniority plan) with the employees of the Company and its subsidiary, Jetek Technology Corp., and signed a treasury share transfer contract (performance achievement plan) with the employees of the Company in October 2020. According to the treasury share transfer method and related contracts, the main terms are as follows:

1) Seniority plan

The contract stipulates that the total number of shares to be subscribed is 4,410 thousand shares, and the number of shares to be subscribed shall be submitted within the aforesaid total number of shares on seven specific dates agreed in the contract. The subscription price is based on NT\$27 per share or the employee's subscription price of treasury shares approved by the board of directors and the shareholders' meeting, whichever is lower. The employee must maintain the current employment status of the Company and its subsidiaries by December 31, 2022; if the employment identity is lost, the employee shall compensate the Company for the number of shares subscribed multiplied by \$10. The share options for the treasury shares transferred to employees were fully exercised on March 31, 2023.

As of the audit report date, the employee share option plan has offered 7 times subscription of treasury shares, and the information is as follows:

<u>Approved by Board of Directors</u>	<u>Base date of subscription</u>	<u>Shares subscribed</u>
2021.01.29	2021.02.01	140
2021.03.25	2021.03.26	65
2021.08.11	2021.08.13	55
2022.01.20	2022.01.21	46
2022.03.23	2022.03.24	34
2022.08.10	2022.08.11	660
2022.11.08	2022.11.09	1,020

2) Performance achievement plan

The contract stipulates that the total number of shares to be subscribed is 1,065 thousand shares, and the number of shares to be subscribed shall be submitted within the maximum number of shares on five specific dates agreed in the contract. The subscription price is based on NT\$27 per share or the employee's subscription price of treasury shares approved by the board of directors and the shareholders' meeting, whichever is lower. Employees shall be current employees of the Company or its subsidiaries when receiving the share subscription. The share options for the treasury shares transferred to employees were fully exercised on March 31, 2023.

As of the audit report date, the employee share option plan has offered two times subscription of treasury shares, and the information is as follows:

Approved by Board of Directors	Base date of subscription	Shares subscribed
2022.03.23	2022.03.24	13
2022.08.10	2022.08.11	35

The relevant information of the treasury share transfer contract is summarized as follows:

	Performance achievement plan		Seniority plan	
	Number of options (in thousands)	Weighted-average exercise price (NTD)	Number of options (in thousands)	Weighted-average exercise price (NTD)
For the year ended December 31, 2023				
Beginning balance	74	\$ 21.00	920	\$ 21.00
Granted	-	-	-	-
Vested	-	-	-	-
Expired	(74)	21.00	(920)	21.00
Ending balance	<u>-</u>	-	<u>-</u>	-

	Performance achievement plan		Seniority plan	
	Number of options (in thousands)	Weighted-average exercise price (NTD)	Number of options (in thousands)	Weighted-average exercise price (NTD)
For the year ended December 31, 2022				
Beginning balance	471	\$ 27.00	3,385	\$ 27.00
Granted	-	-	-	-
Vested	(48)	21.54	(1,760)	21.09
Expired	(349)	21.00	(705)	21.00
Ending balance	<u>74</u>	21.00	<u>920</u>	21.00

The extraordinary shareholders' meeting of the Company resolved for private placement of ordinary shares on November 2, 2021. Due to changes of the Company's ordinary shares, the transfer price shall be adjusted from \$27 to \$23 per share according to the formula stipulated in the share buyback for employee transfer method. And the shareholders' meeting on June 22, 2022 resolved that the transfer price of treasury shares to employees at a price lower than the average price of the actual buyback shares was adjusted from \$23 to \$21 per share.

Unit: In thousands of shares

Approved by Board of Directors	Grant date	Shares issued	Fair value on grant date
2021.01.29	2021.01.29	140	\$ 2.32
2021.03.25	2021.03.25	45	\$ 8.65
2021.08.11	2021.08.13	55	\$ 3.09
2022.01.20	2022.01.20	46	\$ 8.65
2022.03.23	2022.03.23	47	\$ 5.00
2022.08.10	2022.08.11	695	\$ 5.15
2022.11.08	2022.11.09	1,020	\$ 6.01

The Company uses the Binomial Option Pricing Model and Black-Scholes Model for the share-based payment transaction granted, respectively. The input values used in the models are as follows:

	<u>January 2021</u>	<u>March 2021</u>	<u>August 2021</u>	<u>January 2022</u>
Share price on grant date	\$ 29.15	\$ 35.65	\$ 30.00	\$ 31.65
Exercise price	\$ 27.0	\$ 27.0	\$ 27.0	\$ 23.0
Expected volatility	44.880%	41.78%	43.56%	33.28%
Lifetime	0.02 year	0.02 year	0.032 year	0.036 year
Expected dividend yield	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate	0.1053%	0.1099%	0.1199%	0.3907%
			<u>November 2022</u>	
	<u>March 2022</u>	<u>August 2022</u>	<u>2022</u>	
Share price on grant date	\$ 28.00	\$ 26.15	\$ 27.00	
Exercise price	\$ 23.0	\$ 21.0	\$ 21.0	
Expected volatility	32.47 %	28.82 %	28.17 %	
Lifetime	0.036 year	0.028 year	0.028 year	
Expected dividend yield	0.00 %	0.00 %	0.00 %	
Risk-free interest rate	0.5614 %	0.7756 %	0.9900 %	

The Company transferred 605 thousand treasury shares to employees in January 2023. The recipients were current employees of the Company. According to the regulations on the transfer of treasury shares and related contracts, the total number of shares available for subscription was set at 605 thousand shares. The subscription was executed on two specific dates as defined in the contract, with the subscription price set at NTD 21 per share. Employees eligible for subscribing to the shares should have been current employees of the Company or its subsidiaries. The subscription rights for the treasury shares transferred to employees were fully exercised by March 24, 2023.

The employee share option plan has offered 2 times subscription of treasury shares, and the information is as follows:

<u>Approved by Board of Directors</u>	<u>Base date of subscription</u>	<u>Shares subscribed</u>
2023.01.11	2023.02.08	485
2023.01.11	2023.03.24	120

The Company transferred 120 thousand treasury shares to employees in August 2023. The recipients were current employees of the Company. According to the regulations on the transfer of treasury shares and related contracts, the total number of shares available for subscription was set at 120 thousand shares. The subscription was executed on a specific date as defined in the contract, with the subscription price set at NTD 21 per share. Employees eligible for subscribing to the shares should have been current employees of the Company or its subsidiaries. The subscription rights for the treasury shares transferred to employees were fully exercised by August 10, 2023.

The employee share option plan of treasury shares, and the information is as follows:

<u>Approved by Board of Directors</u>	<u>Base date of subscription</u>	<u>Shares subscribed</u>
2023.08.09	2023.08.10	120

The Company transferred 375 thousand treasury shares and 50 thousand treasury shares to employees in November 2023 and December 2023, respectively. The recipients were current employees of the Company. According to the regulations on the transfer of treasury shares and related contracts, the total number of shares available for subscription was set at 375 thousand

shares and 50 thousand shares, respectively. The subscription was executed on two specific dates as defined in the contract, with the subscription price set at NTD 21 per share. Employees eligible for subscribing to the shares should have been current employees of the Company or its subsidiaries. The subscription rights for the treasury shares transferred to employees were fully exercised by November 9, 2023 and December 14, 2023.

The employee share option plan of treasury shares, and the information is as follows:

<u>Approved by Board of Directors</u>	<u>Base date of subscription</u>	<u>Shares subscribed</u>
2023.11.08	2023.11.09	375
2023.11.08	2023.12.14	50

	<u>For the year ended December 31, 2023</u>	
	<u>Number of options</u>	<u>Weighted-average</u>
	<u>(in thousands)</u>	<u>exercise price</u>
		<u>(NTD)</u>
<u>Beginning balance</u>	\$ -	\$ -
Granted	1,150	21
Vested	(1,150)	21
Expired	-	-
<u>Ending balance</u>	<u>\$ -</u>	

Unit: In thousands of shares

<u>Approved by Board of Directors</u>	<u>Grant date</u>	<u>Shares issued</u>	<u>Fair value on grant date</u>
2023.01.11	2023.01.12	485	\$ 2.61
2023.01.11	2023.03.24	120	\$ 2.87
2023.08.09	2023.08.10	120	\$ 21.86
2023.11.08	2023.11.09	375	\$ 18.06
2023.11.08	2023.12.14	50	\$ 18.08

The Company uses the Binomial Option Pricing Model and Black-Scholes Model for the share-based payment transaction granted, respectively. The input values used in the models are as follows:

	<u>January 2023</u>	<u>March 2023</u>	<u>August 2023</u>	<u>November 2023</u>
Share price on grant date	\$23.60	\$23.60	\$42.85	\$39.05
Exercise price	\$21.00	\$21.00	\$21.00	\$21.00
Expected volatility	25.85%	25.85%	40.41%	44.58%
Lifetime	0.036 year	0.216 year	0.028 year	0.036 year
Expected dividend yield	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate	1.0159%	1.0159%	0.9376%	0.9954%
	<u>December 2023</u>			
Share price on grant date	\$39.05			
Exercise price	\$21.00			
Expected volatility	44.58 %			
Lifetime	0.036 year			
Expected dividend yield	0.00 %			
Risk-free interest rate	0.9954 %			

The compensation costs recognized in 2023 and 2022 were \$11,629 thousand and \$3,603 thousand, respectively.

25. Derecognition of subsidiaries

The Company lost control of Maximo (Shanghai) Trading Co. on January 19, 2022, and it was derecognized from a subsidiary of the Company and transferred to an affiliated enterprise. Then it disposed of all shares on December 6, 2022, please refer to Note 13 for details.

a. Consideration received

	<u>January 19, 2022</u>
Proceeds from disposal of investments	<u>\$ 65,004</u>

b. Analysis of assets and liabilities on the date control was lost

	<u>January 19, 2022</u>
Current assets	
Cash and cash equivalents	\$ 150,016
Financial assets measured at amortized cost-current	8,696
Accounts receivable	991,434
Other receivable	413,460
Inventories	192,944
Prepayments	134,487
Non-current assets	
Property, plant and equipment	122
Right-of-use assets	5,511
Intangible assets	512
Other non-current assets	925
Current liabilities	
Short-term borrowings	(788,200)
Contract liabilities	(40,496)
Accounts payable	(379,471)
Other payables	(172,015)
Lease liabilities	(4,335)
Non-current liabilities	
(To be continued)	
(Continued)	
Long-term borrowings	(288,229)
Lease liabilities	(1,268)
Disposals of assets, net	<u>\$ 224,093</u>

c. Loss on disposal of subsidiaries

	<u>January 1 to</u>
	<u>January 19, 2022</u>
Fair value of residual investments	\$ 61,524
Consideration received	65,004
Net assets disposed of	(224,093)
Non-controlling interests	123,721
Cumulative exchange differences from former subsidiaries reclassified to profit or loss	7,625
Other equity(Put right)	(9,514)
	24,267
Goodwill to former subsidiaries	(35,336)
Net loss recognized	<u>(\$ 11,069)</u>

d. Net cash outflow from disposal of subsidiaries

	January 1 to March 31, 2022
Consideration received in cash	\$ 65,004
Less: Other current liabilities(Advance receipts for ordinary share recognized on December 31, 2021)	(48,748)
Less: Balance of cash and cash equivalents disposed	(150,016)
	(\$ 133,760)

The Board of Directors of the Company resolved on November 8, 2022 to dispose all shares of VESP Technology Co., Ltd., including its subsidiaries, Global Future Investment Limited and VESP Technology Corporation, and transferred to the investor, Centre Testing International Group Co. Ltd. The shares had been settled and the amendment registration was completed on December 29, 2022. VESP Technology Co., Ltd., VESP Technology Corporation and Global Future Investment Limited are no longer subsidiaries of the Company.

a. Consideration received

	<u>December 29, 2022</u>
Proceeds from disposal of investments (classified as other receivables)	\$ 359,353

As of auditors' report date, the above proceeds from disposal of investments had been fully received.

b. Analysis of assets and liabilities on the date control was lost

	<u>December 29, 2022</u>
Current assets	
Cash and cash equivalents	\$ 45,166
Financial assets at amortized cost-current	650
Notes receivable	193
Accounts receivable	195,397
Inventories	29,317
Prepayments	14,087
Other current assets	3
Non-current assets	
Property, plant and equipment	707,695
Right-of-use assets	14,308
Intangible assets	2,965
Deferred tax assets	992
Other non-current assets	19,634
Current liabilities	
Short-term borrowings	(228,005)
Contract liabilities	(179)
Accounts payable	(169,175)
Other payables	(188,894)
Lease liabilities	(5,857)
Current portion of long-term borrowings and notes payable	(115,046)
Other current liabilities	(1,312)
Non-current liabilities	
Long-term borrowings	(102,290)
Deferred tax liabilities	(1,667)
Lease liabilities	(8,911)
Other non-current liabilities	(2,692)
Long-term notes payable	(1,239)
Disposal of net assets	<u>\$ 205,140</u>

c. Profit on disposal of subsidiaries

	January 1 to December 29, 2022
Consideration received	\$ 359,353
Net assets disposed of	(205,140)
Non-controlling interests	50,075
Cumulative exchange differences from former subsidiaries reclassified to profit or loss	(141)
Capital surplus	<u>239,539</u>
Net Profit	<u>\$ 443,686</u>

d. Net cash flows generated from disposal of subsidiaries

	January 1 to December 29, 2022
Consideration received in cash	\$ 359,353
Less: Other receivables	(359,353)
Less: Balance of cash and cash equivalents	(<u>45,166</u>)
	(\$ <u>45,166</u>)

26. Business combination

a. Acquisition of subsidiary company

	Major businesses and products	Acquisition date	Acquisition percentage of ownership (%)	Consideration transferred
SOUTHPORT CORPORATION (“SOUTHPORT”)	Optical and precision equipment manufacturing and services	November 30, 2023	53.68	<u>\$ 108,195</u>
SCube Technologies Co., Ltd. (“SCube”) (Note)	Semiconductor equipment testing and parts sales services	November 30, 2023	66.52	<u>\$ 10,000</u>

Note: The Company acquired 33.26% equity of SCube Technologies Co., Ltd. in January 2023 through a cash increase, thereby becoming an associate company. Furthermore, the Company acquired 53.68% equity of SOUTHPORT CORPORATION on November 30, 2023, resulting in the Company indirectly holding a controlling interest of 66.52% in SCube Technologies Co., Ltd. Consequently, investments accounted for using the equity method were reclassified as investments in subsidiaries accounted for using the equity method, effective November 30, 2023.

The acquisitions of SOUTHPORT and SCube by the consolidated company in the 2023 were aimed at developing proprietary products and expanding global business.

b. Consideration transferred

	SOUTHPORT	SCube
Cash	<u>\$108,196</u>	<u>\$ 10,000</u>

c. Assets acquired and liabilities assumed on acquisition date

	<u>SOUTHPORT</u>	<u>SCube</u>
Current assets		
Cash and cash equivalents	\$104,415	\$ 10,707
Accounts receivable and Other receivable	6,586	3,713
Inventories	28,527	258
Others	5,954	284
Non-current assets		
Investments accounted for using equity method	9,870	-
Property, plant and equipment	4,902	15,553
Right-of-use assets	5,786	-
Expertise	40,000	-
Others	5,260	1,019
Current liabilities		
Short-term borrowings	(14,500)	-
Accounts payable and Other payable	(9,095)	(1,909)
Contract liabilities	(307)	(367)
Others	(3,060)	(31)
Non-current liabilities		
Long-term borrowings	(20,905)	(5,648)
Deferred tax liabilities	(8,412)	-
Others	(3,711)	-
	<u>\$151,310</u>	<u>\$ 23,579</u>

In the corporate merger transactions, the fair values of the receivables (mainly accounts receivable) acquired from SOUTHPORT and SCube are 6,586 thousand and 3,713 thousand, respectively. The total contractual amounts are 6,591 thousand and 3,713 thousand, respectively. The best estimate of the expected unrecoverable contractual cash flows as of the acquisition date are both zero.

d. Non-controlling interests

Non-controlling interests of SOUTHPORT and SCube on the acquisition date (ownership interests of 46.32% and 33.48%, respectively) amounted to 70,080 thousand and 7,897 thousand, respectively. These amounts are measured based on the proportionate share of the identifiable net assets recognized by the acquirees.

e. Goodwill generated from acquisitions

	<u>SOUTHPORT</u>	<u>SCube</u>
Consideration transferred	\$108,196	\$ 10,000
Add: Non-controlling interests	70,080	7,897
Investments accounted for using equity method-SOUTHPORT	-	9,870
Less : Share of profit or loss of subsidiaries accounted for using the equity method from Spirox Corporation	-	(131)
Fair value of identifiable net assets acquired	(<u>151,310</u>)	(<u>23,579</u>)
Goodwill generated from acquisitions	<u>\$ 26,966</u>	<u>\$ 4,057</u>

The goodwill generated from the acquisitions of SOUTHPORT and SCube primarily arises from control premiums. Additionally, the consideration paid in the merger includes expected synergies, revenue growth, future market development, and the value of employees from SOUTHPORT and SCube. However, these benefits do not meet the recognition criteria for separately identifiable intangible assets and therefore are not recognized individually.

f. Net cash outflow (inflow) from acquisitions of subsidiaries

	<u>SOUTHPORT</u>	<u>SCube</u>
Consideration paid in cash	\$108,196	\$ 10,000
Less: Cash received and cash equivalent balance	(<u>104,415</u>)	(<u>10,707</u>)
	<u>\$ 3,781</u>	<u>(\$ 707)</u>

g. The impact of business combinations on operating results

Since the acquisition date, the operating results from the acquired company are as follows:

	<u>SOUTHPORT</u>	<u>SCube</u>
Operating revenue	<u>\$ 3,452</u>	<u>\$ 2,772</u>
Net profit for the year	<u>\$ 1,596</u>	<u>\$ 2,099</u>

If the business combination occurs at the beginning of the accounting year on the acquisition date, the consolidated company forecasts operating income of 38,557 thousand and a forecasted net loss of 32,961 thousand for the 2023. These amounts do not reflect the actual income and operating results that the Company would generate if the business combination were completed on the beginning date of the fiscal year.

In preparing hypothetical forecasts for the Company's operating income and net profit from the acquisition date to the beginning of the accounting year, management has already taken the following factors into consideration:

- 1) Depreciation is calculated based on the fair value of plant and property as of the original accounting treatment of the business combination, rather than on the book value recorded in the pre-acquisition financial statements.
- 2) Borrowing costs are estimated based on the post-business combination financial condition of the consolidated company, credit ratings, and the debt-to-equity ratio.

27. Cash flows information

a. Non-cash transaction

The Company had the following non-cash transaction investments in 2023 and 2022:

	<u>For the year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Affects cash and non-cash investments		
Additions of property, plant and equipment	\$ 10,803	\$ 122,549
Inventories transferred into property, plant and equipment	-	(24,631)
Decrease in other payable	<u>13,222</u>	<u>46,510</u>
(To be continued)		
(Continued)		
Cash paid for property, plant and equipment	<u>\$ 24,025</u>	<u>\$ 144,428</u>

	For the year ended December 31	
	2023	2022
Disposal of property, plant and equipment	4,841	-
Decrease in other receivable	(4,625)	-
Cash proceeds from disposal of property, plant and equipment	<u>\$ 216</u>	<u>\$ -</u>

b. Changes in liabilities from financing activities

For the year ended December 31, 2023

	January 1, 2023	Cash flows	Non-cash changes			December 31, 2023
			Increase of leasing	Effect of exchange rate changes	Other (Note)	
Short-term borrowings	\$ 117,152	\$ 59,362	\$ -	(\$ 7,542)	\$ 14,500	\$ 183,472
Long-term borrowings	341,628	(143,136)	-	(4)	26,553	225,041
Guarantee deposits	1,806	685	-	-	-	2,491
Lease liabilities	<u>15,802</u>	<u>(8,638)</u>	<u>2,673</u>	<u>(188)</u>	<u>3,224</u>	<u>12,873</u>
	<u>\$ 476,388</u>	<u>(\$ 91,727)</u>	<u>\$ 2,673</u>	<u>(\$ 7,734)</u>	<u>\$ 44,277</u>	<u>\$ 423,877</u>

Note: Others mainly refers to the reductions of acquisition of subsidiaries' liabilities and lease modifications.

For the year ended December 31, 2022

	January 1, 2022	Cash flows	Non-cash changes			December 31, 2022
			Increase of leasing	Effect of exchange rate changes	Other (Note)	
Short-term borrowings	\$ 489,136	(\$ 168,864)	\$ -	\$ 475	(\$ 203,595)	\$ 117,152
Long-term borrowings	592,968	(59,246)	-	25,507	(217,601)	341,628
Long-term notes payable	-	1,239	-	-	(1,239)	-
Guarantee deposits	1,896	(90)	-	-	-	1,806
Lease liabilities	<u>52,323</u>	<u>(21,985)</u>	<u>6,386</u>	<u>(361)</u>	<u>(20,561)</u>	<u>15,802</u>
	<u>\$1,136,323</u>	<u>(\$ 248,946)</u>	<u>\$ 6,386</u>	<u>\$ 25,621</u>	<u>(\$ 442,996)</u>	<u>\$ 476,388</u>

Note: Others mainly refers to the reductions of disposals of subsidiaries' liabilities and lease modifications.

28. Capital management

The Company conducts capital management to ensure that the Company can be under the premise of continuous operation and maximize shareholder compensation by optimizing the balance of debt and equity. The capital management of the Company is to ensure that the sufficient financial resources are in place to meet needs of working capital, capital expenditure, research and development expenses, dividend payment, debt repayment and other operation demand within the next twelve months.

29. Financial instruments

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

The carrying amount of financial instruments not measured at fair value reasonably approaches their fair value, including cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, other receivable, other non-current assets, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings and guarantee deposits (accounted as other non-current liabilities).

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

1) Fair value hierarchy

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets</u>				
<u>Financial assets at FVTPL</u>				
-Listed shares and emerging market shares	\$731,333	\$ -	\$ -	\$731,333
-Beneficial certificates of funds	-	-	6,384	6,384
<u>Financial assets at FVTOCI</u>				
-Listed shares and emerging market shares	21,652	-	-	21,652
-Unlisted shares	-	-	30,042	30,042
Total	<u>\$752,985</u>	<u>\$ -</u>	<u>\$ 36,426</u>	<u>\$789,411</u>

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets</u>				
<u>Financial assets at FVTPL</u>				
-Listed shares and emerging market shares	\$ 688	\$646,696	\$ -	\$647,384
-Unlisted shares	-	-	-	-
<u>Financial assets at FVTOCI</u>				
-Listed shares and emerging market shares	15,090	-	-	15,090
-Unlisted shares	-	-	35,735	35,735
Total	<u>\$ 15,778</u>	<u>\$646,696</u>	<u>\$ 35,735</u>	<u>\$698,209</u>

Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2023

<u>Financial assets</u>	<u>Financial assets FVTPL</u>			<u>Financial assets at FVTOCI</u>	<u>Financial liabilities at FVTPL</u>	<u>Total</u>
	<u>Convertible bonds</u>	<u>Beneficial certificates of funds</u>	<u>Unlisted shares</u>	<u>Unlisted shares</u>	<u>Contingent consideration</u>	
Beginning balance	\$ -	\$ -	\$ -	\$ 35,735	\$ -	\$35,735
Recognized in profit or loss (Other gains or losses)	-	(533)	-	-	-	(533)
Recognized in other comprehensive income (unrealized gains or losses of financial assets measured at FVTOCI)	-	-	-	1,627	-	1,627
Transfer to Level 3 (Note)	-	-	-	(17,320)	-	(17,320)
Acquisition	-	7,169	-	10,000	-	17,169
Effect of exchange rate changes	-	(252)	-	-	-	(252)
Ending balance	<u>\$ -</u>	<u>\$ 6,384</u>	<u>\$ -</u>	<u>\$ 30,042</u>	<u>\$ -</u>	<u>\$ 36,426</u>

Note: Since observable market information of the equity instrument investment became available, it was transferred from Level 3 to Level 1.

For the year ended December 31, 2022

Financial assets	Financial assets FVTPL			Financial assets at FVTOCI	Financial liabilities at FVTPL	Total
	Convertible bonds	Beneficial certificates of funds	Unlisted shares	Unlisted shares	Contingent consideration	
Beginning balance	\$ 82,005	\$ -	\$378,841	\$ 39,633	(\$ 353)	\$500,126
Recognized in profit or loss (Other gains or losses)	(28,235)	-	(10,537)	-	353	(38,419)
Recognized in other comprehensive income (unrealized gains or losses of financial assets measured at FVTOCI)	-	-	-	(6,432)	-	(6,432)
Disposals	(63,500)	-	-	-	-	(63,500)
Transfer to Level 3 (Note)	-	-	(376,560)	-	-	(376,560)
Effect of exchange rate changes	9,730	-	8,256	2,534	-	20,520
Ending balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,735</u>	<u>\$ -</u>	<u>\$ 35,735</u>

Note: Since observable market information of the equity instrument investment became available, it was transferred from Level 3 to Level 2.

2) Level 2 fair value valuation techniques and inputs

The fair value of the stocks of foreign listed company, Sci-Tech Innovation Board, is quoted from a third-party institution and measured according to market approach and the consideration of risk of liquidity discount during the restricted transfer period.

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

a) In 2023, the fair value of beneficial certificates of funds was estimated using the net asset value method, referencing the fair value of net assets as measured in the most recent financial statements of the investee entities.

b) The fair value evaluation techniques for non-listed equity investments are as follows:

Financial assets at FVTOCI can be compared to the listed companies

It refers to the price-to-book ratio of comparable listed companies. The unobservable input value used by the Company on December 31, 2023 and 2022 was a liquidity discount of 30%, respectively. If the following input values are changed to reflect reasonably possible alternative assumptions, when other input values remain unchanged, an increase (decrease) of 1% in the liquidity discount will make the fair value of the non-listed equity investment decrease (increase) \$429 thousand and \$511 thousand on December 31, 2023 and 2022, respectively.

The Company's evaluation process for the fair value of "Financial assets measured at FVTOCI" classified as Level 3 is carried out by the accounting department to verify independent fair value of financial instruments. The responsible department uses independent source data to make the evaluation results close to the market state, confirm that the data source is independent, reliable, consistent with other resources, and represents to be executable prices. The evaluation model is regularly calibrated, conducted back testing, updated the input values and data required and any other necessary fair value adjustments to ensure that the valuation results are reasonable.

c) The financial liabilities of the Company that adopt the Level 3 fair value for subsequent measurement are the contingent consideration related to the acquisition of Jetek Technology Corp. In 2022, the evaluation benefit of \$353 thousand related to contingent consideration was recognized in the consolidated statements of comprehensive income.

c. Categories of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at FVTOCI		
Assign specific equity instrument investment	\$ 51,694	\$ 50,825
Financial assets at FVTPL		
Specific financial assets FVTPL	\$ 737,717	\$ 647,384
At amortized cost		
Financial assets at amortized cost	\$ 93,343	\$ 123,684
Cash and cash equivalents	1,460,624	1,102,803
Accounts receivable, net	334,290	506,066
Notes receivable	2,566	132
Refundable deposits	9,708	8,247
Other receivables	52,837	666,665
Other financial assets	2,050	11,000
	<u>\$ 1,955,418</u>	<u>\$ 2,418,597</u>
<u>Financial liabilities</u>		
At amortized cost		
Accounts payable	\$ 251,927	\$ 393,425
Short-term borrowings	183,472	117,152
Other payables	98,502	92,164
Long-term borrowings	225,041	341,628
Guarantee deposits	2,491	1,806
	<u>\$ 761,433</u>	<u>\$ 946,175</u>

d. Objective and policies of financial risk management

The Company financial risk management objective is to manage all risks that are relevant to operating activities, like market risk, credit risk and liquidity risk. In order to reduce related financial risks, the finance department of the Company is committed to identifying, assessing and avoiding market uncertainties to reduce the potential adverse effects of market changes on the financial performance of the group.

The important financial planning of the Company is reviewed by the Audit Committee and the Board of Directors in accordance with relevant regulations and internal control systems. When the financial department executes the financial plan, it strictly abides by the relevant financial operation procedures on the overall financial risk management and division of authority and responsibility.

1) Market risk

a) Foreign currency risk

The Company operates transnationally, so it is subject to currency risks arising from transactions that are relatively different from the functional currency of the Company and its subsidiaries, mainly the US dollar. The related currency risk arises from future commercial transactions and assets and liabilities recognized. The following table is the sensitivity analysis when the exchange rate of NT dollar to US dollar increases and decreases by 10%. The sensitivity analysis only includes monetary items in foreign currencies, and the conversion at the end of the period is adjusted with 10% of the exchange rate change.

Currency risk arises when future commercial transactions and assets or liabilities recognized are denominated in a foreign currency that is not the entity's functional currency. The management of the Company has established a policy, stipulating that each company in the group shall hedge its overall currency risk through the group finance department.

The Company holds investments in several foreign operations whose net assets are subject to foreign currency translation risk. Currency risk arising from the net assets of the Company's foreign operations is primarily managed through transactions denominated in the relevant foreign currency.

	<u>Impact of US Dollar</u>	
	<u>2023</u>	<u>2022</u>
Income	<u>\$ 93,018</u>	<u>\$ 60,840</u>

b) Interest rate risk

Due to the entities in the Company borrow funds at fixed and floating interest rates at the same time, interest rate risk is incurred. The Company manages interest rate risk by maintaining an appropriate combination of fixed and floating interest rates. The Company regularly evaluates hedging activities that are consistent with interest rate views and established risks to ensure the most cost-effective hedging strategies are adopted. Therefore, the impact of changes in interest rates at current stage is not significant, and there is not any hedging action undertook.

The carrying amount of the Company's financial assets and financial liabilities subject to interest rate risk on the balance sheet date are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fair value interest rate risk		
-Financial assets	\$ 726,916	\$ 582,098
-Financial liabilities	12,873	15,802
Cash flow interest rate risk		
-Financial assets	826,877	644,281
-Financial liabilities	408,513	458,780

2) Credit risk

Credit risk refers to the risk that the counterparty of the transaction defaults on contractual obligations and causes financial losses to the Company. The credit risk of the Company mainly comes from the receivables from operating activities and cash in banks from investment activities. Operational credit risk and financial credit risk are managed separately. As of the balance sheet date, the Company's maximum exposure to credit risk due to non-performance of counter-parties' obligations mainly arises from the carrying amount of financial assets recognized in the Company's balance sheet.

Business related credit risk

The Company's outstanding accounts receivable are mainly from global customers, and most of the accounts receivable have not provided collateral or credit guarantee. Although the Company has established relevant procedures to supervise and manage and reduce the credit risk of accounts receivable, there is no guarantee that the procedures can completely and effectively eliminate credit risk and avoid losses.

As of December 31, 2023 and 2022, the accounts receivable balance of the top ten customers accounted for 45% and 34% of the Company's accounts receivable balance, respectively, and the concentration of credit risk of the remaining accounts receivable was relatively insignificant.

Financial related credit risk

The Company regularly adjusts the transaction limit according to market conditions and the financial and credit status of counterparties for the performance transactions. In addition, the

Company also reduces credit risk by selecting financial institutions with good credit as transaction partners.

3) Liquidity risk

Cash flow forecast is performed by each operating entity within the group and summarized by the Group finance department. The Group finance department monitors the forecast of the Group's liquidity demand to ensure that it has sufficient funds to meet operating needs and maintain sufficient unused borrowing commitments at any time. The Group's debt financing plan is considered in these forecasts and meets the financial ratio target of the internal balance sheet.

When the remaining cash held by each operating entity exceeds the management needs of working capital, the Group finance department will invest the remaining funds in interest-bearing demand deposits, time deposits and securities. The instruments selected will be with adequate due date or sufficient liquidity to respond to the above forecast and provide sufficient movement level.

a) Liquidity and interest rate risk table of non-derivative financial liabilities

The remaining contract maturity analysis of non-derivative financial liabilities is based on the earliest date that The Company may be required to repay, and is compiled based on the undiscounted cash flows of the financial liabilities (including principal and estimated interest). Therefore, the bank loans that the Company can be required to repay immediately are within the earliest period in the table below, regardless of the probability of the bank immediately executing the right; the maturity analysis of other non-derivative financial liabilities is compiled in accordance with the agreed repayment date.

For interest cash flows paid at floating interest rates, the undiscounted interest amount is derived from the yield curve on the balance sheet date.

	December 31, 2023			Total
	Less than 1 year	1 to 3 years	More than 3 years	
<u>Non-derivative financial liabilities (Note)</u>				
Short-term borrowings	\$ 184,380	\$ -	\$ -	\$ 184,380
Accounts payable	251,927	-	-	251,927
Other payables	98,502	-	-	98,502
Long-term borrowings	164,413	58,085	7,199	229,697
Guarantee deposits	1,836	655	-	2,491
	<u>\$ 701,058</u>	<u>\$ 58,740</u>	<u>\$ 7,199</u>	<u>\$ 766,997</u>

Further information on the maturity analysis of lease liabilities is as follows:

	Less than 1 year	1 to 5 years	More than 5 years
Lease liabilities	<u>\$ 8,747</u>	<u>\$ 4,471</u>	<u>\$ -</u>

	December 31, 2022			Total
	Less than 1 year	1 to 3 years	More than 3 years	
<u>Non-derivative financial liabilities (Note)</u>				
Short-term borrowings	\$ 117,839	\$ -	\$ -	\$ 117,839
Accounts payable	393,425	-	-	393,425
Other payables	92,164	-	-	92,164
Long-term borrowings	135,179	232,628	-	367,807
Guarantee deposits	1,355	451	-	1,806
	<u>\$ 739,962</u>	<u>\$ 233,079</u>	<u>\$ -</u>	<u>\$ 973,041</u>

Further information on the maturity analysis of lease liabilities is as follows:

	<u>Less than 1 year</u>	<u>1 to 5 years</u>	<u>More than 5 years</u>
Lease liabilities	<u>\$ 16,054</u>	<u>\$ 8,620</u>	<u>\$ 9,437</u>

b) Financing facilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Unsecured bank loan facilities		
-Amount Used	\$ 179,983	\$ 116,070
-Amount Unused	<u>1,173,079</u>	<u>1,058,270</u>
	<u>\$ 1,353,062</u>	<u>\$ 1,174,340</u>
Stand-by loan facilities		
-Used amount	\$ 233,530	\$ 347,711
-Unused amount	<u>92,115</u>	<u>86,048</u>
	<u>\$ 325,645</u>	<u>\$ 433,759</u>

30. Transactions with related parties

Intercompany balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated upon consolidation, therefore those are not disclosed in this note. In addition to those disclosed in other notes, the transactions between the Company and other related parties were as follows:

a. Related party name and categories

<u>Related party name</u>	<u>Related Party Categories</u>
Integral Wealth Management Limited	Substantial related party(Note 1)
Maximo (Shanghai) Trading Co.	Associate company (Note 1)
SCube Technologies Co., Ltd.	Subsidiary company (Note 2)

Note 1: The Company lost control over Maximo (Shanghai) Trading Co. due to the disposal of partial equity on January 19, 2022, and transferred from the consolidated subsidiary to an investment using the equity method. Since then, it is no longer a substantial related party of the Company, and Maximo (Shanghai) Trading Co. has been changed to an affiliated company of the Company. In addition, the remaining 26.46% of the shares held by Spirox Cayman Corporation were sold out on December 1, 2022, and the amendment registration was completed on December 6, 2022. Since December 6, 2022, it was not an affiliate of the Company.

Note 2: The Company acquired a 33.26% shares in SCube Technologies Co., Ltd. in January 2023 through a cash capital increase, making it an associate of the company. Furthermore, on November 30, 2023, the Company acquired a 53.68% shares in SOUTHPORT CORPORATION, resulting in the Company holding a controlling interest of 66.52% in SCube Technologies Co., Ltd. indirectly. Consequently, the investment accounted for using the equity method was reclassified from an associate to a subsidiary of the Company effective November 30, 2023.

b. Loans from related parties

Interest expenses

<u>Related party Caregories / Name</u>	<u>For the year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Substantial related party</u>		
Integral Wealth Management Limited	<u>\$ -</u>	<u>\$ 1,358</u>

The loan interest rate of the Company's loans from related parties was 8~8.8%, which was equivalent to the market interest rate. Loans from related parties were all Unsecured loans.

c. Interest income

<u>Related party Caregories / Name</u>	<u>For the year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Affiliated company</u>		
Maximo (Shanghai) Trading Co.	\$ <u>-</u>	\$ <u>97</u>

d. Other income

<u>Related party Caregories / Name</u>	<u>For the year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Affiliated company</u>		
Maximo (Shanghai) Trading Co.	\$ <u>-</u>	\$ <u>1,656</u>

e. Operating expenses

<u>Related party Caregories / Name</u>	<u>For the year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Affiliated company</u>		
SCube Technologies Co., Ltd.	\$ <u>2,847</u>	\$ <u>-</u>

f. Remuneration to key management personnel

	<u>For the year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 31,191	\$ 48,119
Share-based payment	<u>5,721</u>	<u>2,146</u>
	\$ <u>36,912</u>	\$ <u>50,265</u>

The compensation of directors and other key management personnel were determined by the Remuneration Committee based on personal performance and the market trend.

31. Assets Pledged as Collateral or for security

The following assets have been provided as collateral for financing loans and customs deposits for imported raw materials:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Pledged time deposits(Accounted as financial assets at amortized cost)	\$ 92,340	\$117,619
Restricted bank deposits (financial assets measured at amortized cost)	1,003	-
Refundable deposits(Accounted as other non-current assets)	9,708	8,246
Property, plant and equipment	<u>479,361</u>	<u>483,176</u>
	\$ <u>582,412</u>	\$ <u>609,041</u>

32. Significant Contingent Liabilities and Unrecognized Commitments

- As of December 31, 2023, the Company had tariff guarantee facilities of \$5,000 thousand provided by financial institutions.
- As of December 31, 2023, the promissory note provided by the Company under the credit agreement signed with a financial institution amounts to \$100,000 thousand.

33. Significant Subsequent Events

None

34. Significant assets and liabilities denominated in foreign currencies

The following information is presented in the aggregate in foreign currencies other than the functional currency of each entity of the Company. The disclosed exchange rates refer to the exchange rates converted from these foreign currencies to the functional currencies. Assets and liabilities denominated in foreign currencies that have a significant effect are as follows:

		(In thousands of foreign currencies)	
	Foreign currency	Exchange rate	Carrying amount
<u>December 31, 2023</u>			
Monetary items of financial assets			
USD	\$ 32,023	30.705	\$ 983,266
EUR	2,292	33.98	77,882
JPY	439,774	0.2172	95,519
RMB	30,328	4.327	131,229
Monetary items of financial liabilities			
USD	1,729	30.705	53,089
EUR	768	33.98	26,097
JPY	116,820	0.2172	25,373
USD(Note 2)	972	7.0961	6,897
 <u>December 31, 2022</u>			
Monetary items of financial assets			
USD	\$ 22,128	30.71	\$ 679,551
EUR	1,790	32.72	58,569
JPY	201,814	0.2324	46,902
Monetary items of financial liabilities			
USD	2,317	30.71	71,155
JPY	234,253	0.2324	54,440
USD(Note 2)	19,967	6.9669	139,108
JPY(Note 3)	176,860	0.0527	9,321

Note 1: Unless specified otherwise, the rest of the exchange rates are the amount converted from one unit of foreign currency to New Taiwan dollars.

Note 2: Indicates the amount converted from US dollar to RMB per unit.

Note 3: Indicates the amount converted from JPY to RMB per unit.

For the year ended December 31, 2023 and 2022, net foreign currency exchange gains (losses) were (\$30,179) thousand and \$5,918 thousand, respectively. Due to the various types of functional currencies, it is not able to disclose the exchange profits and losses according to the foreign currencies of each significant impact.

35. Separately disclosure items

a. Information on significant transactions and b. information on investees;

1) Financing provided to others: Table 1.

2) Endorsements/ guarantees provided: Table 2.

3) Marketable securities held: Table 3.

4) Marketable securities acquired and disposed of at costs or prices at least NT\$300 million or 20% of the paid-in capital: None.

- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- 6) Disposal of individual real estate 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: Table 4.
- 9) Trading in derivative instruments: None.
- 10) Others: Intercompany relationships and significant intercompany transactions: Table 5.
- 11) Information on investees (excluding any investee company in Mainland China): Table 6.

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 investees, 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 Mainland China area: Table 7.
- 2) Any of the following significant transactions with companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 7.

- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of share owned, and percentage of ownership of each shareholder: Table 8.

36. Segment Information

Based on the chief operating decision maker's regular reviews of operating results for resource allocation and performance measurement, the Company's reportable segments are semiconductor. The basis of measurement of operating profit and loss and assets and liabilities is the same as that of preparing financial reports.

a. Segment revenue and operating results

The income and operating results of the continuing operation unit of the Company were analyzed below by reportable segment:

For the year ended December 31, 2023

	<u>Semiconductor Department</u>
Revenue from external customers	\$ 1,342,715
Revenue from inter-segments	<u>133,050</u>
Segment income	<u>\$ 1,475,765</u>
Internal write-off	<u>(133,050)</u>
Consolidated income	<u>\$ 1,342,715</u>
Segment income (loss)	(\$ 191,397)
Other gains or losses	105,602
Other income	18,695
Interest income	32,656
Financial costs	(10,416)
Expected credit impairment gains	(20)
Share of profit (loss) of associates and joint ventures accounted for using equity method	<u>(131)</u>
Net loss before tax for continuing operations	<u>\$ 45,011</u>

For the year ended December 31, 2022

	<u>Semiconductor Department</u>
Revenue from external customers	\$ 1,914,645
Revenue from inter-segments	<u>636,199</u>
Segment income	<u>\$ 2,550,844</u>
Internal write-off	(<u>636,199</u>)
Consolidated income	<u>\$ 1,914,645</u>
Segment income (loss)	(\$ 416,246)
Other gains or losses	700,090
Other income	45,165
Interest income	18,460
Financial costs	(25,796)
Expected credit impairment gains	(<u>4,574</u>)
Net loss before tax for continuing operations	<u>\$ 371,099</u>

Segment profit represents the profit earned by each segment, excluding other revenue to be amortized, other gains or losses and financial costs. This measure is provided to the chief operating decision maker for the purpose of allocating resources to the segments and evaluating their performance.

b. Segment's total assets and liabilities

The Company serves as a reviewing entity for the overall operational results of the company, aiming to formulate decisions regarding resource allocation and evaluate the overall performance of the company. Therefore, it functions as a single operating segment.

c. Revenue from main products and services

Please refer to Note 20.

d. Location information

The information on continuing operation unit income from external customers of the Company by location of operation and non-current assets by area are as below:

	<u>Revenue from external customers</u>		<u>Non-current assets</u>	
	<u>For the year ended December 31</u>		<u>December 31,</u>	<u>December 31,</u>
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Taiwan	\$ 283,923	\$ 314,693	\$ 687,407	\$ 606,567
China	1,041,236	1,572,432	24,300	46,434
Others	<u>17,556</u>	<u>27,520</u>	-	-
	<u>\$ 1,342,715</u>	<u>\$ 1,914,645</u>	<u>\$ 711,707</u>	<u>\$ 653,000</u>

e. Major customer information

Sales income from a single customer which accounts for more than 10% of the Company's operating revenue for the year is as below:

	<u>For the year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Customer A	<u>\$ 165,702</u>	<u>\$ 328,924</u>

SPIROX CORPORATION AND SUBSIDIARIES
Financing Provided to Others
For the Year Ended December 31, 2023

Table 1

Unit: In thousands of NT dollars,
unless specified otherwise

No. (Note 1)	Financing company	Counterparty	Financial statement account (Note 2)	Related party (Note 9)	Maximum balance for the period (Note 3)	Balance at December 31, 2023 (Note 8)	Actual drawdown amounts	Interest rate	Nature of financing (Note 4)	Transaction amounts (Note 5)	Reasons for short-term financing (Note 6)	Allowance for impairment loss	Collateral		Financing limits for each borrowing company (Note 7)	Financing company's total financing limits (Note 7)
													Item	Value		
0	Spirox Corporation	Spirox International Limited	Other receivables	Y	\$ 95,580	\$ 61,410	\$ 55,269	6.5%	Short-term financing	-	Operating capital	-	-	-	\$ 377,702	\$ 755,404
		Spirox Technology (Shanghai) Co., Ltd.	Other receivables	Y	132,660	129,810	129,810	3.70%	Short-term financing	-	Operating capital	-	-	-	377,702	755,404
		Global Future Investment Limited	Other receivables	N	45,720	-	-	4.70%	Short-term financing	-	Operating capital	-	-	-	377,702	755,404
		VESP Technology Corporation	Other receivables	N	100,000	-	-	2.10%	Short-term financing	-	Operating capital	-	-	-	377,702	755,404
1	Spirox Cayman Corporation	Spirox Technology (Shanghai) Co., Ltd.	Other receivables	Y	137,160	-	-	4.70%	Short-term financing	-	Operating capital	-	-	-	302,736	423,830
2	HIBON INVESTMENT CORPORATION	Spirox International Limited	Other receivables	Y	63,720	-	-	7.25%	Short-term financing	-	Operating capital	-	-	-	359,861	359,861
		Spirox Cayman Corporation	Other receivables	Y	15,018	-	-	4.70%	Short-term financing	-	Operating capital	-	-	-	359,861	359,861
		Spirox Technology (Shanghai) Co., Ltd.	Other receivables	Y	200,025	129,810	129,810	3.80%-4.00%	Short-term financing	-	Operating capital	-	-	-	359,861	359,861
		BEYOND ENGINEERING CORP.	Other receivables	Y	55,000	45,000	45,000	2.77%-3.10%	Short-term financing	-	Operating capital	-	-	-	359,861	359,861
		Jetek Technology Corp.	Other receivables	Y	10,000	5,000	5,000	3.00%	Short-term financing	-	Operating capital	-	-	-	359,861	359,861
		SOUTHPORT CORPORATION	Other receivables	Y	10,000	-	-	3.00%	Short-term financing	-	Operating capital	-	-	-	359,861	359,861
		INVESTAR CORPORATION	Other receivables	N	17,194	-	-	3.00%	Short-term financing	-	Operating capital	-	-	-	359,861	359,861
3	Spirox Technology (Shanghai) Co., Ltd.	Shanghai Infinet Technology Co., Ltd.	Other receivables	Y	109,675	106,012	106,012	4.75%	Short-term financing	-	Operating capital	-	-	-	182,091	254,927

Note 1: The numbers filled in are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Fill in the name of account in which the loans are recognised, such as receivables-related parties, current account with shareholders, prepayments, temporary payments, etc.

Note 3: The maximum balance of funds loaned to others in the current year.

Note 4: The nature of loans shall be filled in as a business transaction or a need for short-term financing.

Note 5: If the nature of loans is a business transaction, the transaction amount shall be filled in. The business transaction amount refers to the transaction amount between the creditor and the borrower in the most recent year.

Note 6: If the nature of loans is a need for short-term financing, the reason and purpose of the loan shall be specified, such as repayment of loans, purchase of equipment, business turnover, etc.

Note 7: (1) The total amount of loans shall not exceed 40% of the Company's net worth; the total amount of loans to companies or entities that have short-term financing needs shall not exceed 30% of the Company's net worth; individual loans amount shall not exceed 15% of the Company's net worth.

(2) The Company's subsidiary Spirox Cayman Corp. ("SCC") is limited to a total loan amount of no more than 40% of the SCC's net worth to companies or entities that need short-term financing, and the amount of individual loans is no more than 40% of the SCC's net worth. Loans lending to subsidiaries that directly and indirectly hold 100% of the voting shares, or to the parent company or subsidiaries of the parent company that directly and indirectly hold 100% of the voting shares, are not limited to the amount restrictions in the preceding paragraphs. However, the amount of individual loans is limited to no more than 50% of the SCC's net worth, and the total amount of loans is limited to no more than 70% of the Company's net worth.

(3) The Company's subsidiary HIBON INVESTMENT CORPORATION ("HIBON") is limited to a total loan amount of no more than 40% of the HIBON's net worth to companies or entities that need short-term financing, and the amount of individual loans is no more than 40% of the HIBON's net worth.

(4) The Company's subsidiary Spirox Technology (Shanghai) Co., Ltd. ("Spirox Shanghai") is limited to a total loan amount of no more than 40% of the Spirox Shanghai's net worth to companies or entities that need short-term financing, and the amount of individual loans is no more than 40% of the Spirox Shanghai's net worth. Loans lending to subsidiaries, whether directly or indirectly holding 100% of the voting shares, or to the Company's parent company or subsidiaries directly or indirectly holding 100% of the voting shares, are not subject to the aforementioned amount limits. However, individual loan amounts are limited to not exceeding 50% of Weihua Electronics' net worth, and the total amount of loans is limited to not exceeding 70% of Weihua Electronics' net worth.

Note 8: The amounts of funds to be loaned to others which have been approved by the Board of Directors of a public company in accordance with Article 14, Item 1 of "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the Board of Directors of a public company has authorized the Chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the Board of Directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration that they could be loaned again thereafter.

Note 9: Bright Future Cayman Limited, a subsidiary of the Company, disposed all 75.59% shares of its subsidiary, VESP Technology Co., Ltd. on November 16, 2022, and completed the amendment registration on December 29, 2022. The above disposal of shares caused the Company loss of control over VESP Technology Co., Ltd., Global Future Investment Limited and VESP Technology Corporation, and since December 29, 2022 they are no longer subsidiaries of the Company. The Company's funds lent to Global Future Investment Limited and VESP Technology Corporation were recovered in February and March, 2023, respectively.

SPIROX CORPORATION AND SUBSIDIARIES
Endorsements/Guarantees Provided
For the Year Ended December 31, 2023

Table 2

Unit: In thousands of NT dollars,
unless specified otherwise

No. (Note 1)	Name of endorser/ guarantor	Endorsee/Guarantee		Limit on endorsements/guarantees amount provided to each entity (Note 3)	Maximum amount endorsed/guaranteed during the period (Note 4)	Ending Balance of endorsements/guarantees (Note 5)	Amount actually drawn (Note 6)	Amount of endorsements/guarantees collateralized by Property	Ratio of accumulated endorsement/guarantee to net equity per latest financial statements	Maximum endorsements/Guarantees amount allowable (Note 3)	Guarantee provided by parent company (Note 7)	Guarantee provided by a subsidiary (Note 7)	Guarantee provided to subsidiaries in Mainland China (Note 7)
		Company name	Relationship (Note 2.8.9)										
0	Spirox Corporation	Spirox International Limited	2	\$ 1,259,007	\$ 259,400	\$ 245,640	\$ -	\$ -	9.76%	\$ 1,259,007	Y	N	N
		Spirox Technology (Shanghai) Co., Ltd.	2	1,259,007	335,313	290,741	55,771	92,115	11.55%	1,259,007	Y	N	Y
		Jetek Technology Corp.	2	1,259,007	90,000	80,000	4,200	-	3.18%	1,259,007	Y	N	N
		VESP Technology Corporation (Note11)	2	-	336,960	-	-	-	-	-	N	N	N
		Maximo (Shanghai) Trading Co.	2	-	133,350	-	-	-	-	-	N	N	Y
		VESP Technology Co., Ltd. (Note10)	2	-	127,635	-	-	-	-	-	N	N	Y
1	Spirox Technology (Shanghai) Co., Ltd.	VESP Technology Co., Ltd.	4	-	66,675	-	-	-	-	-	N	N	Y

Note 1: The numbers filled in for the endorsements/guarantees provided by the company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each belongs to:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company directly or indirectly owns more than 50% voting shares of the endorsed/guaranteed company.
- (3) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.
- (4) The parent company directly or indirectly owns more than 90% voting shares of the companies that make endorsements/guarantees for each other.
- (5) Due to joint venture, all capital contributing shareholders make endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (6) The parent company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purpose of undertaking a construction project.
- (7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: Spirox Corporation's endorsement/guarantee limit for a single enterprise shall not exceed 50% of the net worth of Spirox Corporation's latest balance sheets. For subsidiaries that directly or indirectly hold 100% of the voting shares, the endorsement/guarantee amount shall not exceed 50% of the net worth of Spirox Corporation's latest balance sheets. Spirox Shanghai's endorsement/guarantee limit for subsidiaries that directly or indirectly hold non-100% of the voting shares shall not exceed 50% of the net worth of Spirox Shanghai's latest balance sheets, and that for a single enterprise shall not exceed 20% of the net worth of Spirox Shanghai's latest balance sheets.

Note 4: The maximum balance of endorsements/guarantees for others in the current year.

Note 5: As of the end of the year, any of endorsement/guarantee contract signed by the Company with the bank or the amount of the bill was approved, the Company began to bear the endorsement or guarantee responsibility; other related endorsements/guarantees shall be included in the balance of endorsements and guarantees.

Note 6: The actual usage amount of the endorsed/guaranteed company within the scope of the endorsement/guarantee balance shall be filled in.

Note 7: 'Y' shall be filled in only for the endorsements/guarantees of the listed (OTC-listed) parent company to its subsidiaries, the subsidiaries to the listed (OTC-listed) parent company and the locations in the Mainland China.

Note 8: The Company had loss of control over Maximo (Shanghai) Trading Co. on January 19, 2022, therefore it was derecognized from the subsidiaries of the Company and transferred to an affiliated enterprise. As an affiliate, it is not qualified for endorsement/guarantee, the Company has implemented the improvement plan of endorsement/guarantees on December 30, 2022, and reported it to the Board of Directors on January 11, 2023.

Note 9: Bright Future Cayman Limited, a subsidiary of the Company, disposed of all 75.59% shares of its subsidiary, VESP Technology Co., Ltd. on November 16, 2022, and completed the amendment registration on December 29, 2022. The above disposal of shares caused the Company loss of control over VESP Technology Co., Ltd., Global Future Investment Limited and VESP Technology Corporation, since December 29, 2022 they are no longer subsidiaries of the Company and not qualified for endorsement/guarantee. The Company's improvement plan for VESP Technology Co., Ltd. and VESP Technology Corporation and subsidiary Spirox Technology (Shanghai) Co., Ltd.'s improvement plan for VESP Technology Co., Ltd. were continuously reported to the Board of Directors on January 11 and March 23, 2023. Of which, the Company's endorsement/guarantee amount for VESP Technology Corporation had been submitted to the Board of Directors on March 23, 2023 for the full recovery. In addition, the Company's endorsement/guarantee amount for VESP Technology Co., Ltd. had been submitted to the Board of Directors on March 23, 2023 to recover USD 2 million (NT\$61,420 thousand), and the balance amount of RMB 15 million (NT\$64,230 thousand) had been reported to the Board of Directors on August 9, 2023 for the full recovery. Spirox Technology (Shanghai) Co., Ltd.'s endorsement/guarantee amount for VESP Technology Co., Ltd. had been reported to the Board of Directors on June 21, 2023 for the full recovery.

SPIROX CORPORATION AND SUBSIDIARIES
Marketable Securities Held
December 31, 2023

Table 3

Unit: In thousands of NT dollars,
unless specified otherwise

Holding company name	Type and name of marketable securities	Relationship with the holding company	Financial statement account	December 31, 2023				Note
				Number of shares	Carrying amount (Foreign currencies in Thousands)	Percentage of Ownership	Fair value (Foreign currencies in Thousands)	
Spirox Corporation	SILICON-BASED MOLECULAR SENSORING TECHNOLOGY CO., LTD., stock	—	Non-current financial assets measured at fair value through other comprehensive income	4,000,000	\$ 600	10.69%	\$ 600	—
	National Petroleum Co., Ltd., stock	—	Non-current financial assets measured at fair value through other comprehensive income	308,000	21,652	0.10%	21,652	—
	ALES Tech INC.	—	Non-current financial assets measured at fair value through other comprehensive income	5,000,000	18,350	10.94%	18,350	—
HIBON INVESTMENT CORPORATION	Spirox Corporation, stock	Parent company of HIBON INVESTMENT CORPORATION	Non-current financial assets measured at fair value through other comprehensive income	355,030	13,917	0.31%	13,917	—
	DIGITIMES INC., stock	—	Non-current financial assets measured at fair value through other comprehensive income	315,000	10,931	1.49%	10,931	—
Spirox Cayman Corporation	Xjet Ltd., stock	—	Non-current financial assets measured at fair value through other comprehensive income	11,381	USD 5.24	0.06% of common stock	USD 5.24	—
	PATH, stock	—	Non-current financial assets measured at fair value through profit or loss	870	USD 21.61	-	USD 21.61	—
	PTON, stock	—	Non-current financial assets measured at fair value through profit or loss	1,430	USD 8.71	-	USD 8.71	—
	SBI & PSMC JV FUND I LP	—	Non-current financial assets measured at fair value through profit or loss	-	USD 207.92	-	USD 207.92	—
Spirox Technology (Shanghai) Co., Ltd.	Union Semiconductor (Hefei) Co., Ltd., stock	—	Non-current financial assets measured at fair value through profit or loss	16,000,000	RMB 168,800	1.92%	RMB 168,800	—

SPIROX CORPORATION AND SUBSIDIARIES
 Receivables from Related Parties Amounting to At Least NT\$100 Million or 20% of the Paid-in Capital
 December 31, 2023

Table 4

Unit: In thousands of NT dollars,
 unless specified otherwise

Company name	Related Party	Relationship	Ending balance	Turnover rate (Note 1)	Overdue		Amount received in subsequent period (Note 2)	Allowance for impairment loss
					Amount	Actions taken		
Spirox Corporation	Spirox Technology (Shanghai) Co., Ltd.	Subsidiary	\$ 300,782	29.05%	\$ 298,478	—	\$ 26,269	\$ -
Spirox International Limited	Spirox Technology (Shanghai) Co., Ltd.	Same ultimate parent company	171,817	13.14%	171,817	—	57,600	-
Spirox Corporation	Spirox Technology (Shanghai) Co., Ltd.	Subsidiary	136,325	Note 2	—	—	23,056	-
HIBON INVESTMENT CORPORATION	Spirox Technology (Shanghai) Co., Ltd.	Subsidiary	130,043	Note 2	—	—	—	-
Spirox Technology (Shanghai) Co., Ltd.	Shanghai Infinet Technology Co., Ltd.	Same ultimate parent company	110,343	Note 2	—	—	—	-

Note 1: Other accounts receivable - related parties are not included in the calculation of turnover rate.

Note 2: Mainly account receivable from loans provided.

Note 3: The amount received in subsequent period as of March 11, 2024.

SPIROX CORPORATION AND SUBSIDIARIES
Business Relationships and Significant Intercompany Transactions
For the Year Ended December 31, 2023

Table 5

Unit: In thousands of NT dollars

No. (Note 1)	Company name	Counter-party (Note 5)	Relationship(Note 2)	Transaction			
				Account title	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Spirox Corporation	Spirox International Limited	1	Other receivables	\$ 59,813	According to agreed time	1.65%
			1	Interest income	4,593	According to agreed time	0.34%
		Spirox Technology (Shanghai) Co., Ltd.	1	Accounts receivable	300,782	Monthly settlement	8.29%
			1	Other receivables	136,325	According to agreed time	3.76%
			1	Sales revenue	78,235	Monthly settlement	5.83%
		Jetek Technology Corp.	1	Interest income	1,421	According to agreed time	0.11%
			1	Purchases	2,080	Monthly settlement	0.15%
			1	Sales revenue	1,775	Monthly settlement	0.13%
			1	Rent income	1,398	According to agreed time	0.10%
			1	Rent income	2,760	According to agreed time	0.21%
1	Spirox Cayman Corporation	Spirox Technology (Shanghai) Co., Ltd.	1	Other payables	3,866	According to agreed time	0.11%
			1	Selling expenses	5,352	According to agreed time	0.40%
2	Spirox International Limited	Spirox Technology (Shanghai) Co., Ltd.	3	Interest income	2,670	According to agreed time	0.20%
			3	Accounts receivable	171,817	Monthly settlement	4.74%
			3	Sales revenue	27,159	Monthly settlement	2.02%
		HIBON INVESTMENT CORPORATION	3	Other payables	7,945	According to agreed time	0.22%
			3	Services expense	15,717	According to agreed time	1.17%
			3	Interest expenses	3,665	According to agreed time	0.27%
			3	Sales revenue	5,191	Monthly settlement	0.39%
3	Spirox Technology (Shanghai) Co., Ltd.	Shanghai Infinet Technology Co., Ltd.	3	Other receivables	110,343	According to agreed time	3.04%
			3	Interest income	4,152	According to agreed time	0.31%
		HIBON INVESTMENT CORPORATION	3	Other payables	130,043	According to agreed time	3.58%
4	HIBON INVESTMENT CORPORATION	BEYOND ENGINEERING CORP.	3	Interest expenses	2,980	According to agreed time	0.22%
			3	Other receivables	45,323	According to agreed time	1.25%
5	BEYOND ENGINEERING CORP.	Spirox Corporation	3	Other receivables	5,145	According to agreed time	0.14%
			2	Right-of-use assets	2,029	According to agreed time	0.06%
			2	Lease liabilities	2,051	According to agreed time	0.15%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The companies are numbered in order starting from '1'.

Note 2: The relationship with the trader can be marked in one of the following three categories: (If it is the same transaction between the parent company and the subsidiaries or among the subsidiaries, there is no need to disclose it repeatedly. For example, if the parent company has disclosed a transaction with a subsidiary company, the subsidiary part does not need to be disclosed repeatedly; for a transaction between subsidiaries, if one of them has disclosed it, the other subsidiary does not need to disclose it repeatedly.):

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to parent company only total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The important transactions in this form can be determined by the Company based on the principle of materiality.

SPIROX CORPORATION AND SUBSIDIARIES
Name, Location and Related Information of the Investees (excluding investees in Mainland China)
For the Year Ended December 31, 2023

Table 6

Unit: In thousands of NT dollars,
unless specified otherwise

Investor	Investee	Location	Major businesses and products	Investment amount		Balance at the end of the period			Net income (loss) of the investee	Recognized investment income (loss) (Note 1)	Note
				December 31, 2023	December 31, 2022	Shares (in thousands)	Percentage of ownership (%)	Carrying amount			
Spirox Corporation	HIBON INVESTMENT CORPORATION	Taiwan	General investment	\$ 393,272	\$ 393,272	53,000,000	100	\$ 885,130	\$ 47,871	\$ 47,511	
	Spirox Cayman Corporation	Cayman Islands	General investment	11,689	222,847	600,000	60	360,150	82,361	82,361	
	SOUTHPORT CORPORATION	Taiwan	Optical and precision equipment manufacturing and services	108,196	-	3,091,300	53.68	108,589	(25,481)	393	
	SCube Technologies Co., Ltd.	Taiwan	Semiconductor equipment testing and parts sales services	10,000	-	606,061	33.26	10,568	1,120	568	
HIBON INVESTMENT CORPORATION	BEYOND ENGINEERING CORP.	Taiwan	Electronic material retailing	-	1,472	-	-	-	-	(Note 2 and 3)	
	Spirox Cayman Corporation	Cayman Islands	General investment	16,862	197,406	400,000	40	242,189	82,361	(Note 2)	
	Jetek Technology Corp.	Taiwan	Semiconductor test equipment sales and solution provision	64,357	64,357	3,000,000	100	73,659	32,196	(Note 2)	
SOUTHPORT CORPORATION	SCube Technologies Co., Ltd.	Taiwan	Semiconductor equipment testing and parts sales services	10,000	-	606,061	33.26	10,568	1,120	(Note 2)	
Spirox Cayman Corporation	Spirox International Limited	Hong Kong	International trade	USD 7,751	USD 7,751	60,147,500	100	103,137	14,995	(Note 2)	
	Spirox Corporation U.S.A.	America	Agency of semiconductor equipment and warehousing logistics	-	USD 1,674	-	-	-	(1,941)	(Note 2 and 4)	
Hefei Spirox Tech Corporation	Bright Future Cayman Limited	Cayman Islands	General investment	USD 1,564	USD 9,549	10,814,669	100	79,452	3,297	(Note 2)	
	Excellent Future Limited	Cayman Islands	General investment	USD 200	-	200,000	100	(36,935)	(15,563)	(Note 2)	
Excellent Future Limited	BEYOND ENGINEERING CORP.	Taiwan	Electronic material retailing	USD 138	-	397,296	100	(38,812)	(37,409)	(Note 2 and 3)	

Note 1: The investment income (losses) recognized in the current period have been considered the impact of unrealized gains and losses from intercompany transactions.

Note 2: The income of the investee company has been included in its investment company, and will not be expressed separately here to avoid confusion.

Note 3: Based on the adjustment in the group organizational structure, 100% equity of HIBON INVESTMENT CORPORATION was transferred to Excellent Future Limited effective August 9, 2023.

Note 4: The Company ceased operations on March 30, 2023, and completed the liquidation process on December 7, 2023.

SPIROX CORPORATION AND SUBSIDIARIES
Information on Investment in Mainland China
For the Year Ended December 31, 2023

Table 7

Unit: In thousands of NT dollars,
unless specified otherwise

Investee company	Main business and products	Total amount of paid-in capital (Foreign currencies in Thousands)	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2023 (Foreign currencies in Thousands)	Investment flows during the period		Accumulated outflow of investment from Taiwan to Mainland China as of December 31, 2023 (Foreign currencies in Thousands)	Net income (loss) of investee as of December 31, 2023	Ownership through direct or indirect investment	Investment income (loss) for the year ended December 31, 2023 (Note 2)	Carrying value as of December 31, 2023	Accumulated inward remittance of earnings as of December 31, 2023
					Outflow	Inflow						
Spirox Technology (Shanghai) Co., Ltd.	Development, design, production and sales of IC software	\$ 205,065	2 (Spirox Cayman Corporation)	\$ 205,065	\$ -	\$ -	\$ 205,065	\$ 84,965	100%	\$ 84,965 (Note 2(2)B)	\$ 364,182	\$ -
Shanghai Infinet Technology Co., Ltd.	Computer parts, computer testing, electronic components	51,952	1	51,952	-	-	51,952	(23,752)	100%	(23,752) (Note 2(2)B)	(41,691)	-
Hefei Spirox Technology Co., Ltd.	Development, design, production and sales of IC software	4,648	3	-	-	-	-	(19,193)	100%	(19,193) (Note 2(2)B)	67,355	-

Accumulated investment in Mainland China as of December 31, 2023 (Foreign currencies in Thousands)	Investment amounts authorized by Investment Commission, MOEA (Foreign currencies in Thousands)	Upper limit on investment authorized by the Investment Commission, MOEA
\$ 334,321	\$ 603,175	\$ 1,510,808

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Direct investment in the Mainland China.
- (2) Indirect investment in Mainland China through companies registered in a third region (the investment companies in the third region shall be specified).
- (3) Others. (Invested by Shanghai Infinet Technology Co., Ltd. With its own funds)

Note 2: In the column of investment income or loss for the year ended December 31, 2022:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit or loss during this period.
- (2) Indicated the basis for investment profit or loss recognition in the number of one of the following four categories:
 - A. Financial statements are audited and attested by an international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - B. Financial statements are audited and attested by R.O.C. parent company's CPA.
 - C. Financial statements are prepared by the internal and not audited by an accountant.
 - D. Financial statements are audited by an accountant

Note 3: New Taiwan Dollar is presented in this table.

SPIROX CORPORATION
Information of Major Shareholders
December 31, 2023

Table 8

Name of major shareholders	Shares	
	Total Shares Owned	Ownership Percentage
Qin, Jia-qi	12,479,000	10.50%
Jun-yue Investment Co., Ltd.	11,701,000	9.85%
Ji-pin Investment Co., Ltd	9,766,000	8.22%
Xi-wei Investment Co., Ltd.	8,330,000	7.01%
MPI CORPORATION	7,000,000	5.89%

Note 1: The major shareholders' information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialized form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialized form because of a different calculation basis.

Note 2: If the aforementioned data contains shares which were held in trust by the shareholders, the data disclosed is the settlor's separate account for the fund set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shares include the self-owned shares and shares held in trust, and at the same time, the shareholder has the power to decide how to allocate the trust assets. The information on the reported share equity of insider is provided in the "Market Observation Post System".

SPIROX CORPORATION
Parent Company Only Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditor’s Report

For the convenience of readers, in independent auditors’ report and the accompanying parent company only 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 and difference in the interpretation of the two versions, the Chinese-language independent auditors’ report and parent company only financial statements shall prevail.

Independent Auditor's Report

The Board of Directors and Shareholders
of Spirox Corporation

Opinion

We have audited the accompanying parent company only financial statements of Spirox Corporation, which comprise the parent company only balance sheets as of December 31, 2022 and 2021, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits the reports of other independent accountants, the accompanying parent company only financial statements present fairly, in all material respects, the accompanying parent company only financial position of Spirox Corporation as of December 31, 2022 and 2021, and its parent company only financial performance and its parent company only 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 generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of Spirox Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other independent accountants. 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 judgement, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for Spirox Corporation's parent company only financial statements for the year ended December 31, 2022 are stated as follows:

Appropriateness of sales revenue recognition

Spirox Corporation's sales revenue mainly comes from the agency of sales of semiconductor equipment. We consider that whether the recognition time of sales revenue was fairly, is an area of high concern in the audit.

Please refer to Note 4(17) for the accounting policy on revenue recognition.

We performed the following audit procedures:

1. Understand the related internal control system and procedures for sales transactions, and further evaluate the effectiveness of the design and implementation of internal control system regarding the sales transactions.
2. Ascertain whether the content and classification of the main operating revenue are appropriate, and confirm whether the operating revenue is recognized in accordance with regulations.
3. Test the consistency of operating revenue, accounts receivable and credit terms from major customers:
 - (1) Obtain or compile a comparative analysis table of major customers' operating revenue, accounts receivable and credit terms.
 - (2) Obtain and review credit information of the inspected company to its major customers.
 - (3) Whether the maturity for the collection of accounts receivable complies with the credit terms of the inspected company.
4. Test authenticity of major customers:
 - (1) Inspect the relevant industry background and other information of manufacturers and customers for the main agency brand to confirm the authenticity of customers.
 - (2) Sample and check the original orders, shipping lists or export declarations of relevant external customers to confirm the consistency of sales revenue recognition amount and time.
5. Test the consistency of transactions content with major customers:
 - (1) Whether the collection period of accounts receivable is abnormal.
 - (2) Find out whether the object of significant accounts receivable is consistent with the sales object.
 - (3) Inspect the top ten purchase objects, and check whether there are situations where the purchase and sale objects are the same.

Other Matters

Using the reports of other independent accountants

Among the associates included in the financial statements of Spirox Corporation, Jetek Technology Corp., was prepared according to a different framework for financial reporting that was not been audited by us, but by other accountants. We conducted our audits of the above-mentioned financial statements that have been converted into adjustments made in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (“IFRS”), International Accounting Standards (“IAS”), Interpretations of IFRS (“IFRIC”), and Interpretations of IAS (“SIC”) endorsed by the Financial Supervisory Commission (“FSC”) of the Republic of China (“ROC”). Therefore, our opinion on the parent company only financial statements referred to above, which relates to the amount and other financial disclosures of the aforementioned financial statements, were based on the audited reports of other auditors. As of December 31, 2022 and 2021, the total investment accounted for using equity method was NT\$43,407 thousand and NT\$50,875 thousand, accounting for 1.25% and 1.54% of total assets, respectively. For the years ended December 31, 2022 and 2021, share of profits (losses) of subsidiaries accounted for using the equity method was recognized NT\$4,563 thousand and NT\$(4,700) thousand, accounting for 1.59% and 1.33% of profit (loss) before income tax, respectively.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing Spirox Corporation'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 Spirox Corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Spirox Corporation'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 Spirox Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our

auditors' report. However, future events or conditions may cause Spirox Corporation to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Spirox Corporation to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2022 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 reasonable be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Kuan Chao Lin and Ming Yu Wen.

PKF Taiwan

Republic of China

March 23, 2023

The accompanying parent company only 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, in independent auditors' report and the accompanying parent company only 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 and difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail. As the parent company only financial statements are the responsibility of the management, PKF Taiwan cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive form the translation.

SPIROX CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

ASSETS	Note	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
CURRENT ASSETS	4				
Cash and cash equivalents	6	\$ 436,150	14	\$ 453,205	13
Financial assets measured at amortized cost, current	8, 28	92,115	3	117,619	3
Accounts receivable, net	9	85,699	3	95,418	3
Accounts receivable from related parties, net	9, 27	301,066	10	318,154	9
Other receivables, net	10	6,283	-	151,210	5
Other receivables from related parties	27	196,139	6	5,726	-
Current tax assets	21	88	-	89	-
Inventories, net	11	34,880	1	126,626	4
Prepayments	27	66,747	2	70,995	2
Total current assets		1,219,167	39	1,339,042	39
Non-current assets	4				
Financial assets at fair value through other comprehensive income, non-current	7, 26	40,602	1	18,650	1
Investments accounted for using equity method	12, 27	1,364,437	43	1,534,131	44
Property, plant and equipment	13, 27, 28	551,149	17	566,147	16
Right-of-use assets	14	273	-	-	-
Intangible assets	15	3,025	-	6,782	-
Deferred tax assets	21	7,857	-	10,951	-
Other non-current assets	28	5,067	-	4,655	-
Total non-current assets		1,972,410	61	2,141,316	61
Total assets		\$ 3,191,577	100	\$ 3,480,358	100
LIABILITIES AND EQUITY					
CURRENT LIABILITIES	4				
Short-term borrowings	16, 28	\$ 109,000	3	\$ -	-
Contract liabilities	19	49,334	2	42,578	1
Accounts payable		105,956	3	146,971	4
Accounts payable to related parties	27	114	-	1,672	-
Other payables		51,219	2	51,326	2
Other payables to related parties	26	3,866	-	-	-
Current tax liabilities		2,781	-	-	-
Lease liabilities, current	14	115	-	-	-
Current portion of long-term borrowings	16	155,240	5	108,070	3
Other current liabilities		1,712	-	1,986	-
Total current liabilities		479,337	15	352,603	10
NON-CURRENT LIABILITIES	4				
Long-term borrowings	16, 28	45,753	2	200,930	6
Deferred tax liabilities	21	141,738	4	139,669	4
Lease liabilities-non-current	14	159	-	-	-
Net defined benefit liabilities, non-current	17	3,360	-	4,304	-
Guarantee deposits		3,217	-	2,532	-
Total non-current liabilities		194,227	6	347,435	10
Total liabilities		673,564	21	700,038	20
Equity	4, 18, 23				
Share capital					
Ordinary shares		1,149,749	36	1,187,419	34
Capital surplus		437,109	14	618,213	17
Retained earnings					
Legal reserve		707,818	22	683,421	20
Special reserve		220,024	7	235,388	7
Unappropriated earnings		174,537	5	416,282	12
Other equity		(133,050)	(4)	(211,866)	(6)
Treasury shares		(38,174)	(1)	(148,537)	(4)
Total equity		2,518,013	79	2,780,320	80
Total liabilities and equity		\$ 3,191,577	100	\$ 3,480,358	100

SPIROX CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Item	Note	2023		2022	
		Amount	%	Amount	%
Operating revenue, net	4, 19, 27	\$ 375,358	100	\$ 618,294	100
Operating costs	11, 20, 27	313,285	83	514,774	83
Gross profit		62,073	17	103,520	17
Operating expenses	20, 27				
Selling expenses		88,452	23	106,095	17
Administrative expenses		89,671	24	89,014	15
Research expenses		29,615	8	30,759	5
Expected credit impairment losses (gains)	9	20,649	6	(3,329)	(1)
Total operating expenses		228,387	61	222,539	36
Other operating income and expenses, net	20, 27	(1,705)	(1)	5	-
Operating loss		(168,019)	(45)	(119,014)	(19)
Non-operating income and expenses					
Interest income	20, 27	15,714	4	7,403	1
Other income	20, 27	17,500	5	20,653	3
Other gains or losses	20	(7,212)	(2)	59,562	10
Financial costs	20	(6,267)	(2)	(6,186)	(1)
Expected credit impairment losses	10	(20)	-	(4,574)	(1)
Share of profit or loss of subsidiaries accounted for using the equity method	4, 12	97,999	26	329,720	54
Total non-operating income and expenses		117,714	31	406,578	66
Profit (loss) before income tax		(50,305)	(14)	287,564	47
Income tax expense	4, 21	(5,780)	(1)	(47,408)	- 8
Net profit (loss) for the year		(56,085)	(15)	240,156	39
Profit (loss) before income tax					
Income tax expense					
Net profit (loss) for the year		534	-	4,793	1
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income		11,172	3	2,533	-
Share of the other comprehensive income (loss) of subsidiaries accounted for using the equity method		11,217	3	(8,852)	(1)
Income tax related to items that will not be reclassified		(107)	-	(959)	-
Total items that will not be reclassified to profit or loss		22,816	6	(2,485)	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translating the financial statements of foreign operations	4, 18	5,974	2	22,288	4
Share of the other comprehensive income (loss) of subsidiaries accounted for using the equity method		8,962	2	14,561	2
Income tax related to items that may be reclassified		(2,987)	(1)	(5,873)	(1)
Total items that may be reclassified subsequently to profit or loss		11,949	3	30,976	5
Total other comprehensive income		34,765	9	28,491	5
Total comprehensive income for the year		\$ (21,320)	(6)	\$ 268,647	44
Earnings (loss) per share	4, 22				
Basic		\$ (0.49)		\$ 2.14	
Diluted		\$ (0.49)		\$ 2.13	

SPIROX CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

Item	Retained earnings					Other equity					Total equity
	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translating the financial statements of foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive	Others	Treasury shares		
Balance, January 1, 2022	\$ 1,187,419	\$ 466,828	\$ 683,421	\$ 370,564	\$ 45,384	\$ (68,705)	\$ (160,354)	\$ (9,514)	\$ (196,919)	\$ 2,318,124	
Appropriation of earnings:											
Reversal of special reserve	-	-	-	(135,176)	135,176	-	-	-	-	-	
Cash dividends from capital surplus-NT\$0.19992 per share	-	(22,413)	-	-	-	-	-	-	-	(22,413)	
Net profit for the year ended December 31, 2022	-	-	-	-	240,156	-	-	-	-	240,156	
Other comprehensive income (loss) for year ended December 31, 2022, net of income tax	-	-	-	-	3,814	30,976	(6,299)	-	-	28,491	
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	243,970	30,976	(6,299)	-	-	268,647	
Share-based payment transactions	-	1,460	-	-	-	-	-	-	-	1,460	
Treasury shares transferred to employees	-	(1,979)	-	-	(8,248)	-	-	-	48,382	38,155	
Adjustments due to dividends that subsidiaries received from parent company	-	71	-	-	-	-	-	-	-	71	
Changes in ownership interests in subsidiaries	-	174,246	-	-	-	(7,484)	-	9,514	-	176,276	
Balance, December 31, 2022	1,187,419	618,213	683,421	235,388	416,282	(45,213)	(166,653)	-	(148,537)	2,780,320	
Appropriation of earnings:											
Legal reserve appropriated	-	-	24,397	-	(24,397)	-	-	-	-	-	
Reversal of special reserve	-	-	-	(15,364)	15,364	-	-	-	-	-	
Cash dividends to shareholders-NT\$0.59955 per share	-	-	-	-	(68,586)	-	-	-	-	(68,586)	
Cash dividends from capital surplus-NT\$0.39970 per share	-	(45,724)	-	-	-	-	-	-	-	(45,724)	
Net loss for the year ended December 31, 2023	-	-	-	-	(56,085)	-	-	-	-	(56,085)	
Other comprehensive income (loss) for year ended December 31, 2023, net of income tax	-	-	-	-	427	11,949	22,389	-	-	34,765	
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	(55,658)	11,949	22,389	-	-	(21,320)	
Share-based payment transactions	-	11,629	-	-	-	-	-	-	-	11,629	
Adjustments due to dividends that subsidiaries received from parent company	-	355	-	-	-	-	-	-	-	355	
Treasury shares transferred to employees	-	(355)	-	-	(6,269)	-	-	-	30,774	24,150	
Changes in ownership interests in subsidiaries	-	(141,581)	-	-	-	-	-	-	-	(141,581)	
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	(44,478)	-	44,478	-	-	-	
Treasury shares acquired	-	-	-	-	-	-	-	-	(21,230)	(21,230)	
Treasury shares retired	(37,670)	(5,428)	-	-	(57,721)	-	-	-	100,819	-	
Balance, December 31, 2023	\$ 1,149,749	\$ 437,109	\$ 707,818	\$ 220,024	\$ 174,537	\$ (33,264)	\$ (99,786)	\$ -	\$ (38,174)	\$ 2,518,013	

SPIROX CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities:		
Net profit (loss) before income tax	\$ (50,305)	\$ 287,564
Adjustments for :		
Depreciation	17,628	18,182
Amortization	3,757	3,392
Expected credit impairment losses	20,669	1,245
Provision for inventory market price decline and lobsolte and slow-moving inventories	17,439	29,541
Financial costs	6,267	6,186
Interest income	(15,714)	(7,403)
Dividend income	(647)	-
Share-based payment	11,629	1,460
Share of profit or loss of subsidiaries accounted for using the equity method	(97,999)	(329,720)
Gains on disposal of property, plant and equipment, net	1,705	(5)
Gains on foreign exchange, net	26,451	(45,732)
Changes in operating assets and liabilities		
Decrease in notes receivable	-	17
Decrease (increase) in accounts receivable	(13,376)	232,134
Increase (increase) in accounts receivable from related parties	10,533	(24,453)
Decrease in other receivables	752	360
Decrease (increase) in other receivables from related parties	(5,081)	6,713
Decrease (increase) in inventories	74,307	(45,753)
Decrease (increase) in prepayments	4,248	55,085
Increase in contract liabilities	6,756	1,177
Decrease in accounts payable	(37,111)	(109,398)
Decrease accounts payable to related parties	(1,558)	(3,404)
Increase (decrease) other payables	(5,452)	2,411
Increase in other payables to related parties	3,866	-
Decrease other current liabilities	(274)	(8,147)
Decrease in net defined benefit liabilities	(410)	(471)
Cash generated from (used in) operations	(21,920)	70,982
Interest received	12,798	4,871
Dividends received	647	-
Interest paid	(6,213)	(6,300)
Income tax refund	-	7,065
Income tax paid	(929)	-
Net cash generated from (used in) operating activities	(15,617)	76,618
Cash flows from investing activities:		
Acquisitions of financial assets at fair value through other comprehensive income	\$ (10,780)	\$ (14,957)
Decrease in financial assets at amortized cost	25,794	177,087
Acquisition of investments accounted for using equity method	(118,196)	-
Proceeds from disposals of investment accounted for using equity method	-	219,600
Proceeds from capital return of investments accounted for using equity method	270,816	85,794
Acquisitions of property, plant and equipment	(8,931)	(5,624)
Proceeds from disposal of property, plant and equipment	-	203
(Increase) decrease in refundable deposits	(412)	887
(Increase) decrease in other receivables	146,065	(146,065)
(Increase) decrease in other receivables from related parties	(185,079)	66,432
Acquisitions of intangible assets	-	(5,681)
Net cash generated from investing activities	119,277	377,676

	<u>2023</u>	<u>2022</u>
(Continued)		
Cash flow from financing activities:		
(Increase) decrease in short-term borrowing	109,000	(206,640)
Repayment of long-term borrowings	(108,007)	-
Increase in guarantee deposits	685	636
Cash payment for the principal portion of the lease liabilities	(30)	(36)
Cash dividends	(114,310)	(22,413)
Treasury shares acquired	(15,921)	-
Proceeds from treasury shares transferred to employees	24,150	38,155
Net cash used in financing activities	<u>(104,433)</u>	<u>(190,298)</u>
Effects of foreign exchange rate changes on cash and cash equivalents	<u>(16,282)</u>	<u>2,778</u>
Increase (decrease) in cash and cash equivalents	(17,055)	266,774
Cash and cash equivalents at the beginning of the year	453,205	186,431
Cash and cash equivalents at the end of the year	<u>\$ 436,150</u>	<u>\$ 453,205</u>

SPIROX CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. General Information

Spirox Corporation (the “Company”) was established in December 11, 1987. The Company’s main business includes the design and sales of computer parts, computer inspection machines, electronic components, computer disk drivers and power supplies, sales and repair of microcomputers and their peripheral devices, computer software designs, and the importing and exporting trade business for the aforesaid products, as well as agency, quotation, bidding and distribution business of the related products of domestic and foreign manufactures.

On December 12, 2002, the Company’s shares were listed and traded on the Taiwan Stock Exchange.

On April 29, 2003, the Company was resolved by the Board of Directors to merge with Spirox Systems Corporation by an absorption merger. On September 29, 2003 as the base date for the merger and capital increase was approved by the resolution of the Board of Directors on April 29, 2003. Spirox Corporation would be the surviving company while Spirox Systems Corporation would be dissolved in the merger. The name of the surviving company after the merger is still Spirox Corporation.

The Company was approved by the resolution of the Board of Directors on May 10, 2017 to divide and transfer the relevant business of design and integration service department to VESP Technology Corporation, which was newly established and 100% owned by the Company. VESP Technology Corporation issued new shares to the Company as consideration, and September 1, 2017 was the base date for the division. In addition, due to the reorganization, the Company’s 100% shareholding of VESP Technology Corporation in 2022 had been transferred to Global Future Investment Limited. On March 31, 2022, the registration change was completed, and in November 2022, the subsidiary of the Company Bright Future Cayman Limited disposed all shares of VESP Technology Co., Ltd., resulting in the Company losing control over VESP Technology Corporation, which ceased to be a subsidiary of the Company. The aforementioned equity transaction was completed on December 29, 2022, upon registration change.

The financial statements of the Company are presented in the Company’s functional currency, the New Taiwan Dollar.

2. The Authorization of Financial Statements

The accompanying parent company only financial statements were approved and authorized for issue by the Board of Directors on March 11, 2024.

3. Application of New and Revised International Financial Reporting Standards

a. Initial application of 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).

New standards, interpretations and amendments endorsed by FSC effective since 2023 are as follows:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023
Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”	Note

Note : The " International Tax Reform - Pillar Two Model Rules" released in May 2023 added new paragraphs 4A and 88A to 88D. Paragraphs 4A and 88A will apply immediately after the issuance of these amendments, and in accordance with International Accounting Standards No. 8 The provisions apply retroactively; and paragraphs 88B to 88D will apply for annual reporting periods beginning after January 1, 2023. The information required by these paragraphs is not required to be disclosed for any interim period ending before December 31, 2023.

b. Amendments to the IFRSs issued by International Accounting Standards (IASB) and endorsed by the FSC with effective date starting 2024

New standards, interpretations, and amendments endorsed by FSC effective since 2024 are as follows:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 16 “Sale and Leaseback”	January 1, 2024
Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS7 “supplier arrangements”	January 1, 2024

c. The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
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” and Amendments to IFRS 17 “Insurance Contracts” replace IFRS 4 “Insurance Contracts”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025

As of the date the accompany parent company only financial statements were authorized for issue, the Company continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Company completes the evaluation.

4. Summary of Significant Accounting Policies

a. Statement of compliance

The accompanying parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis for preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair values 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 assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- 3) Level 3 inputs are unobservable inputs for an assets or liabilities.

When preparing these parent company only financial statements, the Company used the equity method to account for its investment in subsidiaries. In order for the amounts of net profit for the year, other comprehensive income for the year and total equity in these parent company only financial statements to be the same as the amount attributable to owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between parent company only basis and consolidated basis were made to the investments accounted for by the equity method, the share of profit or loss of subsidiaries and the equity items, as, appropriate, in these parent company only financial statements.

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

Current asset are assets held for trading purposes and assets expected to be converted to cash, sold or consumed within 12 months from the end of the reporting period. Current liabilities are obligations incurred for trading purposes and obligations expected to be settled within 12 months from the end of the reporting period. Assets and liabilities that are not classified as current are noncurrent assets and liabilities, respectively.

d. Foreign currencies

Items include in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan Dollars, which is the Company’s junctional and presentation currency.

In preparing the parent company only financial statements, transactions in currencies other than the entity’s functional currency (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. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on 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 in terms of historical cost in foreign currencies are not retranslated.

For the purposes of presenting parent company only financial statements, the assets and liabilities of the Company’s foreign operations are translated into NT\$ 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 arising, if any, are recognized in other comprehensive income and accumulated in equity.

e. Cash and cash equivalents

Cash and cash equivalent include cash on hand, demand deposits, time deposits with original maturities of less than 3 months, and highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of changes in value.

f. Inventories

Inventories are recorded at cost and calculated using the weighted-average method. The purchase cost of inventories includes the purchase price, import taxes and other taxes (except for the part that can be recovered by the enterprise from the taxation authority), as well as transportation, handling and other costs directly attributable to the acquisition of the goods. Trade discounts, concessions and other similar items are deducted from determining the cost of purchase.

Inventories are measured at the lower of cost or net realizable value. Net realizable value refers to estimated selling price, minus the estimated cost to be completed and the estimated cost required to complete the sale. When the comparative cost and the net realizable value are lower, the comparison is made item by item. The amount of inventories written down from cost to net realizable value is recognized as cost of goods sold and will be re-evaluated the net realizable value of inventories in each subsequent period. If the factors that previously caused the net realizable value of the inventory to be lower than the cost have vanished, or there is evidence that the net realizable value has increased due to changes in economic conditions, within the scope of the original offset amount, the increase in the net realizable value of the inventory shall be reversed and recognized as the reduction of the cost of goods sold in the current period.

g. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, investments in subsidiaries are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of those subsidiaries. The Company also recognizes the changes in the Company's share of the equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of such investments and the fair value of the consideration paid or received.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (including carrying amount of investments in associates using equity method and other long-term interests of net investment in associates and joint ventures), the Company continues recognizing its share of further losses.

Any excess of the cost of an acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the entire financial statements of the invested company. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes 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. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

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, 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.

Profits or losses resulting from downstream transactions are eliminated in full in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized in the parent company only 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 initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Except for freehold land is not depreciated, depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. 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. Leases

If a contract transfers control over the use of an identified asset for a period of time in exchange for consideration, the contract is a lease or includes a lease.

Lessor

The lessor classifies each lease as an operating lease or a finance lease. A lease that transfers almost all the risks and rewards attached to the ownership of the underlying asset is financial lease; if a lease does not transfer almost all the risks and rewards attached to the ownership of underlying asset, it is an operating lease.

If it is an operating lease, the lessor recognizes the lease payments as income on a straightline basis, but if other systematic basis is more representative of the form of the reduced use efficiency of the underlying asset, this basis applies. If it is a financial lease, the lessor shall recognize the finance lease receivables and the unearned finance income of the finance lease on the lease start date, and adopts a systematic and reasonable basis to allocate the finance income to the lease period, so that each period of the lease period has a fixed rate of return.

Lessee

The Company recognizes right-of-use assets and lease liabilities for all the commencement date of the lease. The right-of-use asset is measured at cost, and the lease liability is based on the present value of the lease payment not yet paid on that date.

The right-of-use assets shall be depreciated, and its depreciation period shall be the earlier of the period from the beginning of the end of useful life of the right-of-use asset or the expiration of the lease terms ; However, if the lessee will acquire the ownership of leased asset at the end of the lease term, or if the cost of the right-of-use asset reflects the exercise of the purchase option, the depreciation period is from the lease start date to the useful life of the underlying asset.

Lease liabilities use the effective interest rate method to calculate interest expense, so that the interest rate of each period calculated based on the lease liability balance is fixed. Lease payments are used to pay interest and reduce lease liabilities. The interest on the lease liabilities is recognized in profit or loss.

j. 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 life, residual values, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss. Intangible assets with indefinite useful lives are stated at cost less accumulated impairment losses.

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.

k. Impairment

At the end of each reporting period, the consolidated company reviews the carrying amounts of its 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 the asset 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 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.

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.

If the carrying amount of an asset or cash-generating unit is estimated to be more than its recoverable amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in current profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding 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 on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

1. Financial instruments

Financial assets and financial liabilities are recognized only when the Company becomes a party to the contractual terms of the financial instruments. At the time of initial recognition, it should be measured at fair value. If it is not a financial asset or financial liability that is measured at fair value through profit or loss, the transaction costs directly attributable to the acquisition or the issuance of the financial asset or financial liability should be added or subtracted. However, accounts receivable that do not contain a significant financial component should be measured at the transaction price when initially recognized.

Financial assets are only delisted when one of the following conditions is met:

- a) Invalidation of contractual rights from cash flow of financial assets;
- b) Almost all risks and rewards of transferring ownership of financial assets, or almost all risks and rewards of ownership of the financial assets are neither transferred not retained, and control of the financial assets is not retained.

For financial products with an active market, the fair value is based on the public quoted prices in the active market; for financial products without an active market, the fair value is estimated by evaluation method.

The recognition and delisting of conventional transaction financial assets are based on the transaction day accounting treatment.

2) Financial assets

Financial assets are based on the business model for managing financial assets and the contractual cash flow characteristics of financial assets. Financial assets held by the Company are classified into measured at amortized cost, at fair value through profit or loss and at fair value through other comprehensive income:

Measured at amortized cost

If a financial asset meets the following two conditions at the same time, it will be measured at the amortized cost:

- a) Financial assets are held under a certain business model. The purpose of this model is to hold financial assets to collect contractual cash flows.
- b) The contractual terms of the financial asset generate cash flows on a specific date, and these cash flows are all interest on the payment of the principal and the amount of principal in circulation.

For financial assets measured at amortized cost, their benefits or losses are recognized in profit and loss, but if they are part of a hedging relationship, they are treated as hedging accounting. Interest income is calculated using the effective interest method.

Interest income is calculated using the effective interest method.

At fair value through other comprehensive income

If a financial asset meets the following two conditions at the same time, it will be measured at fair value through other comprehensive income :

- a) Financial assets are held under a certain business model whose purpose is achieved by collecting contractual cash flows and selling financial assets ; and
- b) The contractual terms of the financial asset generate cash flows on a specific date, and these cash flows are all interest on the payment of the principal and the amount of principal in circulation.

Gains or losses are recognized in other comprehensive profit and loss, except for derogation benefits or losses and foreign currency exchange gains and losses. When assets are delisted, the accumulated benefits or losses listed in other comprehensive profit and loss are reclassified from equity to profit and loss.

If the investment in a specific equity instrument that should be measured at fair value through profit and loss is not held for trading, nor is it a contingent consideration recognized in a business combination, an irrevocable choice can be made at the time of initial recognition and its subsequent fairness. Changes in value are reported in other comprehensive income. In this case, the profit or loss is recognized in other comprehensive profits and losses, but dividends that are not investment cost recovery are included in the profits and losses. When assets are delisted, the accumulated benefits or losses listed in the other comprehensive profit and loss shall not be reclassified to profit and loss.

Measured at fair value through profit or loss

Financial assets are all measured at fair value through profit and loss, except when measured at amortized cost or at fair value through other comprehensive profits and losses.

At the time of initial recognition, financial assets can be irrevocably designated as measured at fair value through profit and loss to eliminate or significantly reduce. If not designated, it will be measured by using different basis to measure assets or liabilities or recognizing its benefits and losses. Or the recognition is inconsistent.

The benefit or loss is recognized in the profit and loss, but if it is part of the hedging relationship, it shall be treated as hedging accounting.

2) Financial liabilities

Financial liabilities shall be classified as measured at amortized cost, except for derivatives that do not comply with hedging accounting, designated as measured at fair value through profit and loss, and contingent consideration in a business combination that shall be classified as measured at fair value through profit or loss. Measured, except for financial liabilities that are not in compliance with delisted transfers or continuous participation in transferring assets, financial guarantee contracts, and commitments to provide loans at lower than market interest rates.

3) Impairment

Financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive gains and losses, contract assets and loan commitments under applicable impairment regulations, and financial guarantee contracts to measure impairment based on the expected credit loss model. If the credit risk of a financial instrument has increased significantly since its initial recognition, the allowable loss is measured in the amount of expected credit loss

during the duration of each reporting day ; If the credit risk of a financial instrument has not increased significantly since the initial recognition, the 12-month expected credit loss amount will be used to measure the allowable loss on the reporting date.

m. Provisions

The reserve for liabilities shall be recognized when the company has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

n. 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 expenses when employees have rendered services entitling them to the contributions. For defined retirement benefits plan, the pension shall be recognized according to the actuarial results. Remeasurement, comprising actuarial gains and losses 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.

o. Share-based payment arrangement

Employee share option

Employee share option is recognized as expenses on a straight-line basis during the vesting period based on the fair value of the equity instrument on the grant date and the best estimated quantity expected to be acquired, and the capital reserve-employee share option is adjusted at the same time. If it is immediately vested on the grant date, it shall be fully recognized as an expense on the grant date. The signing date that the Company transfers treasury stocks to employees is the date of grant.

The Company revises the estimated number of employee share option expected to be vested on each balance sheet date. If there is a revision to the original estimated quantity, the affected number is recognized as profit or loss, so that the accumulated expenses reflect the revised estimate, and the capital reserve-employee share option is adjusted accordingly.

p. Government grants

Government grants are recognized only when it is reasonably certain that the Company will comply with the conditions attached to the government subsidies and will receive such subsidies.

Government grants are recognized in the profit and loss on a systematic basis during the period when the related costs that they intend to compensate are recognized as expenses by the Company. Government grants that are conditional on the acquisition, construction or other means of acquisition of non-current assets of the Company are recognized as deferred income and transferred to profit and loss during the useful life of the relevant assets at a reasonable and systematic basis.

If the government grants are used to compensate for expenses or losses that have occurred, or is for the purpose of providing immediate financial support to the Company and there is no future related costs, it is recognized in the profit and loss during the period when it can be received.

q. Revenue recognition

The Company allocates the transaction price to each contractual performance obligation after the contractual performance obligation is identified in the customer contract and recognized revenue when each performance obligation is satisfied.

Sales revenue comes from the agency sales of related products of integrated circuit (IC) design and verification equipment and the agency of fast-moving consumer goods. The Company recognizes revenue and accounts receivable at the time when the customer has the right to set the price and use the products and has the primary responsibility for re-selling the products and bears the risk of obsolescence of the products when the goods are shipped or delivered to the location designated by the customers.

r. Income tax

The income tax consists of current income tax and deferred income tax. The current income tax and deferred income tax shall be recognized in profit or loss, other than the income tax related to combined entities, and items stated into other comprehensive income or stated into equity directly.

The current income tax includes the projected income tax payable or tax refund receivable based on the current taxable income (loss), and the adjustment of income tax payable or tax refund receivable in the previous years. The amount refers to the best estimates of the expected payables or receivables measured on the basis of the statutory tax rate or tax rate substantially enacted on the reporting date. Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

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

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

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

s. Earnings (loss) per share

The basic profit (loss) per share is calculated by the current net profit (loss) divided by the weighted average number of shares outstanding. However, upon capitalization of retained earnings or capitalization of capital reserves, or if the decrease is due to capital reduction to write off losses, it will be adjusted retrospectively according to the ratio of capital increase and capital reduction. Diluted earnings (loss) per share is calculated using the same manner as basic profit (loss) per share, but only after the effect of all dilutive potential ordinary shares are adjusted.

t. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as current expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. If there is any change in the amount after the shareholders' meeting in the

following year, the change in accounting estimate will be adjusted and recorded to profit or loss of the following year.

u. Operating segments report

An operating segment is a component of an entity, that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity). Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

5. Critical Accounting Judgments and Key Sources of Estimation and Uncertainty

The parent company only financial reports of the Company are affected by accounting policies, accounting assumptions and estimates, and the management must make appropriate professional judgments when preparing the consolidated financial reports.

The assumptions and estimates of the Company are the best estimates made in accordance with the relevant International Financial Reporting Standards. Estimates and assumptions are based on historical experience and other relevant factors, but actual results may differ from these estimates and assumptions.

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

a. Fair value measurement and valuation process of financial assets

When there is no market quotation for financial assets measured at fair value in an active market, the Company will decide whether to outsource the valuation and determine the appropriate fair value valuation technique in accordance with relevant laws or judgments.

If input values at Level 1 cannot be obtained when estimating the fair value, the Company or the appraiser appointed shall refer to information of the analysis of the investee's financial status and operating results, recent transaction prices, quotations of the same equity instruments in inactive markets, quotations of similar instruments in active markets and valuation multiples of comparable companies, etc. to determine the input values. If the actual changes in future input values differ from expectations, changes in fair value may occur.

Please refer to Note 26 for descriptions of fair value valuation techniques and input values.

b. Estimated impairment of financial assets

The estimated impairment of accounts receivable is based on the Company's assumptions about the default rate and expected loss rate. The Company considers historical experience as well as forward-looking information to make assumptions and select inputs for impairment assessments.

6. Cash and Cash Equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Demand deposits	\$147,523	\$208,205
Cash equivalents (investments with original maturities less than 3 months)-Time deposits	<u>288,627</u>	<u>245,000</u>
	<u>\$436,150</u>	<u>\$453,205</u>

The market rate intervals of time deposits at the end of the reporting period were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Time deposits with original maturities of less than 3 months	5.05%~5.65%	0.32%~1.035%

7. Financial assets measured at fair value through other comprehensive income (“FVTOCI”)

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Non-current</u>		
Equity instrument investment	<u>\$ 40,602</u>	<u>\$ 18,650</u>
Investments in equity instruments		
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Non-current</u>		
Domestic investment		
Listed and emerging market shares	\$ 21,652	\$ 15,090
Unlisted shares	<u>18,950</u>	<u>3,560</u>
	<u>\$ 40,602</u>	<u>\$ 18,650</u>

The Company invests in equity instruments for medium- and long-term strategic purposes, and expects to make profits through long-term investments. Accordingly, the management chose to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments’ fair value in profit or loss would not be consistent with the Company’s strategy of holding these investments for long-term purposes.

8. Financial assets at amortized cost

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Domestic investment		
Time deposits with original maturities of more over 3 months	<u>\$ 92,115</u>	<u>\$117,619</u>

a. As of December 31, 2023 and 2022, the interest rate ranges for time deposits with original maturities of more than 3 months are 4.20% to 4.50% and 2.45% to 3.5% per annum, respectively.

b. Refer to Note 28 for information relating to investments in financial assets at amortized cost pledged as security.

9. Accounts receivable, net

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Accounts receivable</u>		
At amortized cost		
Carrying amount	\$410,423	\$416,581
Less: Allowance for losses –non related parties	(<u>23,658</u>)	(<u>3,009</u>)
	<u>\$386,765</u>	<u>\$413,572</u>

The credit period of the Company to customers is different according to the evaluation of each transaction. In principle, the credit period is 90 days after the invoice is issued.

The Company measures the loss allowance of notes and accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on receivables are estimated using a provision matrix by

reference to the past default experience with the respective debtors and an analysis of the debtors' current financial positions, GDP growth rate, unemployment rate and industrial indicators. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the expected credit loss rate based on the account opening days of receivables is not further distinguished according to different segments of the Company's customer base.

The Company can reasonably expect to recover accounts receivable from related parties, and continues to pursue recovery activities, so no allowance for impairment loss is provided.

If there is any evidence shows that the counter-party is in serious financial difficulty and the Company cannot reasonably expect to recover the amount, the Company directly writes off the related accounts receivable. The Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, they are recognized in profit or loss.

The loss allowance of notes and accounts receivable measured using the provision matrix are as follows:

December 31, 2023

	Not past due	Overdue less than 90 days	Overdue 91 to 180 days	Overdue 181 to 365 days	Overdue more than 365 days	Total
Expected credit loss rate	0%~0.26%	0%~1.92%	0%~4.39%	0%~12.86%	0%~100%	
Carrying amount	\$ 70,034	\$ 22,542	\$ 36,649	\$ 38,282	\$ 242,916	\$ 410,423
Allowance for losses (lifetime ECLs)	(<u>175</u>)	(<u>309</u>)	(<u>30</u>)	(<u>299</u>)	(<u>22,845</u>)	(<u>23,658</u>)
Amortized cost	<u>\$ 69,859</u>	<u>\$ 22,233</u>	<u>\$ 36,619</u>	<u>\$ 37,983</u>	<u>\$ 220,071</u>	<u>\$ 386,765</u>

December 31, 2022

	Not past due	Overdue less than 90 days	Overdue 91 to 180 days	Overdue 181 to 365 days	Overdue more than 365 days	Total
Expected credit loss rate	0%~0.5%	0%~4%	0%~6%	0%~8%	0%~100%	
Carrying amount	\$ 49,178	\$ 45,787	\$ 39,368	\$ 68,099	\$ 214,149	\$ 416,581
Allowance for losses(lifetime ECLs)	(<u>245</u>)	(<u>1,028</u>)	(<u>1,283</u>)	(<u>453</u>)	-	(<u>3,009</u>)
Amortized cost	<u>\$ 48,933</u>	<u>\$ 44,759</u>	<u>\$ 38,085</u>	<u>\$ 67,646</u>	<u>\$ 214,149</u>	<u>\$ 413,572</u>

The movements of the loss allowance of accounts receivable are as follows:

	For the year ended December 31	
	2023	2022
Balance at January 1	\$ 3,009	\$ 6,338
Recognized (reversal) impairment loss	<u>20,649</u>	(<u>3,329</u>)
Balance at December 31	<u>\$ 23,658</u>	<u>\$ 3,009</u>

For the year ended December 31, 2023, the total carrying amount of accounts receivable decreased \$6,158 thousand and the loss allowance increased \$20,649 thousand; For the year ended December 31, 2022, the total carrying amount of accounts receivable and the loss allowance decreased \$168,647 thousand and \$3,329 thousand, respectively, due to the combined effect of changes and total carrying amount increased in notes receivable and accounts receivable of different aging risk groups. Among them, the loss allowance for the year ended December 31, 2023 increased \$20,649 thousand, and it was evaluated with reference of possibilities of the overdue accounts receivable from related parties recovered in subsequent period; the loss allowance for the year ended December 31, 2022 decreased \$3,329 thousand, and it was evaluated with reference of the overdue accounts receivable recovered in subsequent period.

10. Other receivables, net

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Other receivables</u>		
Measured at amortized cost		
Carrying amount	\$ 10,877	\$155,784
Less: Loss allowance	(4,594)	(4,574)
	<u>\$ 6,283</u>	<u>\$151,210</u>

The movements of loss allowance of other receivables were as follows:

	<u>For the year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 4,574	\$ -
Add: Provision impairment loss	<u>20</u>	<u>4,574</u>
Balance at December 31	<u>\$ 4,594</u>	<u>\$ 4,574</u>

11. Inventories

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Merchandise	<u>\$ 34,880</u>	<u>\$126,626</u>

Cost of sales is as follows:

	<u>For the year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Cost of good sold	\$295,846	\$485,233
Provision for inventory market price decline and slow-moving inventories	<u>17,439</u>	<u>29,541</u>
	<u>\$313,285</u>	<u>\$514,774</u>

12. Investments accounted for using equity method

Investments in subsidiaries

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
HIBON INVESTMENT CORPORATION	\$ 885,130	\$ 869,116
Spirox Cayman Corporation	360,150	665,015
SCube Technologies Co., Ltd.	10,568	-
SOUTHPORT CORPORATION	<u>108,589</u>	<u>-</u>
	<u>\$ 1,364,437</u>	<u>\$ 1,534,131</u>

Proportion of ownership interest
and voting right

<u>Subsidiary</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
HIBON INVESTMENT CORPORATION	100%	100%
Spirox Cayman Corporation	60.00%	60.00%
SCube Technologies Co., Ltd.	33.26%	-
SOUTHPORT CORPORATION	53.68%	-

Spirox Cayman Corporation conducted a non-proportional cash capital reduction was carried out on March 1, 2022, which reduced the Company's shareholding ratio to 60%. Since the Company and its subsidiary, HIBON INVESTMENT CORPORATION, merged to hold 100% of the shares of Spirox Cayman Corporation, the Company managed according to organizational restructuring. Moreover, on October 13, 2023, a proportional cash reduction was conducted, returning a capital of USD 8,400 thousand (equivalent to NTD 270,816 thousand).

The Company subscribed to 606,000 common shares of SCube Technologies Co., Ltd. in January 2023 through a cash capital increase, with a par value of 10 per share, at an investment cost of 10,000 thousand.

The Company subscribed to 3,091,000 common shares of SOUTHPORT CORPORATION in November 2023 through a cash capital increase, with a par value of 10 per share, at an investment cost of 108,196 thousand.

The share of profit or loss of subsidiaries accounted for using the equity method and the share of other comprehensive income of the investments in 2023 and 2022 were recognized based on the financial statements of each subsidiary audited by accountants for the same period.

13. Property, plant and equipment

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Company-owned	\$504,953	\$537,747
Operating lease	46,196	28,400
	<u>\$551,149</u>	<u>\$566,147</u>

a. Company-owned

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Other equipment</u>	<u>Equipment awaiting examination</u>	<u>Total</u>
Cost								
Balance at January 1, 2023	\$ 378,156	\$ 184,240	\$ 59,614	\$ 5,571	\$ 575	\$ 1,925	\$ 6,618	\$ 636,699
Additions	-	1,268	7,130	422	-	111	-	8,931
Disposals	-	(527)	(12,845)	(819)	-	(309)	-	(14,500)
Reclassification	-	-	2,575	59	-	-	(2,634)	-
Assets reclassified as leased for operating lease purposes	-	(29,654)	-	-	-	-	-	(29,654)
Balance at December 31, 2023	<u>\$ 378,156</u>	<u>\$ 155,327</u>	<u>\$ 56,474</u>	<u>\$ 5,233</u>	<u>\$ 575</u>	<u>\$ 1,727</u>	<u>\$ 3,984</u>	<u>\$ 601,476</u>
Accumulated depreciation								
Balance at January 1, 2023	\$ -	\$ 70,176	\$ 24,876	\$ 2,959	\$ 230	\$ 711	\$ -	\$ 98,952
Depreciation	-	4,483	9,769	1,441	115	574	-	16,382
Disposals	-	(527)	(6,515)	(819)	-	(309)	-	(8,170)
Assets reclassified as leased for operating lease purposes	-	(10,641)	-	-	-	-	-	(10,641)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 63,491</u>	<u>\$ 28,130</u>	<u>\$ 3,581</u>	<u>\$ 345</u>	<u>\$ 976</u>	<u>\$ -</u>	<u>\$ 96,523</u>
Carrying amount at January 1, 2023	<u>\$ 378,156</u>	<u>\$ 114,064</u>	<u>\$ 34,738</u>	<u>\$ 2,612</u>	<u>\$ 345</u>	<u>\$ 1,214</u>	<u>\$ 6,618</u>	<u>\$ 537,747</u>
Carrying amount at December 31, 2023	<u>\$ 378,156</u>	<u>\$ 91,836</u>	<u>\$ 28,344</u>	<u>\$ 1,652</u>	<u>\$ 230</u>	<u>\$ 751</u>	<u>\$ 3,984</u>	<u>\$ 504,953</u>
Cost								
Balance at January 1, 2022	\$ 378,156	\$ 186,912	\$ 59,293	\$ 6,643	\$ 575	\$ 1,038	\$ 4,902	\$ 637,519
Additions	-	538	1,607	876	-	887	1,716	5,624
Disposals	-	(3,210)	(1,286)	(1,948)	-	-	-	(6,444)
Balance at December 31, 2022	<u>\$ 378,156</u>	<u>\$ 184,240</u>	<u>\$ 59,614</u>	<u>\$ 5,571</u>	<u>\$ 575</u>	<u>\$ 1,925</u>	<u>\$ 6,618</u>	<u>\$ 636,699</u>
Accumulated depreciation								
Balance at January 1, 2022	\$ -	\$ 68,018	\$ 16,145	\$ 3,329	\$ 115	\$ 302	\$ -	\$ 87,909
Depreciation	-	5,368	9,926	1,471	115	409	-	17,289
Disposals	-	(3,210)	(1,195)	(1,841)	-	-	-	(6,246)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 70,176</u>	<u>\$ 24,876</u>	<u>\$ 2,959</u>	<u>\$ 230</u>	<u>\$ 711</u>	<u>\$ -</u>	<u>\$ 98,952</u>
Carrying amount at January 1, 2022	<u>\$ 378,156</u>	<u>\$ 118,894</u>	<u>\$ 43,148</u>	<u>\$ 3,314</u>	<u>\$ 460</u>	<u>\$ 736</u>	<u>\$ 4,902</u>	<u>\$ 549,610</u>
Carrying amount at December 31, 2022	<u>\$ 378,156</u>	<u>\$ 114,064</u>	<u>\$ 34,738</u>	<u>\$ 2,612</u>	<u>\$ 345</u>	<u>\$ 1,214</u>	<u>\$ 6,618</u>	<u>\$ 537,747</u>

As of December 31, 2023 and 2022, the Company did not have any impairment on property, plant and equipment.

Depreciation expenses were accrued on a straight-line basis over the following estimated useful lives:

Buildings	3 to 51 years
Machinery and equipment	3 to 6 years
Office equipment	1 to 11 years
Leasehold improvements	5 years
Other equipment	3 years

Please refer to Note 28 for the amount of property, plant and equipment used by the Company pledged as security for loans.

b. Operating lease

	<u>Buildings</u>
<u>Cost</u>	
Balance at January 1, 2023	\$ 43,781
Assets used by the Company	<u>29,654</u>
Balance at December 31, 2023	<u>\$ 73,435</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2023	\$ 15,381
Assets used by the Company	10,641
Depreciation	<u>1,217</u>
Balance at December 31, 2023	<u>\$ 27,239</u>
Carrying amount at January 1, 2023	<u>\$ 28,400</u>
Carrying amount at December 31, 2023	<u>\$ 46,196</u>
<u>Cost</u>	
Balance at January 1, 2022	<u>\$ 43,781</u>
Balance at December 31, 2022	<u>\$ 43,781</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2022	\$ 14,523
Depreciation	<u>858</u>
Balance at December 31, 2022	<u>\$ 15,381</u>
Carrying amount at January 1, 2022	<u>\$ 29,258</u>
Carrying amount at December 31, 2022	<u>\$ 28,400</u>

The Company rents out buildings and structures under operating lease with the lease period of 2020 to 2026, and has no right to renew the contract. At the end of the lease period, the lessee does not have right of preferential refusal of the asset.

The total amount of lease payments to be received in the future for renting out the buildings used by the Company under operating lease was as follows:

	<u>December 31, 2023</u>	<u>December 31, 2023</u>
First year	\$ 12,124	\$ 13,455
1~5 years	<u>8,086</u>	<u>5,332</u>
	<u>\$ 20,210</u>	<u>\$ 18,787</u>

Depreciation were accrued on a straight-line basis over the following estimated useful lives:

Buildings	51 years
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Please refer to Note 28 for the operating lease amount of property, plant and equipment pledged as security for loans.

14. Lease agreement

a. Right-of-use assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Right-of-use assets carrying amount		
Buildings	<u>\$ 273</u>	<u>\$ -</u>

	For the year ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 302</u>	<u>\$ -</u>
Depreciation charge for right-of-use assets		
Buildings	<u>\$ 29</u>	<u>\$ 35</u>

b. Lease liabilities

	December 31, 2023	December 31, 2022
Lease liabilities carrying amount		
Current	<u>\$ 115</u>	<u>\$ -</u>
Non-current	<u>\$ 159</u>	<u>\$ -</u>

Ranges of discount rates for lease liabilities are as follows:

	December 31, 2023	December 31, 2022
Buildings	2.33%	-

c. Other lease information

	For the year ended December 31	
	2023	2022
Expenses relating to short-term lease	<u>\$ 246</u>	<u>\$ 415</u>
Total cash outflow for leases	<u>\$ 276</u>	<u>\$ 451</u>

The Company's leases of parking space qualify as short-term 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. Intangible assets

	<u>Computer software</u>
<u>Cost</u>	
Balance at January 1, 2023	\$ 11,481
Disposals	(<u>316</u>)
Balance at December 31, 2023	<u>\$ 11,165</u>
<u>Accumulated amortization and impairment</u>	
Balance at January 1, 2023	\$ 4,699
Amortization	3,757
Disposals	(<u>316</u>)
(To be continued)	
(Continued)	
Balance at December 31, 2023	<u>\$ 8,140</u>
Carrying amount at January 1, 2023	<u>\$ 6,782</u>
Carrying amount at December 31, 2023	<u>\$ 3,025</u>
<u>Cost</u>	
Balance at January 1, 2022	\$ 6,487
Acquired separately	5,681
Disposals	(<u>687</u>)
Balance at December 31, 2022	<u>\$ 11,481</u>

17. Post-employment benefit plans

a. Defined contribution plans

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

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government. 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% of total monthly salaries and wages 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 parent company only balance sheets in respect of the Company's defined benefit plans were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	\$ 23,305	\$ 23,306
Fair value of plan assets	(<u>16,945</u>)	(<u>19,002</u>)
Net defined benefit liabilities	<u>\$ 3,360</u>	<u>\$ 4,304</u>

Movements in net defined benefit liabilities (assets) were as follows:

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities (assets)</u>
January 1, 2022	\$ 39,754	(\$ 30,186)	\$ 9,568
Service cost			
Service cost in current period	-	-	-
Interest expenses (income)	<u>234</u>	(<u>178</u>)	<u>56</u>
Recognized in profit or loss	<u>234</u>	(<u>178</u>)	<u>56</u>
Benefit actually paid	(<u>14,185</u>)	<u>14,185</u>	<u>-</u>
Remeasurements			
Actuarial loss (benefit)			
– Changes in demographic hypothesis	815	-	815
– Changes in financial assumptions	(3,093)	-	(3,093)
– Experience adjustments	(<u>219</u>)	(<u>2,296</u>)	(<u>2,515</u>)
Recognized in other comprehensive loss (income)	(<u>2,497</u>)	(<u>2,296</u>)	(<u>4,793</u>)
Contributions from the employer	<u>-</u>	(<u>527</u>)	(<u>527</u>)
Balance at December 31, 2022	<u>\$ 23,306</u>	(<u>\$ 19,002</u>)	<u>\$ 4,304</u>
Service cost			
Interest expenses (income)	<u>375</u>	(<u>305</u>)	<u>70</u>

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Recognized in profit or loss	<u>375</u>	<u>(305)</u>	<u>70</u>
Benefit actually paid	<u>(2,912)</u>	<u>2,912</u>	<u>-</u>
Remeasurements			
Actuarial loss (benefit)			
– Changes in financial assumptions	675	-	675
– Experience adjustments	<u>(1,139)</u>	<u>(70)</u>	<u>(1,209)</u>
Recognized in other comprehensive loss (income)	<u>(464)</u>	<u>(70)</u>	<u>(534)</u>
Contributions from the employer	<u>-</u>	<u>(480)</u>	<u>(480)</u>
Balance at December 31, 2023	<u>\$ 23,305</u>	<u>(\$ 16,945)</u>	<u>\$ 3,360</u>

Through the defined benefit plans under the Labor Standards Law, 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 rate risk: The decrease in interest rates on government bonds will increase the current value of the defined benefit obligation, but the return on investment in plan assets will also increase, which will have a partially offsetting effect on the net defined benefit obligation.
- 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:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.29%	1.61%
Expected rate of salary increase	3.00%	3.00%

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:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate		
0.5% increase	<u>(\$ 1,043)</u>	<u>(\$ 1,398)</u>
0.5% decrease	<u>\$ 1,116</u>	<u>\$ 1,508</u>
Expected rate of salary increase		
0.5% increase	<u>\$ 2,246</u>	<u>\$ 3,058</u>
0.5% decrease	<u>(\$ 2,007)</u>	<u>(\$ 2,677)</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.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Expected contributions to the plan for the next year	<u>\$ 17,615</u>	<u>\$ 20,460</u>
Average duration of the defined benefit obligation	11 years	12 years

18. Equity

a. Share capital

Ordinary share

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Authorized shares (in thousands)	<u>300,000</u>	<u>300,000</u>
Authorized capital	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
Issued and fully paid shares (in thousands)	<u>114,975</u>	<u>118,742</u>
Issued capital	<u>\$ 1,149,749</u>	<u>\$ 1,187,419</u>

As of December 31, 2023 and 2022, the number of shares authorized were 300,000 thousand shares with a par value of \$10 per share, carry one vote per share and the right to receive dividends. Among the shares authorized, there were 30,000 thousand shares reserved for the issuance of employee share option certificates.

The relevant information regarding the issuance of common shares through private placement and the pending public offering is as follows:

	<u>1st, 2021</u>
The Shareholder meetings resolution date	2021.11.02
Private placement base date	2021.11.30
Number of shares (in thousands)	16,300
Face value (in NTD)	10
Subscription price (in NTD)	24
Total amount of private placement (in thousands of NTD)	391,200

Besides the above-mentioned private placement of ordinary shares which are subject to restrictions on circulation and transfer in accordance with the Securities and Exchange Act, and can only be listed and traded after 3 years from the delivery date and retroactive handling for publicly issuance, the rights and obligations of private placement are the same as those of public companies which issue ordinary shares.

b. Capital surplus

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Additional paid-in capital	\$165,659	\$216,811
From merger	78,174	78,174
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	40,907	40,907

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>May be used to offset a deficit only</u>		
Changes in ownership interests in subsidiaries	27,192	168,773
Employee share option	125,177	95,908
<u>May not be used for any purpose</u>		
Employee share option	-	17,640
	<u>\$437,109</u>	<u>\$618,213</u>

Note: 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 capital surplus and to once a year).

For the year ended December 31, 2023, equity transactions of subsidiary companies resulted in a decrease in capital surplus of 141,581 thousand, recognized by the Company under the equity method.

c. Retained earnings and dividend policy

Under the Company's dividend policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors, refer to employees' compensation and remuneration of directors in Note 20(9).

Dividends to shareholders can be distributed in cash or shares, of which the cash portion of dividends shall not less than 10% of the distribution. The dividend policy is proposed by the Board of Directors every year according to law, and submitted to the shareholders' meeting for resolution, subject to factors such as Company's current and future investment environment, capital demand, domestic and foreign competition conditions and capital demand budgets, as well as shareholders' interests, balancing dividends and the Company's long-term financial planning.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. 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.

The Company's Articles clearly stipulated that special reserve shall be allocated from the cumulative net amount of other deductions from equity in the preceding period and the cumulative net amount of increase in investment property fair value in the preceding period. If there remains any insufficiency, allocate it 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.

The Company resolved to distribute earnings and capital surplus for the years 2022 and 2021 at the Shareholders' Meetings held on June 21, 2023 and June 22, 2022, the distributions were as follows:

	For the year ended December 31	
	2022	2021
Legal reserve	<u>\$ 24,397</u>	<u>\$ -</u>
Reversal of special reserve	<u>(\$ 15,364)</u>	<u>(\$135,176)</u>
Cash dividends distributed from earnings	<u>\$ 68,586</u>	<u>\$ -</u>
Cash distributed from capital surplus	<u>\$ 45,724</u>	<u>\$ 22,413</u>
Cash dividends per share (NT\$)(Note)	<u>\$0.99925</u>	<u>\$0.19992</u>

Note: The total numbers of ordinary shares outstanding were affected due to treasury shares acquired and the transfer of treasury shares to employees. The cash distribution from capital surplus in 2022 and 2021 were adjusted from \$1 per share to \$0.99925 and \$0.2 per share to \$0.19992.

The appropriations of earnings and capital surplus in cash for 2023 were proposed by the Board of Directors on March 11, 2024:

	For the year ended December 31, 2023
Reversal of special reserve	<u>(\$ 83,947)</u>
Cash dividends distributed from earnings	<u>\$ 68,365</u>
Cash distributed from capital surplus	<u>\$ 45,576</u>
Cash dividends per share (NT\$)	<u>\$ 1</u>

The appropriations of earnings and capital surplus in cash for 2023 are subject to the resolution of the shareholders' meeting to be held on June 19, 2024.

d. Special reserve

	For the year ended December 31	
	2023	2022
Balance at January 1	<u>\$235,388</u>	<u>\$370,564</u>
Reversal of special reserve		
Reversal of in respect of debits to other equity items	<u>(15,364)</u>	<u>(135,176)</u>
Balance at December 31	<u>\$220,024</u>	<u>\$235,388</u>

As of December 31, 2023 and 2022, the special reserves both were \$10,948 thousand for the first time using IFRSs.

The reversal amount of special reserve in 2023 refers to the part of the special reserve accrued for the difference between the market price of the parent Company's shares held by the subsidiaries and the carrying amount based on the shareholding ratio, the reduction in exchange losses from the financial statements of overseas operating entities for the current period, net of the increase in unrealized losses on financial assets, is deducted. The reversal amount of special reserve 2022 refers to the part of the special reserve accrued for the difference between the market price of the parent Company's shares held by the subsidiaries and the carrying amount based on the shareholding ratio, and the net amount which the rise of market price in the current period and the reduction in the unrealized loss of financial assets deduct the increase amount of exchange losses from exchange differences on translation of foreign financial statements.

e. Other equity

1) Exchange differences on translating the financial statements of foreign operations

	For the year ended December 31	
	2023	2022
Balance at January 1	(\$ 45,213)	(\$ 68,705)
Exchange differences on translating the financial statements of foreign operations	5,974	22,288
Share of the other comprehensive income (loss) of subsidiaries accounted for using the equity method	8,962	14,561
Income tax related to items that may be reclassified	(2,987)	(5,873)
Changes in ownership interests in subsidiaries	-	(7,484)
Balance at December 31	<u>(\$ 33,264)</u>	<u>(\$ 45,213)</u>

2) Unrealized gains or losses of financial assets measured at FVTOCI

	For the year ended December 31	
	2023	2022
Balance at January 1	(\$ 166,653)	(\$ 160,354)
Recognized for the year		
Unrealized gains from equity instruments	11,172	2,533
Share of the other comprehensive (loss) income of subsidiaries accounted for using the equity method	11,217	(8,832)
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal which accounted for using equity method	<u>44,478</u>	<u>-</u>
Balance at December 31	<u>(\$ 99,786)</u>	<u>(\$ 166,653)</u>

3) Others

	For the year ended December 31	
	2023	2022
Balance at January 1	\$ -	(\$ 9,514)
Changes in ownership interests in subsidiaries	-	<u>9,514</u>
Balance at December 31	<u>\$ -</u>	<u>\$ -</u>

f. Treasury shares

1) Reasons and quantities of shares reacquired:

Reacquired from	Purpose of reacquired	December 31, 2023	
		Shares (in thousands)	Amount
The Company	For transferring shares to employees(Note)	551	\$ 21,230
HIBON INVESTMENT CORPORATION	Subsidiary held shares of the Company	<u>355</u>	<u>16,944</u>
		<u>906</u>	<u>\$ 38,174</u>

Note: The initial number of shares was 4,917 thousand shares, increased by the purchase of 551 thousand shares during the period, decreased by the transfer of 1,150 thousand shares to employees, and canceled 3,767 thousand shares.

		December 31, 2022	
Reacquired from	Purpose of reacquired	Shares (in thousands)	Amount
The Company	For transferring shares to employees	4,917	\$ 131,593
HIBON INVESTMENT CORPORATION	Subsidiary held shares of the Company	<u>355</u>	<u>16,944</u>
		<u>5,272</u>	<u>\$ 148,537</u>

- 2) According to the Securities and Exchange Act, the number of shares bought back may not exceed 10% of the total number of issued and outstanding shares of the Company. The total amount of the shares bought back may not exceed the amount of retained earnings plus premium on capital shares plus realized capital surplus.
- 3) The treasury shares held by the Company shall not be pledged in accordance with the Securities and Exchange Act, nor shall they be entitled to dividend distributions and voting rights. Shares of the Company held by the subsidiaries are treated as treasury shares, except that they cannot participate in the Company's cash capital increase and have no voting rights; they enjoy the same rights as ordinary shareholders.
- 4) According to the Securities and Exchange Act, the shares bought back by the Company for transferring shares to employees shall be transferred within 3 years from the date of buyback. The shares not transferred within the said time limit shall be deemed as not issued by the Company, and amendment registration for the shares cancelling shall be processed. Where the buyback was required to maintain the Company's credit and shareholders' rights and interests, the shares so purchased shall be cancelled and the amendment registration shall be affected within 6 months from the date of buyback. The Board of Directors resolved on May 12, 2020 to amend the time limit set out in Article 3 of the "procedures of transferring shares to employees for the first time buyback in 2018" from 3 years to 5 years in accordance with Article 28-2 of the Securities and Exchange Act amended on June 21, 2019.
- 5) The 8,000 thousand treasury shares of the Company's sixth buyback, up to December 28, 2023, a total of 4,233 thousand shares have been transferred in batches. The remaining 3,767 thousand shares reached the five-year mark on December 27, 2023. Pursuant to the Board Resolution on December 13, 2023, the Company established December 28, 2023, as the reduction of capital reference date. The share cancellation was completed on January 22, 2024. The breakdown of the partial were transferred in installments as follows:
- For the first transfer to employees, the total of 1,035 thousand shares were transferred with an amount of \$27,697 thousand, and the subscription base date was set as July 28, 2020. (The treasury shares transferred as employees share option was completed on July 28, 2020.)
- For the second transfer to employees, the total of 140 thousand shares were transferred with an amount of \$3,746 thousand, and the subscription base date was set as February 1, 2021.
- For the third transfer to employees, the total of 45 thousand shares were transferred with an amount of \$1,204 thousand, and the subscription base date was set as March 26, 2021.
- For the fourth transfer to employees, the total of 55 thousand shares were transferred with an amount of \$1,472 thousand, and the subscription base date was set as August 13, 2021.
- For the fifth transfer to employees, the total of 46 thousand shares were transferred with an amount of \$1,231 thousand, and the subscription base date was set as January 21, 2022.
- For the sixth transfer to employees, the total of 47 thousand shares were transferred with an amount of \$1,258 thousand, and the subscription base date was set as March 24, 2022.
- For the seventh transfer to employees, the total of 695 thousand shares were transferred with an amount of \$18,598 thousand, and the subscription base date was set as August 11, 2022.
- For the eighth transfer to employees, the total of 1,020 thousand shares were transferred with an amount of \$27,295 thousand, and the subscription base date was set as November 9, 2022.

For the ninth transfer to employees, the total of 485 thousand shares were transferred with an amount of \$12,979 thousand, and the subscription base date was set as January 12, 2023.

For the tenth transfer to employees, the total of 120 thousand shares were transferred with an amount of \$3,211 thousand, and the subscription base date was set as March 24, 2023.

For the eleventh transfer to employees, the total of 120 thousand shares were transferred with an amount of \$3,211 thousand, and the subscription base date was set as August 10, 2023.

For the twelfth transfer to employees, which were conducted in two installments, 375 thousand shares and 50 thousand shares were transferred with an amount of \$10,035 thousand and \$1,338 thousand, and the subscription base date was set as November 9 and December 14, 2023.

- 6) On February 21, 2023, the Board of Directors of the Company resolved to repurchase treasury shares for the eighth time to transfer shares to employees. In the second quarter of 2023, 34 thousand shares were repurchased for an amount of NTD 985 thousand.
- 7) On December 13, 2023, the Board of Directors of the Company resolved to repurchase treasury shares for the ninth time to transfer shares to employees. In the fourth quarter of 2023, 517 thousand shares were repurchased for an amount of NTD 20,245 thousand.
- 8) The subsidiary, HIBON INVESTMENT CORPORATION held 355 thousand shares of the Company's share on December 31, 2022 and 2021, and the average book value per shares both were \$47.73. The shares were registered as treasury shares, and the fair value of each share was \$24.75 and \$29.90, respectively.

19. Operating revenue

	<u>For the year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers		
Sales revenue	\$ 345,194	\$ 594,052
Service revenue	6,802	5,083
Repair and maintenance revenue	<u>23,362</u>	<u>19,159</u>
	<u>\$ 375,358</u>	<u>\$ 618,294</u>

The revenue of the Company comes from sales revenue transferred at a certain point in time and service and repair and maintenance revenue gradually transferred over time.

a. Contract balances

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Contract liability-current	<u>\$ 49,334</u>	<u>\$ 42,578</u>

Changes in contract liabilities are primarily attributable to differences in the timing of satisfaction of performance obligations and the timing of payment by customers.

b. Disaggregation of revenue

<u>By region</u>	<u>For the year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Taiwan	\$ 127,447	\$ 201,314
China	232,539	404,321
Others	<u>15,372</u>	<u>12,658</u>
	<u>\$ 375,358</u>	<u>\$ 618,294</u>

20. Net profit for the continuing operations

a. Other operating income and expenses, net

	For the year ended December 31	
	2023	2022
Gains (losses) on disposal of property, plant and equipment	(<u>\$ 1,705</u>)	<u>\$ 5</u>

b. Interest income

	For the year ended December 31	
	2023	2022
Bank deposits	\$ 8,947	\$ 2,808
Financing provided to others	753	-
Financing provided to related parties	<u>6,014</u>	<u>4,595</u>
	<u>\$ 15,714</u>	<u>\$ 7,403</u>

c. Other income

	For the year ended December 31	
	2023	2022
Income and expenses of leased assets		
Rent income	\$ 16,429	\$ 11,661
Dividend income	647	-
Other income	<u>424</u>	<u>8,992</u>
	<u>\$ 17,500</u>	<u>\$ 20,653</u>

d. Other gains or losses

	For the year ended December 31	
	2023	2022
Net foreign exchange gain (loss)	(<u>\$ 7,212</u>)	<u>\$ 59,562</u>

e. Financial costs

	For the year ended December 31	
	2023	2022
Interest expenses		
Bank loans	\$ 6,227	\$ 6,170
Lease liabilities	1	-
Others	<u>39</u>	<u>16</u>
	<u>\$ 6,267</u>	<u>\$ 6,186</u>

f. Depreciation and amortization

	For the year ended December 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	\$ -	\$ -
Operating expenses	<u>17,628</u>	<u>18,182</u>
	<u>\$ 17,628</u>	<u>\$ 18,182</u>
An analysis of amortization by function		
Operating costs	\$ -	\$ -
Operating expenses	<u>3,757</u>	<u>3,392</u>
	<u>\$ 3,757</u>	<u>\$ 3,392</u>

g. Research and development expenditures recognized as expenses as incurred

	For the year ended December 31	
	2023	2022
Research expenses	<u>\$ 29,615</u>	<u>\$ 30,759</u>

h. Employee benefit expenses

	For the year ended December 31	
	2023	2022
Post-employment benefits		
Defined contribution plans	\$ 5,396	\$ 5,761
Defined benefit plans (Note 17)	70	56
Other employee benefits	<u>144,684</u>	<u>160,217</u>
	<u>\$150,150</u>	<u>\$166,034</u>
Summary by function		
Operating costs	\$ -	\$ -
Operating expenses	<u>150,150</u>	<u>166,034</u>
	<u>\$150,150</u>	<u>\$166,034</u>

i. Compensation of employees and remuneration of director

In accordance with the Company's Articles of Incorporation, the Company allocates no less than 2% and no higher than 5% for the distributions of compensation to employees and remuneration to directors, respectively, from the balance after deducting the cumulative losses depends on the condition of current year benefit. The recipients of cash or share distributions for employees' compensation include employees of affiliated companies who meet certain criteria. 2023 and 2022 employees' compensation and directors' remunerations were resolved by the Board of Directors on March 11, 2024 and March 23, 2023, respectively. The resolutions were as follows:

	For the year ended December 31	
	2023	2022
Compensation of employees	\$ -	\$ 11,982
Remuneration of directors	-	-

If there is any change in the amount after the adoption of the annual parent company only financial statements, the change in accounting estimate will be adjusted and recorded in the following year.

The Company held board meetings on March 23, 2023 the actual distribution amounts for employee remuneration and director remuneration were consistent with the recognition amounts in the annual financial report. The Company held board meetings on March 23, 2022 to decide not to allocate remunerations to employees and directors, and the annual financial report did not recognize the relevant amount.

	For the year ended December 31			
	2022		2021	
	Compensation of employees	Remuneration of directors	Compensation of employees	Remuneration of directors
Amount to be distributed resolved by the board of directors	<u>\$ 11,982</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Amount recognized in annual financial statements	<u>\$ 11,982</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Information on compensation of employees and remuneration of directors resolved by the Company's board of directors in 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

21. Income tax

a. Income tax recognized in profit or loss

Major components of tax expense recognized are as follows:

	For the year ended December 31	
	<u>2023</u>	<u>2022</u>
Current tax		
In respect of the current year	\$ 3,718	\$ 303
Adjustments for prior year	(<u>7</u>)	<u>120</u>
	3,711	423
Deferred tax		
In respect of the current year	<u>2,069</u>	<u>46,985</u>
Income tax expense recognized in profit or loss	<u>\$ 5,780</u>	<u>\$ 47,408</u>

A reconciliation of accounting profit and income tax expense and the applicable tax rate is as follows:

	For the year ended December 31	
	<u>2023</u>	<u>2022</u>
Profit (loss) before tax for continuing operations	(<u>\$ 50,305</u>)	<u>\$ 287,564</u>
Tax expense (income) calculated at statutory rate	(\$ 10,061)	\$ 57,513
Nondeductible expenses in determining taxable income	10,763	(25,266)
Unrecognized loss carryforwards and deductible temporary differences	1,368	14,738
Corporate income surtax on undistributed retained earnings	3,311	-
(To be continued)		
(Continued)		
Adjustments for prior years	(7)	120
Tax effects of payment of foreign tax credit	<u>406</u>	<u>303</u>
Income tax expense recognized in profit or loss	<u>\$ 5,780</u>	<u>\$ 47,408</u>

b. Income tax expense (income) recognized in other comprehensive income

	For the year ended December 31	
	<u>2023</u>	<u>2022</u>
<u>Deferred tax</u>		
In respect of the current year		
-Translation of foreign operations	(\$ 2,987)	(\$ 5,873)
-Remeasurements of defined benefit plans	(<u>107</u>)	(<u>959</u>)
Income tax recognized in other comprehensive income	(<u>\$ 3,094</u>)	(<u>\$ 6,832</u>)

c. Current tax assets and liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current tax assets		
Tax refund receivable	<u>\$ 88</u>	<u>\$ 89</u>
Current tax liabilities		
Tax payable	<u>\$ 2,781</u>	<u>\$ -</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2023

Deferred tax assets	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
<u>Temporary differences</u>				
Unrealized exchange loss	\$ -	\$ 36	\$ -	\$ 36
Unrealized gross profit	143	(143)	-	-
Exchange differences on translation of foreign operations	<u>10,808</u>	<u>-</u>	<u>(2,987)</u>	<u>7,821</u>
	<u>\$ 10,951</u>	<u>(\$ 107)</u>	<u>(\$ 2,987)</u>	<u>\$ 7,857</u>
<u>Deferred tax liabilities</u>				
<u>Temporary differences</u>				
Gains on foreign investments accounted for using equity method	\$ 126,424	\$ 7,134	\$ -	\$ 133,558
Defined retirement benefit plans	7,991	82	107	8,180
Unrealized exchange income	<u>5,254</u>	<u>(5,254)</u>	<u>-</u>	<u>-</u>
	<u>\$ 139,669</u>	<u>\$ 1,962</u>	<u>\$ 107</u>	<u>\$ 141,738</u>

For the year ended December 31, 2022

Deferred tax assets	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
<u>Temporary differences</u>				
Unrealized exchange loss	\$ 3,892	(\$ 3,892)	\$ -	\$ -
Unrealized gross profit	385	(242)	-	143
Exchange differences of foreign operating institutions	<u>16,681</u>	<u>-</u>	<u>(5,873)</u>	<u>10,808</u>
	<u>\$ 20,958</u>	<u>(\$ 4,134)</u>	<u>(\$ 5,873)</u>	<u>\$ 10,951</u>
<u>Deferred tax liabilities</u>				
<u>Temporary differences</u>				
Gains on foreign investments accounted for using equity method	\$ 88,921	\$ 37,503	\$ -	\$ 126,424
Defined retirement benefit plans	6,938	94	959	7,991
Unrealized exchange income	<u>-</u>	<u>5,254</u>	<u>-</u>	<u>5,254</u>
	<u>\$ 95,859</u>	<u>\$ 42,851</u>	<u>\$ 959</u>	<u>\$ 139,669</u>

e. The unrecognized deductible temporary differences of deferred tax assets and unused amount of loss carry forwards in the parent company only balance sheets

	December 31, 2023	December 31, 2022
Loss carryforwards		
Due in 2030	\$ 76,956	\$ 80,456
Due in 2031	83,447	83,447
Due in 2032	48,418	49,624
Due in 2033	<u>77,762</u>	<u>-</u>
Total	<u>\$286,583</u>	<u>\$210,027</u>
Deductible temporary differences	<u>\$ 57,317</u>	<u>\$ 42,005</u>

f. Income tax assessments

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

22. Earnings per share

	Unit: NTD per share	
	For the year ended December 31	
	2023	2022
Basic earnings (loss) per share	(\$ 0.49)	\$ 2.14
Diluted earnings (loss) per share	(\$ 0.49)	\$ 2.13

The earnings (loss) and weighted average number of ordinary shares outstanding that were used in the computation of earnings per share were as follows:

Net profit (loss) for the year

	For the year ended December 31	
	2023	2022
Net profit (loss) attributable to the Company's owners	(\$ 56,085)	\$240,156
Effect of dilutive potential ordinary shares	-	-
Net profit (loss) used in the computation of diluted earnings per share	(\$ 56,085)	\$240,156

The weighted average number of ordinary shares outstanding (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	114,060	112,086
Effect of potentially dilutive ordinary shares:		
Compensation to employees	94	484
Weighted average number of ordinary shares used in the computation of diluted earnings per share	114,154	112,570

If the Company has the option to pay employees in shares or cash, the calculation of diluted earnings per share assumes that employee compensation will be paid in shares and is included in the weighted-average number of ordinary shares outstanding for the purpose of calculating diluted earnings per share when the potential ordinary shares have a dilutive effect. The dilutive effect of these potential ordinary shares will continue to be considered in the calculation of diluted earnings per share prior to the issuance of employee compensation shares in the following year.

23. Share-based payment arrangements

a. Share option plan of the Company

In order to attract and retain professional talents demanded, and to bring employees together and feel a sense of belonging to the Company, the Company and its subsidiary, VESP Technology Corporation ("VESP Corp.") offered a total of 2,960 thousand units and 6,387 thousand units of employee share option on January 12, 2022 and April 1, 2020, respectively, to jointly create corporate interests. In addition, to jointly create the interests of the Company and shareholders with the strategic partners

and professionals needed for the business operation of VESP Corp. and its affiliated enterprises, there were 450 thousand units and 811 thousand units of share option provided for specific individuals as an incentive mechanism.

Each unit of share option can subscribe for one ordinary share of the subsidiary, Bright Future Cayman Limited ("BF Limited"), and the subscription price is RMB 1 per share. The lifetime of the share option is 0.112 year and 0.072 year, respectively.

According to the employee share subscription method and related contracts, employees shall maintain their employment status of the Company and its subsidiaries within 3 years from the signing date and gradually vest during the employment. If an employee loses his/her status as an employee, the employee shall compensate 1.5 times the total subscription price, and the amount of compensation shall be the shares of BF Limited held by him/her to be purchased by Spirox Cayman Corporation, the shareholder of BF Limited, at the original contract price as subscription price. From the capital increase base date, any share subscribed by the employees shall not be transferred within 2 years. In addition, under certain conditions, employees may request Spirox Cayman Corporation to purchase the shares of BF Limited held by them.

According to the employee share subscription method and related contracts signed with the specific person, this person must aggressively contribute to knowledge or technique required for the business operation of VESP Corp. and its affiliated enterprises within 3 years from the signing date, and this person agrees to this statement that will be fully determined by VESP Corp. If this person violates the contracts, this person shall compensate 1.5 times the total subscription price, and the amount of compensation shall be the shares of BF Limited held by this person to be purchased by Spirox Cayman Corporation, the shareholder of BF Limited, at the original contract price as subscription price. From the capital increase base date, any share subscribed by the person shall not be transferred within 2 years. In addition, under certain conditions, the specific person may request Spirox Cayman Corporation to purchase the shares of BF Limited held by the person.

The relevant information of share option are as follows:

Share option	For the year ended December 31, 2023		For the year ended December 31, 2022	
	Number of options (in thousands)	Weighted- average exercise price (RMB)	Number of options (in thousands)	Weighted- average exercise price (RMB)
Beginning balance	9,993	\$ 1	7,198	\$ 1
Granted	-	1	3,410	1
Vested	(9,993)	-	-	-
Expired	-	-	(615)	-
Ending balance	-	-	9,993	-
Weighted-average fair value of share option granted (RMB)		<u>\$0.075~0.079</u>		<u>\$0.075~0.079</u>

The Company uses the Binomial Option Pricing Model ("CRR model") for the subscription of shares granted on January 12, 2022 and April 1, 2020, respectively. The input values used in the CRR model are as follows:

	<u>January 12, 2022</u>	<u>April 1, 2020</u>
Lifetime (Year)	0.112	0.072
Risk-free interest rate	2.00%	1.41%
Expected volatility	25.77%	39.58%
Expected dividend yield	-	-
Strike price (RMB)	1.000	1.000
Current price (RMB)	1.065	1.052
Fair value of share option (RMB)	0.079	0.075

The weighted-average values of the share option are RMB 0.079 and RMB 0.075 per unit, respectively.

b. Share option plan of the employee

The Company signed a treasury share transfer contract (seniority plan) with the employees of the Company and a treasury share transfer contract (performance achievement plan) with the employees of the Company in October 2020. According to the treasury share transfer method and related contracts, the main terms are as follows:

1) Seniority plan

The contract stipulates that the total number of shares to be subscribed is 4,410 thousand shares, and the number of shares to be subscribed shall be submitted within the aforesaid total number of shares on seven specific dates agreed in the contract. The subscription price is based on NT\$27 per share or the employee's subscription price of treasury shares approved by the board of directors and the shareholders' meeting, whichever is lower. The employee must maintain the current employment status of the Company and its subsidiaries by December 31, 2022; if the employment identity is lost, the employee shall compensate the Company for the number of shares subscribed multiplied by \$10. The subscription rights for the treasury shares transferred to employees were fully exercised by March 31, 2023.

As of the audit report date, the employee share option plan has offered 7 times subscription of treasury shares, and the information is as follows:

<u>Approved by Board of Directors</u>	<u>Base date of subscription</u>	<u>Shares subscribed</u>
2021.01.29	2021.02.01	140
2021.03.25	2021.03.26	65
2021.08.11	2021.08.13	55
2022.01.20	2022.01.21	46
2022.03.23	2022.03.24	34
2022.08.10	2022.08.11	660
2022.11.08	2022.11.09	1,020

2) Performance achievement plan

The contract stipulates that the total number of shares to be subscribed is 1,065 thousand shares, and the number of shares to be subscribed shall be submitted within the maximum number of shares on five specific dates agreed in the contract. The subscription price is based on NT\$27 per share or the employee's subscription price of treasury shares approved by the board of directors and the shareholders' meeting, whichever is lower. Employees shall be current employees of the Company or its subsidiaries when receiving the share subscription. The subscription rights for the treasury shares transferred to employees were fully exercised by March 31, 2023.

As of the audit report date, the employee share option plan has offered 2 times subscription of treasury shares, and the information is as follows:

<u>Approved by Board of Directors</u>	<u>Base date of subscription</u>	<u>Shares subscribed</u>
2022.03.23	2022.03.24	13
2022.08.10	2022.08.11	35

The relevant information of the treasury share transfer contract is summarized as follows:

	<u>Performance achievement plan</u>		<u>Seniority plan</u>	
	Number of options (in thousands)	Weighted-average exercise price (NTD)	Number of options (in thousands)	Weighted-average exercise price (NTD)
For the year ended December 31, 2023				
Beginning balance	74	\$ 21.00	920	\$ 27.00
Granted	-	-	-	-
Vested	-	-	-	-
Expired	(74)	21.00	(920)	21.00
Ending balance	<u>-</u>	-	<u>-</u>	-

	<u>Performance achievement plan</u>		<u>Seniority plan</u>	
	Number of options (in thousands)	Weighted-average exercise price (NTD)	Number of options (in thousands)	Weighted-average exercise price (NTD)
For the year ended December 31, 2022				
Beginning balance	471	\$ 27.00	3,385	\$ 27.00
Granted	-	-	-	-
Vested	(48)	21.54	(1,760)	21.09
Expired	(349)	21.00	(705)	21.00
Ending balance	<u>74</u>	21.00	<u>920</u>	21.00

The extraordinary shareholders' meeting of the Company resolved for private placement of ordinary shares on November 2, 2021. Due to changes of the Company's ordinary shares, the transfer price shall be adjusted from \$27 to \$23 per share according to the formula stipulated in the share buyback for employee transfer method. And the shareholders' meeting on June 22, 2022 resolved that the transfer price of treasury shares to employees at a price lower than the average price of the actual buyback shares was adjusted from \$23 to \$21 per share.

Unit: In thousands of shares

<u>Approved by Board of Directors</u>	<u>Grant date</u>	<u>Shares issued</u>	<u>Fair value on grant date</u>
2021.01.29	2021.01.29	140	\$ 2.32
2021.03.25	2021.03.25	45	\$ 8.65
2021.08.11	2021.08.13	55	\$ 3.09
2022.01.20	2022.01.20	46	\$ 8.65
2022.03.23	2022.03.23	47	\$ 5.00
2022.08.10	2022.08.11	695	\$ 5.15
2022.11.08	2022.11.09	1,020	\$ 6.01

The Company uses the Binomial Option Pricing Model and Black-Scholes Model for the share-based payment transaction granted, respectively. The input values used in the models are as follows:

	<u>January 2021</u>	<u>March 2021</u>	<u>August 2021</u>	<u>January 2022</u>
Share price on grant date	\$29.15	\$35.65	\$30.00	\$31.65
Exercise price	\$27.0	\$27.0	\$27.0	\$23.0
Expected volatility	44.880%	41.78%	43.56%	33.28%
Lifetime	0.02 year	0.02 year	0.032 year	0.036 year
Expected dividend yield	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate	0.1053%	0.1099%	0.1199%	0.3907%
	<u>March 2022</u>	<u>August 2022</u>	<u>November 2022</u>	
Share price on grant date	\$28.00	\$26.15	\$27.00	
Exercise price	\$23.0	\$21.0	\$21.0	
Expected volatility	32.47 %	28.82 %	28.17 %	
Lifetime	0.036 year	0.028 year	0.028 year	
Expected dividend yield	0.00 %	0.00 %	0.00 %	
Risk-free interest rate	0.5614 %	0.7756 %	0.9900 %	

The Company transferred 605 thousand treasury shares to employees in January 2023. The recipients were current employees of the Company. According to the regulations on the transfer of treasury shares and related contracts, the total number of shares available for subscription was set at 605 thousand shares. The subscription was executed on two specific dates as defined in the contract, with the subscription price set at NTD 21 per share. Employees eligible for subscribing to the shares should have been current employees of the Company or its subsidiaries. The subscription rights for the treasury shares transferred to employees were fully exercised by March 24, 2023.

The employee share option plan has offered 2 times subscription of treasury shares, and the information is as follows:

<u>Approved by Board of Directors</u>	<u>Base date of subscription</u>	<u>Shares subscribed</u>
2023.01.11	2023.02.08	485
2023.01.11	2023.03.24	120

The Company transferred 120 thousand treasury shares to employees in August 2023. The recipients were current employees of the Company. According to the regulations on the transfer of treasury shares and related contracts, the total number of shares available for subscription was set at 120 thousand shares. The subscription was executed on a specific date as defined in the contract, with the subscription price set at NTD 21 per share. Employees eligible for subscribing to the shares should have been current employees of the Company or its subsidiaries. The subscription rights for the treasury shares transferred to employees were fully exercised by August 10, 2023.

The employee share option plan of treasury shares, and the information is as follows:

<u>Approved by Board of Directors</u>	<u>Base date of subscription</u>	<u>Shares subscribed</u>
2023.08.09	2023.08.10	120

The Company transferred 375 thousand treasury shares and 50 thousand treasury shares to employees in November 2023 and December 2023, respectively. The recipients were current employees of the Company. According to the regulations on the transfer of treasury shares and related contracts, the total number of shares available for subscription was set at 375 thousand shares and 50 thousand shares, respectively. The subscription was executed on two specific dates as defined in the contract, with the subscription price set at NTD 21 per share. Employees eligible for subscribing to the shares should have been current employees of the Company or its subsidiaries. The subscription rights for the treasury shares transferred to employees were fully exercised by November 9, 2023 and December 14, 2023.

The employee share option plan of treasury shares, and the information is as follows:

<u>Approved by Board of Directors</u>	<u>Base date of subscription</u>	<u>Shares subscribed</u>
2023.11.08	2023.11.09	375
2023.11.08	2023.12.14	50

	<u>For the year ended December 31, 2023</u>	
	<u>Number of options</u>	<u>Weighted-average</u>
	<u>(in thousands)</u>	<u>exercise price</u>
		<u>(NTD)</u>
Beginning balance	\$ -	\$ -
Granted	1,150	21
Vested	(1,150)	21
Expired	-	-
Ending balance	<u>\$ -</u>	

Unit: In thousands of shares

<u>Approved by Board of Directors</u>	<u>Grant date</u>	<u>Shares issued</u>	<u>Fair value on grant date</u>
2023.01.11	2023.01.12	485	\$ 2.61
2023.01.11	2023.03.24	120	\$ 2.87
2023.08.09	2023.08.10	120	\$ 21.86
2023.11.08	2023.11.09	375	\$ 18.06
2023.11.08	2023.12.14	50	\$ 18.08

The Company uses the Binomial Option Pricing Model and Black-Scholes Model for the share-based payment transaction granted, respectively. The input values used in the models are as follows:

	<u>January 2023</u>	<u>March 2023</u>	<u>August 2023</u>	<u>November 2023</u>
Share price on grant date	\$23.60	\$23.60	\$42.85	\$39.05
Exercise price	\$21.00	\$21.00	\$21.00	\$21.00
Expected volatility	25.85%	25.85%	40.41%	44.58%
Lifetime	0.036 year	0.216 year	0.028 year	0.036 year
Expected dividend yield	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate	1.0159%	1.0159%	0.9376%	0.9954%
	<u>December 2023</u>			
Share price on grant date	\$39.05			
Exercise price	\$21.00			
Expected volatility	44.58 %			
Lifetime	0.036 year			
Expected dividend yield	0.00 %			
Risk-free interest rate	0.9954 %			

The compensation costs recognized in 2023 and 2022 were \$11,629 thousand and \$1,460 thousand, respectively.

24. Cash flows information

a. Non-Cash transactions

The Company conducted the following non-cash investment activities for the years ended December 31, 2023 and 2022:

	<u>For the years ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Affects cash and non-cash investments		
Disposal of property, plant and equipment	\$ 4,625	\$ -
Increase in other receivables	(4,625)	-
Proceeds from disposal of property, plant and equipment	<u>\$ -</u>	<u>\$ -</u>

b. Changes in liabilities from financing activities

For the year ended December 31, 2023

	<u>January 1, 2023</u>	<u>Non-cash changes</u>	<u>Cash flows</u>	<u>Other</u>	<u>December 31, 2023</u>
		<u>Increase of leasing</u>			
Short-term borrowings	\$ -	\$ -	\$ 109,000	\$ -	\$ 109,000
Long-term borrowings	309,000	-	(108,007)	-	200,993
Guarantee deposits	2,532	-	685	-	3,217
Lease liabilities	-	302	(30)	2	274
	<u>\$ 311,532</u>	<u>\$ 302</u>	<u>\$ 1,650</u>	<u>\$ 2</u>	<u>\$ 313,484</u>

Note: Others mainly refers to financial costs of lease liabilities .

For the year ended December 31, 2022

	<u>January 1, 2022</u>	<u>Non-cash changes</u>	<u>Cash flows</u>	<u>Other</u>	<u>December 31, 2022</u>
		<u>Increase of leasing</u>			
Short-term borrowings	\$ 206,414	\$ -	(\$ 206,414)	\$ -	\$ -
Long-term borrowings	309,000	-	-	-	309,000
Guarantee deposits	1,896	-	636	-	2,532
Lease liabilities	36	-	(36)	-	-
	<u>\$ 517,346</u>	<u>\$ -</u>	<u>(\$ 205,814)</u>	<u>\$ -</u>	<u>\$ 311,532</u>

25. Capital management

The Company conducts capital management to ensure that the Company can be under the premise of continuous operation and maximize shareholder compensation by optimizing the balance of debt and equity. The capital management of the Company is to ensure that the sufficient financial resources are in place to meet needs of working capital, capital expenditure, research and development expenses, dividend payment, debt repayment and other operation demand within the next twelve months.

26. Financial instruments

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

The carrying amount of financial instruments not measured at fair value reasonably approaches their fair value, including cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, other receivable, other non-current assets, short-term borrowing, notes payable, accounts payable, other payables, long-term borrowing and guarantee deposits (accounted as other non-current liabilities).

b. Fair value information 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
<u>Financial assets</u>				
Financial assets at FVTOCI				
-Listed shares and emerging market shares	\$ 21,652	\$ -	\$ -	\$ 21,652
-Unlisted shares	<u>-</u>	<u>-</u>	<u>18,950</u>	<u>18,950</u>
Total	<u>\$ 21,652</u>	<u>\$ -</u>	<u>\$ 18,950</u>	<u>\$ 40,602</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
Financial assets at FVTOCI				
-Listed shares and emerging market shares	\$ 15,090	\$ -	\$ -	\$ 15,090
-Unlisted shares	<u>-</u>	<u>-</u>	<u>3,560</u>	<u>3,560</u>
Total	<u>\$ 15,090</u>	<u>\$ -</u>	<u>\$ 3,560</u>	<u>\$ 18,650</u>

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

For the year ended December 31, 2023

<u>Financial assets</u>	<u>Financial assets at FVTOCI Unlisted shares</u>
Beginning balance	\$ 3,560
Purchase	10,000
Recognized in other comprehensive income (unrealized gains or losses of financial assets measured at FVTOCI)	<u>5,390</u>
Ending balance	<u>\$ 18,950</u>

For the year ended December 31, 2022

<u>Financial assets</u>	<u>Financial assets at FVTOCI Unlisted shares</u>
Beginning balance	\$ 1,160
Purchase	-
Recognized in other comprehensive income (unrealized gains or losses of financial assets measured at FVTOCI)	<u>2,400</u>
Ending balance	<u>\$ 3,560</u>

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

The fair value evaluation techniques for non-listed equity investments are as follows:

Comparable transaction method

It refers to the market transaction price and market conditions of similar investees to evaluate their fair value.

The Company's evaluation process for the fair value classified as Level 3 is carried out by using independent source data to make the evaluation results close to the market state and confirm that the evaluation result is reasonable. The evaluation parameters used by the Company on December 31, 2023 and 2022 were market quotations. When the market quotation increases (decreases) by 1%, the fair value of non-listed equity investments would increase (decrease) \$190 thousand and \$36 thousand on December 31, 2023 and 2022, respectively.

c. Categories of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at FVTOCI		
Assign specific equity instrument investment	\$ <u>40,602</u>	\$ <u>18,650</u>
At amortized cost		
Financial assets at amortized cost	\$ 92,115	\$ 117,619
Cash and cash equivalents	436,150	453,205
Accounts receivable, net	386,765	413,572
Refundable deposits	5,067	4,655
Other receivable	<u>202,422</u>	<u>156,936</u>
	<u>\$ 1,122,519</u>	<u>\$ 1,145,987</u>
<u>Financial liabilities</u>		
At amortized cost		
Accounts payable	\$ 106,070	\$ 148,643
Short-term borrowings	109,000	-
Other payable	55,085	51,326
Long-term borrowings	200,993	309,000
Guarantee deposits	<u>3,217</u>	<u>2,532</u>
	<u>\$ 474,365</u>	<u>\$ 511,501</u>

d. Objective and policies of financial risk management

The Company financial risk management objective is to manage all risks that are relevant to operating activities, like market risk, credit risk and liquidity risk. In order to reduce related financial risks, the finance department of the Company is committed to identifying, assessing and avoiding market uncertainties to reduce the potential adverse effects of market changes on the financial performance of the group.

The important financial planning of the Company is reviewed by the Audit Committee and the Board of Directors in accordance with relevant regulations and internal control systems. When the financial department executes the financial plan, it strictly abides by the relevant financial operation procedures on the overall financial risk management and division of authority and responsibility.

1) Market risk

a) Foreign currency risk

The Company operates transnationally, so it is subject to currency risks arising from transactions that are relatively different from the functional currency of the Company and its subsidiaries, mainly the US dollar. The related currency risk arises from future commercial transactions and assets and liabilities recognized. The following table is the sensitivity analysis when the exchange rate of NT dollar to US dollar increases and decreases by 10%. The sensitivity analysis only includes monetary items in foreign currencies, and the conversion at the end of the period is adjusted with 10% of the exchange rate change.

Currency risk arises when future commercial transactions and assets or liabilities recognized are denominated in a foreign currency that is not the entity's functional currency. The management of the Company has established a policy, stipulating that each company in the group shall hedge its overall currency risk through the group finance department.

The Company holds investments in several foreign operations whose net assets are subject to foreign currency translation risk. Currency risk arising from the net assets of the Company's foreign operations is primarily managed through transactions denominated in the relevant foreign currency.

	<u>Impact of US Dollar</u>	
	<u>2023</u>	<u>2022</u>
Income	<u>\$ 64,075</u>	<u>\$ 41,557</u>

b) Interest rate risk

Due to the entities in the Company borrow funds at fixed and floating interest rates at the same time, interest rate risk is incurred. The Company manages interest rate risk by maintaining an appropriate combination of fixed and floating interest rates. The Company regularly evaluates hedging activities that are consistent with interest rate views and established risks to ensure the most cost-effective hedging strategies are adopted. Therefore, the impact of changes in interest rates at current stage is not significant, and there is not any hedging action undertaken.

The carrying amount of the Company's financial assets and financial liabilities subject to interest rate risk on the balance sheet date are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fair value interest rate risk		
-Financial assets	\$380,742	\$362,619
-Financial liabilities	274	-
Cash flow interest rate risk		
-Financial assets	147,523	208,205
-Financial liabilities	309,993	309,000

2) Credit risk

Credit risk refers to the risk that the counterparty of the transaction defaults on contractual obligations and causes financial losses to the Company. The credit risk of the Company mainly comes from the receivables from operating activities and cash in banks from investment activities. Operational credit risk and financial credit risk are managed separately. As of the balance sheet date, the Company's maximum exposure to credit risk due to non-performance of counter-parties' obligations mainly arise from the carrying amount of financial assets recognized in the Company's balance sheet.

Business related credit risk

The Company's outstanding accounts receivable are mainly from global customers, and most of the accounts receivable have not provided collateral or credit guarantee. Although the Company has established relevant procedures to supervise and manage and reduce the credit risk of accounts receivable, there is no guarantee that the procedures can completely and effectively eliminate credit risk and avoid losses.

As of December 31, 2023 and 2022, the accounts receivable balance of the top ten customers accounted for 90% and 72% of the Company's accounts receivable balance, respectively, mainly accounts receivable from related parties, and the concentration of credit risk of the remaining accounts receivable was relatively insignificant.

Financial related credit risk

The Company regularly adjusts the transaction limit according to market conditions and the financial and credit status of counterparties for the performance transactions. In addition, the Company also reduces credit risk by selecting financial institutions with good credit as transaction partners.

3) Liquidity risk

Cash flow forecast is performed by each operating entity within the group and summarized by the Group finance department. The Group finance department monitors the forecast of the Group's liquidity demand to ensure that it has sufficient funds to meet operating needs and maintain sufficient unused borrowing commitments at any time. The Group's debt financing plan is considered in these forecasts and meets the financial ratio target of the internal balance sheet.

When the remaining cash held by each operating entity exceeds the management needs of working capital, the Group finance department will invest the remaining funds in interest-bearing demand deposits, time deposits and securities. The instruments selected will be with adequate due date or sufficient liquidity to respond to the above forecast and provide sufficient movement level.

a) Liquidity and interest rate risk table of non-derivative financial liabilities

The remaining contract maturity analysis of non-derivative financial liabilities is based on the earliest date that The Company may be required to repay, and is compiled based on the undiscounted cash flows of the financial liabilities (including principal and estimated interest). Therefore, the bank loans that the Company can be required to repay immediately are within the earliest period in the table below, regardless of the probability of the bank immediately executing the right; the maturity analysis of other non-derivative financial liabilities is compiled in accordance with the agreed repayment date.

For interest cash flows paid at floating interest rates, the undiscounted interest amount is derived from the yield curve on the balance sheet date.

The following table summarizes the analysis of the Company's financial liabilities during the agreed repayment period according to the maturity date and undiscounted due amount:

	December 31, 2023			Total
	Less than 1 year	1 to 3 years	More than 3 years	
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 109,230	\$ -	\$ -	\$ 109,230
Accounts payable	105,956	-	-	105,956
Accounts payable-related parties	114	-	-	114
Other payable	51,219	-	-	51,219
Other payable-related parties	3,866	-	-	3,866
Long-term borrowings	158,299	46,195	-	204,494
Guarantee deposits	2,562	655	-	3,217
	<u>\$ 431,246</u>	<u>\$ 46,850</u>	<u>\$ -</u>	<u>\$ 478,096</u>

Further information on the maturity analysis of lease liabilities is as follows:

	Less than 1 year	1~5 years	More than 5 years
Lease liabilities	<u>\$ 120</u>	<u>\$ 162</u>	<u>\$ -</u>

	December 31, 2022			Total
	Less than 1 year	1 to 3 years	More than 3 years	
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ -	\$ -	\$ -	\$ -
Accounts payable	146,971	-	-	146,971
Accounts payable-related parties	1,672	-	-	1,672
Other payable	51,326	-	-	51,326
Long-term borrowings	113,882	204,244	-	318,126
Guarantee deposits	1,355	1,177	-	2,532
	<u>\$ 315,206</u>	<u>\$ 205,421</u>	<u>\$ -</u>	<u>\$ 520,627</u>

b) Financing facilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Unsecured bank loan		
- Amount Used	\$ 114,000	\$ 5,000
- Amount Unused	<u>846,000</u>	<u>685,000</u>
	<u>\$ 960,000</u>	<u>\$ 690,000</u>
Stand-by loan		
- Amount Used	\$ 200,993	\$ 309,000
- Amount Unused	<u>-</u>	<u>-</u>
	<u>\$ 200,993</u>	<u>\$ 309,000</u>

27. Transactions with related parties

In addition to those disclosed in other notes, the transactions between the Company and related parties were as follows:

a. Related party name and categories

<u>Related party name</u>	<u>Related Party Categories</u>
VESP Technology Corporation (“VESP Corp.”) (Note 1)	-
Spirox Technology (Shanghai) Co., Ltd. (“Spirox Shanghai”)	Subsidiary indirectly 100% owned by the Company
Spirox International Limited (“SI”)	Subsidiary indirectly 100% owned by the Company
Maximo (Shanghai) Trading Co. (“Maximo Co.”) (Note 2)	-
Jetek Technology Corp. (“Jetek Corp.”)	Subsidiary indirectly 100% owned by the Company
BEYOND ENGINEERING CORP.(“BEYOND CORP.”)	Subsidiary indirectly 100% owned by the Company
Hefei Spirox Tech Corporation (“Hefei Spirox”)	Subsidiary indirectly 91.73% owned by the Company
SCube Technologies Co., Ltd. (“SCube”)	Subsidiary directly and indirectly 51.11% owned by the Company
VESP Technology Co., Ltd.(“VESP Ltd.”)(Note 1)	-
Global Future Investment Limited(“GF”)(Note 1)	-

Note 1: Bright Future Cayman Limited, a subsidiary of the Company, disposed all 75.59% shares of its subsidiary, VESP Technology Co., Ltd. on November 16, 2022, and completed the amendment registration on December 29, 2022. The above disposal of shares caused the Company loss of control over VESP Technology Co., Ltd., Global Future Investment Limited and VESP Technology Corporation, and since December 29, 2022 they are no longer subsidiaries of the Company.

Note 2: The Company's subsidiary, Spirox Cayman Corporation, lost control of Maximo (Shanghai) Trading Co. due to the disposal of part of its shareholding on January 19, 2022, therefore it was derecognized and transferred to an investment accounted for using equity method. As Maximo (Shanghai) Trading Co. became an affiliated enterprise of the Company. In addition, the remaining 26.46% of the shares held by Spirox Cayman Corporation were sold to Bold Lion Limited on December 1, 2022, and the amendment registration was completed on December 6, 2022. Since December 6, 2022, it was not an affiliate of the Company.

b. Operating revenue

Account item	Related party Categories / Name	For the year ended December 31	
		2023	2022
Sales revenue	Subsidiaries		
	Spirox Shanghai	\$ 78,235	\$ 46,117
	SI	-	18,450
	Jetek Corp.	1,775	-
	Other subsidiaries	34	2,224
		<u>\$ 80,044</u>	<u>\$ 66,791</u>
Sales return	Subsidiaries		
	SI	\$ -	\$ 18,425

Sales to related parties are handled in accordance with the Company's general sales prices and conditions for non-related parties, and there is no major difference from ordinary customers.

c. Purchase of goods

Related party Categories / Name	For the year ended December 31	
	2023	2022
Other subsidiaries	<u>\$ 2,080</u>	<u>\$ 6,203</u>

Purchase is handled according to the general purchase and conditions.

d. Accounts receivable from related parties

Account item	Related party Categories / Name	December 31,	December 31,
		2023	2022
Accounts receivable	Subsidiaries		
	Spirox Shanghai	\$ 300,782	\$ 237,908
	SI	-	78,495
	Other subsidiaries	284	1,751
		<u>\$ 301,066</u>	<u>\$ 318,154</u>
Other accounts receivable	Subsidiaries		
	Spirox Shanghai	\$ 5,094	\$ 5,628
	Other subsidiaries	-	98
	<u>\$ 5,094</u>	<u>\$ 5,726</u>	

No guarantee was received for the outstanding accounts receivable from related parties. No allowance for losses was provided for the accounts receivable from related parties in 2023 and 2022.

e. Loans from related parties(Accounted as other accounts receivable)

<u>Related party Caregories / Name</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Subsidiaries</u>		
Spirox Shanghai	\$129,810	\$ -
SI	<u>55,269</u>	<u>-</u>
	<u>\$185,079</u>	<u>\$ -</u>

Interest receivable

<u>Related party Caregories / Name</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Subsidiaries</u>		
Spirox Shanghai	\$ 1,421	\$ -
SI	<u>4,545</u>	<u>-</u>
	<u>\$ 5,966</u>	<u>\$ -</u>

Interest income

<u>Related party Caregories / Name</u>	<u>For the year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Subsidiaries</u>		
Maximo Co.	\$ -	\$ 97
Spirox Shanghai	1,421	1,011
SI	<u>4,593</u>	<u>-</u>
VESP Corp	-	1,623
GF	<u>-</u>	<u>1,864</u>
	<u>\$ 6,014</u>	<u>\$ 4,595</u>

The Company provides short-term unsecured loans to subsidiaries with an annual interest rate of 2.1% to 8.8%, and both agree to pay the interest together when the repayment is due.

f. Accounts payable to related parties

<u>Account item</u>	<u>Related party Caregories / Name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable	Subsidiaries		
	Jetek Corp.	<u>\$ 114</u>	<u>\$ 1,672</u>
Other payables	Subsidiaries		
	SCube	<u>\$ 3,866</u>	<u>\$ -</u>

g. Acquisition of property, plant and equipment

<u>Related party Caregories / Name</u>	<u>For the year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Subsidiaries</u>		
Other subsidiaries	<u>\$ -</u>	<u>\$ 103</u>

h. Disposal of property, plant and equipment

Related party Caregories / Name	Proceeds		Gain (Loss) on Disposal	
	For the year ended December 31		For the year ended December 31	
	2023	2022	2023	2022
Subsidiaries				
Other subsidiaries	\$ <u> -</u>	\$ <u> 203</u>	\$ <u> -</u>	\$ <u> 5</u>

i. Disposal of subsidiaries

Related party Caregories /Name	Consideration		Gains (Loss) on Disposal	
	For the year ended December 31		For the year ended December 31	
	2023	2022	2023	2022
Subsidiaries				
GF	\$ <u> -</u>	\$ <u> 219,600</u>	\$ <u> -</u>	\$ <u> -</u>

j. Selling expenses

Related party Caregories / Name	For the year ended December 31	
	2023	2022
Subsidiaries		
Other subsidiaries	\$ <u> 5,603</u>	\$ <u> -</u>

k. Research expenses

Related party Caregories / Name	For the year ended December 31	
	2023	2022
Subsidiaries		
Other subsidiaries	\$ <u> 668</u>	\$ <u> -</u>

l. Other income

Related party Caregories / Name	For the year ended December 31	
	2023	2022
Subsidiaries		
Hefei Spirox	\$ <u> -</u>	\$ <u> 3,850</u>
Other subsidiaries	\$ <u> 111</u>	\$ <u> 2,195</u>
	\$ <u> 111</u>	\$ <u> 6,045</u>

m. Lease income

Related party Caregories	For the year ended December 31	
	2023	2022
Subsidiaries		
Jetek Corp.	\$ <u> 2,760</u>	\$ <u> 715</u>
SCube	\$ <u> 1,398</u>	\$ <u> 349</u>
	\$ <u> 4,158</u>	\$ <u> 1,064</u>

n. Remuneration to key management personnel

	For the year ended December 31	
	2023	2022
Short-term employee benefits	\$ 20,205	\$ 26,772
Share-based payment	<u>5,721</u>	<u>2,146</u>
	<u>\$ 25,926</u>	<u>\$ 28,918</u>

The compensation of directors and other key management personnel were determined by the Remuneration Committee based on personal performance and the market trend.

28. Assets Pledged as Collateral or for security

The following assets have been provided as collateral for financing loans:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Pledged time deposits (Accounted as financial assets at amortized cost)	\$ 92,115	\$117,619
Refundable deposits (Accounted as other non-current assets)	5,067	4,655
Property, plant and equipment	<u>479,361</u>	<u>483,176</u>
	<u>\$576,543</u>	<u>\$605,450</u>

29. Significant Subsequent Events

- a. As of December 31, 2023, the Company had tariff guarantee facilities of \$5,000 thousand provided by financial institutions.
- b. As of December 31, 2023, the promissory note provided by the Company under the credit agreement signed with a financial institution amounts to \$100,000 thousand.

30. Significant assets and liabilities denominated in foreign currencies

The following information is presented in the aggregate in foreign currencies other than the functional currency of the Company. The disclosed exchange rates refer to the exchange rates converted from these foreign currencies to the functional currencies. Assets and liabilities denominated in foreign currencies that have a significant effect are as follows:

	Foreign currency	(In thousands of foreign currencies)	
		Exchange rate	Carrying amount
<u>December 31, 2023</u>			
Monetary items of financial assets			
USD	\$ 22,412	30.705	\$ 688,160
EUR	2,292	33.98	77,882
JPY	439,491	0.2171	95,458
RMB	30,328	4.327	131,229
Subsidiaries for using equity method			
USD	11,729	30.705	360,150
Monetary items of financial liabilities			
USD	1,544	30.705	47,409
EUR	768	33.98	15,699
JPY	116,110	0.2172	25,219

	Foreign currency	Exchange rate	Carrying amount
<u>December 31, 2022</u>			
Monetary items of financial assets			
USD	\$ 15,816	30.71	\$ 485,709
EUR	1,790	32.72	58,569
JPY	201,814	0.2324	46,901
Subsidiaries for using equity method			
USD	21,655	30.71	665,015
Monetary items of financial liabilities			
USD	2,284	30.71	70,142
JPY	229,945	0.2324	53,439

Note: The exchange rates are the amount converted from one unit of foreign currency to New Taiwan dollars.

For the year ended December 31, 2023 and 2022, net foreign currency exchange gains (losses) were (\$7,212) thousand and \$59,562 thousand, respectively. Due to the various types of functional currencies, it is not able to disclose the exchange profits and losses according to the foreign currencies of each significant impact.

31. Separately disclosure items

- a. Information on significant transactions and b. information on investees;
 - 1) Financing provided to others: Table 1.
 - 2) Endorsements/ guarantees provided: Table 2.
 - 3) Marketable securities held: Table 3.
 - 4) Marketable securities acquired and disposed of at costs or prices at least NT\$300 million or 20% of the paid-in capital: None.
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
 - 6) Disposal of individual real estate 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: Table 4.
 - 9) Trading in derivative instruments: None.
 - 10) Information on investees (excluding any investee company in Mainland China): Table 5.
- c. Information on investments in Mainland China

Information on any investee company in Mainland China, showing the name, principal business activities, paid-in capital, method of investees, 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 Mainland China area: Table 6.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of share owned, and percentage of ownership of each shareholder: Table 7.

SPIROX CORPORATION
Financing Provided to Others
For the Year Ended December 31, 2023

Table 1

Unit: In thousands of NT dollars,
unless specified otherwise

No. (Note 1)	Financing company	Counterparty	Financial statement account (Note 2)	Related party (Note 9)	Maximum balance for the period (Note 3)	Balance at December 31, 2022 (Note 8)	Actual drawdown amounts	Interest rate	Nature of financing (Note 4)	Transaction amounts (Note 5)	Reasons for short-term financing (Note 6)	Allowance for impairment loss	Collateral		Financing limits for each borrowing company (Note 7)	Financing company's total financing amount limits (Note 7)
													Item	Value		
0	Spirox Corporation	Spirox International Limited	Other receivables	Y	\$ 95,580	\$ 61,410	\$ 55,269	6.5%	Short-term financing	\$ -	Operating capital	\$ -	—	\$ -	\$ 377,702	\$ 755,404
		Spirox Technology (Shanghai) Co., Ltd.	Other receivables	Y	132,660	129,810	129,810	3.70%	Short-term financing	-	Operating capital	-	—	-	377,702	755,404
		Global Future Investment Limited	Other receivables	N	45,720	-	-	4.70%	Short-term financing	-	Operating capital	-	—	-	377,702	755,404
		VESP Technology Corporation	Other receivables	N	100,000	-	-	2.10%	Short-term financing	-	Operating capital	-	—	-	377,702	755,404
1	Spirox Cayman Corporation	Spirox Technology (Shanghai) Co., Ltd.	Other receivables	Y	137,160	-	-	4.70%	Short-term financing	-	Operating capital	-	—	-	302,736	423,830
2	HIBON INVESTMENT CORPORATION	Spirox International Limited	Other receivables	Y	63,720	-	-	7.25%	Short-term financing	-	Operating capital	-	—	-	359,861	359,861
		Spirox Cayman Corporation	Other receivables	Y	15,018	-	-	4.70%	Short-term financing	-	Operating capital	-	—	-	359,861	359,861
		Spirox Technology (Shanghai) Co., Ltd.	Other receivables	Y	200,025	129,810	129,810	3.8%-4.00%	Short-term financing	-	Operating capital	-	—	-	359,861	359,861
		BEYOND ENGINEERING CORP.	Other receivables	Y	55,000	45,000	45,000	2.77%-3.10%	Short-term financing	-	Operating capital	-	—	-	359,861	359,861
		Jetek Technology Corp.	Other receivables	Y	10,000	5,000	5,000	3.00%	Short-term financing	-	Operating capital	-	—	-	359,861	359,861
		SOUTHPORT CORPORATION	Other receivables	Y	10,000	-	-	3.00%	Short-term financing	-	Operating capital	-	—	-	359,861	359,861
		INVESTAR CORPORATION	Other receivables	N	17,194	-	-	3.00%	Short-term financing	-	Operating capital	-	—	-	359,861	359,861
3	Spirox Technology (Shanghai) Co., Ltd.	Shanghai Infinet Technology Co., Ltd.	Other receivables	Y	109,675	106,012	106,012	4.75%	Short-term financing	-	Operating capital	-	—	-	182,091	254,927

Note 1: The numbers filled in are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Fill in the name of account in which the loans are recognised, such as receivables-related parties, current account with shareholders, prepayments, temporary payments, etc.

Note 3: The maximum balance of funds loaned to others in the current year.

Note 4: The nature of loans shall be filled in as a business transaction or a need for short-term financing.

Note 5: If the nature of loans is a business transaction, the transaction amount shall be filled in. The business transaction amount refers to the transaction amount between the creditor and the borrower in the most recent year.

Note 6: If the nature of loans is a need for short-term financing, the reason and purpose of the loan shall be specified, such as repayment of loans, purchase of equipment, business turnover, etc.

Note 7:(1) The total amount of loans shall not exceed 40% of the Company's net worth; the total amount of loans to companies or entities that have short-term financing needs shall not exceed 30% of the Company's net worth; individual loans amount shall not exceed 15% of the Company's net worth.

(2) The Company's subsidiary Spirox Cayman Corp. ("SCC") is limited to a total loan amount of no more than 40% of the SCC's net worth to companies or entities that need short-term financing, and the amount of individual loans is no more than 40% of the SCC's net worth. Loans lending to subsidiaries that directly and indirectly hold 100% of the voting shares, or to the parent company or subsidiaries of the parent company that directly and indirectly hold 100% of the voting shares, are not limited to the amount restrictions in the preceding paragraphs. However, the amount of individual loans is limited to no more than 50% of the SCC's net worth, and the total amount of loans is limited to no more than 70% of the Company's net worth.

(3) The Company's subsidiary HIBON INVESTMENT CORPORATION ("HIBON") is limited to a total loan amount of no more than 40% of the HIBON's net worth to companies or entities that need short-term financing, and the amount of individual loans is no more than 40% of the HIBON's net worth.

(4) The Company's subsidiary Spirox Technology (Shanghai) Co., Ltd. ("Spirox Shanghai") is limited to a total loan amount of no more than 40% of the Spirox Shanghai's net worth to companies or entities that need short-term financing, and the amount of individual loans is no more than 40% of the Spirox Shanghai's net worth. Loans lending to subsidiaries, whether directly or indirectly holding 100% of the voting shares, or to the Company's parent company or subsidiaries directly or indirectly holding 100% of the voting shares, are not subject to the aforementioned amount limits. However, individual loan amounts are limited to not exceeding 50% of Weihua Electronics' net worth, and the total amount of loans is limited to not exceeding 70% of Weihua Electronics' net worth.

Note 8: The amounts of funds to be loaned to others which have been approved by the Board of Directors of a public company in accordance with Article 14, Item 1 of "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the Board of Directors of a public company has authorized the Chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the Board of Directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration that they could be loaned again thereafter.

Note 9: Bright Future Cayman Limited, a subsidiary of the Company, disposed all 75.59% shares of its subsidiary, VESP Technology Co., Ltd. on November 16, 2022, and completed the amendment registration on December 29, 2022. The above disposal of shares caused the Company loss of control over VESP Technology Co., Ltd., Global Future Investment Limited and VESP Technology Corporation, and since December 29, 2022 they are no longer subsidiaries of the Company. The Company's funds lent to Global Future Investment Limited and VESP Technology Corporation were recovered in February and March, 2023, respectively.

SPIROX CORPORATION
Endorsements/Guarantees Provided
For the Year Ended December 31, 2023

Table 2

Unit: In thousands of NT dollars,
unless specified otherwise

No. (Note 1)	Name of endorser/guarantor	Endorsee/Guarantee		Limit on endorsements/guarantees amount provided to each entity (Note 3)	Maximum amount endorsed/guaranteed during the period (Note 4)	Ending Balance of endorsements/guarantees (Note 5)	Amount actually drawn (Note 6)	Amount of endorsements/guarantees collateralized by Property	Ratio of accumulated endorsement/guarantee to net equity per latest financial statements	Maximum endorsements/Guarantees amount allowable (Note 3)	Guarantee provided by parent company (Note 7)	Guarantee provided by a subsidiary (Note 7)	Guarantee provided to subsidiaries in Mainland China (Note 7)	
		Company name	Relationship (Note 2,8,9)											
0	Spirox Corporation	Spirox International Limited	2	\$ 1,259,007	\$ 259,400	\$ 245,640	\$ -	\$ -	9.76%	\$ 1,259,007	Y	N	N	
		Spirox Technology (Shanghai) Co., Ltd.	2	1,259,007	335,313	290,741	55,771	92,115	11.55%	1,259,007	Y	N	Y	
		Jetek Technology Corp.	2	1,259,007	90,000	80,000	4,200	-	-	3.18%	1,259,007	Y	N	N
		VESP Technology Corporation (Note11)	2	-	336,960	-	-	-	-	-	-	N	N	N
		Maximo (Shanghai) Trading Co.	2	-	133,350	-	-	-	-	-	-	N	N	Y
		VESP Technology Co., Ltd. (Note10)	2	-	127,635	-	-	-	-	-	-	N	N	Y
1	Spirox Technology (Shanghai) Co., Ltd.	VESP Technology Co., Ltd.	4	-	66,675	-	-	-	-	-	N	N	Y	

Note 1: The numbers filled in for the endorsements/guarantees provided by the company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each belongs to:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company directly or indirectly owns more than 50% voting shares of the endorsed/guaranteed company.
- (3) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.
- (4) The parent company directly or indirectly owns more than 90% voting shares of the companies that make endorsements/guarantees for each other.
- (5) Due to joint venture, all capital contributing shareholders make endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (6) The parent company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purpose of undertaking a construction project.
- (7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: Spirox Corporation's endorsement/guarantee limit for a single enterprise shall not exceed 50% of the net worth of Spirox Corporation's latest balance sheets. For subsidiaries that directly or indirectly hold 100% of the voting shares, the endorsement/guarantee amount shall not exceed 50% of the net worth of Spirox Corporation's latest balance sheets. Spirox Shanghai's endorsement/guarantee limit for subsidiaries that directly or indirectly hold non-100% of the voting shares shall not exceed 50% of the net worth of Spirox Shanghai's latest balance sheets, and that for a single enterprise shall not exceed 20% of the net worth of Spirox Shanghai's latest balance sheets.

Note 4: The maximum balance of endorsements/guarantees for others in the current year.

Note 5: As of the end of the year, any of endorsement/guarantee contract signed by the Company with the bank or the amount of the bill was approved, the Company began to bear the endorsement or guarantee responsibility; other related endorsements/guarantees shall be included in the balance of endorsements and guarantees.

Note 6: The actual usage amount of the endorsed/guaranteed company within the scope of the endorsement/guarantee balance shall be filled in.

Note 7: 'Y' shall be filled in only for the endorsements/guarantees of the listed (OTC-listed) parent company to its subsidiaries, the subsidiaries to the listed (OTC-listed) parent company and the locations in the Mainland China.

Note 8: The Company had loss of control over Maximo (Shanghai) Trading Co. on January 19, 2022, therefore it was derecognized from the subsidiaries of the Company and transferred to an affiliated enterprise. As an affiliate, it is not qualified for endorsement/guarantee, the Company has implemented the improvement plan of endorsement/guarantees on December 30, 2022, and reported it to the Board of Directors on January 11, 2023.

Note 9: Bright Future Cayman Limited, a subsidiary of the Company, disposed of all 75.59% shares of its subsidiary, VESP Technology Co., Ltd. on November 16, 2022, and completed the amendment registration on December 29, 2022. The above disposal of shares caused the Company loss of control over VESP Technology Co., Ltd., Global Future Investment Limited and VESP Technology Corporation, since December 29, 2022 they are no longer subsidiaries of the Company and not qualified for endorsement/guarantee. The Company's improvement plan for VESP Technology Co., Ltd. and VESP Technology Corporation and subsidiary Spirox Technology (Shanghai) Co., Ltd.'s improvement plan for VESP Technology Co., Ltd. were continuously reported to the Board of Directors on January 11 and March 23, 2023. Of which, the Company's endorsement/guarantee amount for VESP Technology Corporation had been submitted to the Board of Directors on March 23, 2023 for the full recovery. In addition, the Company's endorsement/guarantee amount for VESP Technology Co., Ltd. had been submitted to the Board of Directors on March 23, 2023 to recover USD 2 million (NT\$61,420 thousand), and the balance amount of RMB 15 million (NT\$64,230 thousand) had been reported to the Board of Directors on August 9, 2023 for the full recovery. Spirox Technology (Shanghai) Co., Ltd.'s endorsement/guarantee amount for VESP Technology Co., Ltd. had been reported to the Board of Directors on June 21, 2023 for the full recovery.

SPIOX CORPORATION
Marketable Securities Held
December 31, 2023

Table 3

Unit: In thousands of NT dollars,
unless specified otherwise

Holding company name	Type and name of marketable securities	Relationship with the holding company	Financial statement account	December 31, 2023				Note
				Number of shares	Carrying amount (Foreign currencies in Thousands)	Percentage of Ownership	Fair value (Foreign currencies in Thousands)	
Spirox Corporation	SILICON-BASED MOLECULAR SENSORING TECHNOLOGY CO., LTD., stock	—	Non-current financial assets measured at fair value through other comprehensive income	4,000,000	\$ 600	10.69%	\$ 600	—
	National Petroleum Co., Ltd., stock	—	Non-current financial assets measured at fair value through other comprehensive income	308,000	21,652	0.10%	21,652	—
	ALES Tech INC.	—	Non-current financial assets measured at fair value through other comprehensive income	5,000,000	18,350	10.94%	18,350	—
HIBON INVESTMENT CORPORATION	Spirox Corporation, stock	Parent company of HIBON INVESTMENT CORPORATION	Non-current financial assets measured at fair value through other comprehensive income	355,030	13,917	0.31%	13,917	—
	DIGITIMES INC., stock	—	Non-current financial assets measured at fair value through other comprehensive income	315,000	10,931	1.49%	10,931	—
Spirox Cayman Corporation	Xjet Ltd., stock	—	Non-current financial assets measured at fair value through other comprehensive income	11,381	USD 5.24	0.06% of common stock	USD 5.24	—
	PATH, stock	—	Non-current financial assets measured at fair value through profit or loss	870	USD 21.61	-	USD 21.61	—
	PTON, stock	—	Non-current financial assets measured at fair value through profit or loss	1,430	USD 8.71	-	USD 8.71	—
	SBI & PSMC JV FUND I LP	—	Non-current financial assets measured at fair value through profit or loss	-	USD 207.92	-	USD 207.92	—
Spirox Technology (Shanghai) Co., Ltd.	Union Semiconductor (Hefei) Co., Ltd., stock	—	Non-current financial assets measured at fair value through profit or loss	16,000,000	RMB 168,800	1.92%	RMB 168,800	—

SPIROX CORPORATION
Receivables from Related Parties Amounting to At Least NT\$100 Million or 20% of the Paid-in Capital
December 31, 2023

Table 4

Unit: In thousands of NT dollars,
unless specified otherwise

Company name	Related Party	Relationship	Ending balance	Turnover rate (Note 1)	Overdue		Amount received in subsequent period (Note 2)	Allowance for impairment loss
					Amount	Actions taken		
Spirox Corporation	Spirox Technology (Shanghai) Co., Ltd.	Subsidiary	\$ 300,782	29.05%	\$ 298,478	—	\$ 26,269	\$ -
Spirox International Limited	Spirox Technology (Shanghai) Co., Ltd.	Same ultimate parent company	171,817	13.14%	171,817	—	57,600	-
Spirox Corporation	Spirox Technology (Shanghai) Co., Ltd.	Subsidiary	136,325	Note 2	—	—	23,056	-
HIBON INVESTMENT CORPORATION	Spirox Technology (Shanghai) Co., Ltd.	Subsidiary	130,043	Note 2	—	—	—	-
Spirox Technology (Shanghai) Co., Ltd.	Shanghai Infinet Technology Co., Ltd.	Same ultimate parent company	110,343	Note 2	—	—	—	-

Note 1: Other accounts receivable - related parties are not included in the calculation of turnover rate.

Note 2: Mainly account receivable from loans provided.

Note 3: The amount received in subsequent period as of March 11, 2024.

SPIROX CORPORATION
Name, Location and Related Information of the Investees (excluding investees in Mainland China)
For the Year Ended December 31, 2023

Table 5

Unit: In thousands of NT dollars,
unless specified otherwise

Investor	Investee	Location	Major businesses and products	Investment amount		Balance at the end of the period			Net income (loss) of the investee	Recognized investment income (loss) (Note 1)	Note
				December 31, 2023	December 31, 2022	Shares (in thousands)	Percentage of ownership (%)	Carrying amount			
Spirox Corporation	HIBON INVESTMENT CORPORATION	Taiwan	General investment	\$ 393,272	\$ 393,272	53,000,000	100	\$ 885,130	\$ 47,871	\$ 47,511	
	Spirox Cayman Corporation	Cayman Islands	General investment	11,689	222,847	600,000	60	360,150	82,361	82,361	
	SOUTHPORT CORPORATION	Taiwan	Optical and precision equipment manufacturing and services	108,196	-	3,091,300	53.68	108,589	(25,481)	393	
	SCube Technologies Co., Ltd.	Taiwan	Semiconductor equipment testing and parts sales services	10,000	-	606,061	33.26	10,568	1,120	568	
HIBON INVESTMENT CORPORATION	BEYOND ENGINEERING CORP.	Taiwan	Electronic material retailing	-	1,472	-	-	-	-	(Note 2 and 3)	
	Spirox Cayman Corporation	Cayman Islands	General investment	16,862	197,406	400,000	40	242,189	82,361	(Note 2)	
SOUTHPORT CORPORATION	Jetek Technology Corp.	Taiwan	Semiconductor test equipment sales and solution provision	64,357	64,357	3,000,000	100	73,659	32,196	(Note 2)	
	SCube Technologies Co., Ltd.	Taiwan	Semiconductor equipment testing and parts sales services	10,000	-	606,061	33.26	10,568	1,120	(Note 2)	
Spirox Cayman Corporation	Spirox International Limited	Hong Kong	International trade	USD 7,751	USD 7,751	60,147,500	100	103,137	14,995	(Note 2)	
	Spirox Corporation U.S.A.	America	Agency of semiconductor equipment and warehousing logistics	-	USD 1,674	-	-	-	(1,941)	(Note 2 and 4)	
Hefei Spirox Tech Corporation	Bright Future Cayman Limited	Cayman Islands	General investment	USD 1,564	USD 9,549	10,814,669	100	79,452	3,297	(Note 2)	
	Excellent Future Limited	Cayman Islands	General investment	USD 200	-	200,000	100	(36,935)	(15,563)	(Note 2)	
Excellent Future Limited	BEYOND ENGINEERING CORP.	Taiwan	Electronic material retailing	USD 138	-	397,296	100	(38,812)	(37,409)	(Note 2 and 3)	

Note 1: The investment income (losses) recognized in the current period have been considered the impact of unrealized gains and losses from intercompany transactions.

Note 2: The income of the investee company has been included in its investment company, and will not be expressed separately here to avoid confusion.

Note 3: Based on the adjustment in the group organizational structure, 100% equity of HIBON INVESTMENT CORPORATION was transferred to Excellent Future Limited effective August 9, 2023.

Note 4: The Company ceased operations on March 30, 2023, and completed the liquidation process on December 7, 2023.

SPIROX CORPORATION
Information on Investment in Mainland China
For the Year Ended December 31, 2023

Table 6

Unit: In thousands of NT dollars,
unless specified otherwise

Investee company	Main business and products	Total amount of paid-in capital (Foreign currencies in Thousands)	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2023 (Foreign currencies in Thousands)	Investment flows during the period		Accumulated outflow of investment from Taiwan to Mainland China as of December 31, 2023 (Foreign currencies in Thousands)	Net income (loss) of investee as of December 31, 2023	Ownership through direct or indirect investment	Investment income (loss) for the year ended December 31, 2023 (Note 2)	Carrying value as of December 31, 2023	Accumulated inward remittance of earnings as of December 31, 2023
					Outflow	Inflow						
Spirox Technology (Shanghai) Co., Ltd.	Development, design, production and sales of IC software	\$ 205,065	2 (Spirox Cayman Corporation)	\$ 205,065	\$ -	\$ -	\$ 205,065	\$ 84,965	100%	\$ 84,965 (Note 2(2)B)	\$ 364,182	\$ -
Shanghai Infinet Technology Co., Ltd.	Computer parts, computer testing, electronic components	51,952	1	51,952	-	-	51,952	(23,752)	100%	(23,752) (Note 2(2)B)	(41,691)	-
Hefei Spirox Tech Corporation	Development, design, production and sales of IC software	4,648	3	-	-	-	-	(19,193)	100%	(19,193) (Note 2(2)B)	67,355	-

Accumulated investment in Mainland China as of December 31, 2023 (Foreign currencies in Thousands)	Investment amounts authorized by Investment Commission, MOEA (Foreign currencies in Thousands)	Upper limit on investment authorized by the Investment Commission, MOEA
\$ 334,321	\$ 603,175	\$ 1,510,808

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Direct investment in the Mainland China.
- (2) Indirect investment in Mainland China through companies registered in a third region (the investment companies in the third region shall be specified).
- (3) Others. (Invested by Shanghai Infinet Technology Co., Ltd. With its own funds)

Note 2: In the column of investment income or loss for the year ended December 31, 2022:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit or loss during this period.
- (2) Indicated the basis for investment profit or loss recognition in the number of one of the following four categories:
 - A. Financial statements are audited and attested by an international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - B. Financial statements are audited and attested by R.O.C. parent company's CPA.
 - C. Financial statements are prepared by the internal and not audited by an accountant.
 - D. Financial statements are audited by an accountant

Note 3: New Taiwan Dollar is presented in this table.

SPIROX CORPORATION
Information of Major Shareholders
December 31, 2023

Table 7

Name of major shareholders	Shares	
	Total Shares Owned	Ownership Percentage
Qin, Jia-qi	12,479,000	10.50%
Jun-yue Investment Co., Ltd.	11,701,000	9.85%
Ji-pin Investment Co., Ltd	9,766,000	8.22%
Xi-wei Investment Co., Ltd.	8,330,000	7.01%
MPI CORPORATION	7,000,000	5.89%

Note 1: The major shareholders' information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialized form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialized form because of a different calculation basis.

Note 2: If the aforementioned data contains shares which were held in trust by the shareholders, the data disclosed is the settlor's separate account for the fund set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shares include the self-owned shares and shares held in trust, and at the same time, the shareholder has the power to decide how to allocate the trust assets. The information on the reported share equity of insider is provided in the "Market Observation Post System".

Spirox Corporation

Chairman : Peter Chin

Spirox Corporation

No. 95, Shuiyuan St., Hsinchu City 30042, Taiwan

TEL 886 3 573 8099

FAX 886 3 573 7799

www.spirox.com