

Stock Code: 4933

UBRIGHT OPTRONICS CORPORATION
2023 ANNUAL REPORT

This translated document is prepared in accordance with the Chinese version and is for reference only.
In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.

Website for Inquiry of this Annual Report: <http://mops.twse.com.tw>
This Corporation's Website: <http://www.ubright.com.tw>

Printed on May 15, 2024

I. Name, Title, Contact Tel No. and E-mail Address of Spokesperson and Deputy Spokesperson:

Spokesperson: YANG, YEN-JU/ Financial and Accounting Division Director
Tel: 03-3074830 E-mail: yyr@ubright.com.tw
Deputy Spokesperson: LEE, YEN-LAN / Financial Section Director
Tel: 03-3074830 E-mail: ella_lee@ubright.com.tw

II. Address and Tel No. of Head Office and Branch Offices:

Headquarters / Factory Address: No. 80, Xinguang E. Rd., Renshan Vil., Daxi Dist., Taoyuan City, Taiwan (R.O.C.)
Tel: 03-3074830
Branch Address: No. 58, Keyan Road, Zhunan Township, Miaoli County, Taiwan (R.O.C.)
Tel: 037-587555

III. Name, Address, Website and Tel No. of Stock Transfer Agent:

Name: Stock Agency Department of Shin Kong International Securities Corp.
Website: <http://www.skis.com.tw>
Address: 11F, No. 66-1, Sec. 1, Chung Ching S. Rd., Taipei City, Taiwan, R.O.C.
Tel: (02) 2311-8787

IV. Name of the CPA who duly audited the annual financial report for the most recent fiscal year and Name, Address, Website and Tel No. of the Accounting Firm:

CPA Name: CPA Chen, Wen-Hsiang, CPA Hsu, Wen-Ya
Name of the Accounting Firm: Deloitte & Touche
Address: 20F, No. 100, Songren Rd., Xinyi Dist., Taipei City, Taiwan, R.O.C.
Tel: (02) 2725-998
Website: <http://www.deloitte.com.tw>

V. Name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities: None

VI. Address of the Company's Website: <http://www.ubright.com.tw>

UBRIGHT OPTRONICS CORPORATION

CONTENTS

I. Letter to Shareholders.....	4
i. Business Results in 2023	5
ii. Business Plan Overview in Current Year	6
iii. Future Development Strategy of the Company	6
iv. Affected by the external competitive environment, regulatory environment, and overall business environment.....	7
II. Company Profile	8
i. Date of Incorporation:	8
ii. Company History	8
III. Corporate Governance Report	9
i. Organization.....	9
ii. Directors and Management Team	11
iii. Remuneration Paid to Directors, General Manager and Assistant General Managers, etc. for the Most Recent Year	22
iv. Implementation Status of Corporate Governance	27
v. Information on Professional Fees of Attesting CPAs	74
vi. Information on Replacement of CPAs:.....	75
vii. If the Chairman president, and financial or accounting manager of the Company had worked for the accounting firm or related parties thereof in the most recent year, the name, title, and the term of service with the accounting firm or the related party must be disclosed	75
viii. Details of shares transferred or pledged by directors, managers, or shareholders with more than 10% ownership interest in the last year up until the publication date of this annual report.	76
ix. Information on Top Ten Shareholders and Relationship among them	77
x. Comprehensive Shareholding Rate.....	79
IV. Fund Raising Status	80
i. Capital and Shares.....	80
ii. Corporate Bond Processing Status.....	85
iii. Proceeding of Preferred Shares	85
iv. Proceeding of Global Depository Receipt.....	85
v. Employee Share Subscription Warrants Processing Status.....	85
vi. New Restricted Employee Shares Processing Status	90
vii. Processing Status of Merger or Transfer of Shares of Other Companies to Issue New Shares.....	90
viii. Execution Status of Capital Utilization Plan	90
V. Operational Highlights	91
i. Business Activities	91
ii. Market, Production and Marketing Overview	96
iii. Employee No., Average Years of Service, Average Age and Education Distribution	

Percentage of Percentage of Employees for the Most Recent Two Years up to the Publication Date of the Annual Report	103
iv. Environmental Protection Expenditure	103
v. Labor Relations	103
vi. Cyber Security Management:	105
vii. Important Contracts	108
VI. Financial Overview	109
i. Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years, showing the name of the certified public accountant and the auditor's opinion given thereby. If, before the date of publication of the annual report, there is any financial data for the most recent period audited and attested or reviewed by a CPA, it shall also be disclosed therewith.....	109
ii. Financial Analysis for the Past Five Years	113
iii. Audit Committee's Report for the Most Recent Year	117
iv. Consolidated Financial Statements and Independent Auditors' Report	117
v. Parent-Company-Only Financial Statements and Independent Auditors' Report	117
vi. Status of Financial Difficulties for the Company and its Subsidiaries.....	117
VII. Review and Analysis of Financial Position, Financial Performance, and Risk Management	118
i. Financial Position.....	118
ii. Analysis of Financial Performance.....	120
iii. Cash Flow.....	122
iv. Effect upon Finance and Sales of Any Major Capital Expenditures During the Most Recent Fiscal Year.....	122
v. Reinvestment Policy for the Most Recent Fiscal Year, the Main Reasons for the Profits/Losses Generated thereby, the Plan for Improving Re-investment Profitability, and Investment Plans for the Coming Year	122
vi. Assessment of Risk Matters.....	123
vii. Other Material Issues	125
VIII. Special Specified Items	126
i. Information Related to Affiliates.....	126
IX. Information of the persons presumed to be the same shareholders with the controlling and subordinate relationship	126
ii. For the recent year as of the publication date of the annual report, the handling process of privately placed securities	129
iii. For the recent year as of the publication date of the annual report, the subsidiaries' holding or disposal of the company's shares.....	129
iv. Other matters required for supplementary explanation.....	129
X. Matters listed in Subparagraph 2, Paragraph 3 of Article 36 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities during the most recent fiscal year or during the current fiscal year up to the	

date of publication of the annual report	129
--	-----

I. Letter to Shareholders

Dear Shareholders,

Looking back over the past year, we take pride in the resilience and achievements demonstrated by Ubright Optronics in the face of challenges. This report will outline the company's operational status, strategic milestones, financial performance, the risks and challenges we face, and our outlook for the future.

In the competitive market, we optimized our product lines and focused on the development of notebook computers and automotive-grade prism lenses. Leveraging years of R&D accumulation and proprietary technology, we introduced a diversified range of materials that are lightweight, energy-efficient, high in color saturation, and environmentally friendly. Through product differentiation and segmentation, we have gained a leading position in the industry. Our customer base includes panel manufacturers and specialized panel companies. In recent years, in addition to prism lenses, we have also worked closely with major customers to develop thin film products that meet specific requirements.

Our company is committed not only to enhancing shareholder value but also to environmental protection, social responsibility, and governance practices. We are dedicated to creating the most stable and cost-effective materials in the industry while providing excellent value to our customers. We have pioneered the introduction of automotive-grade QD products and continue to build our patent portfolio in this area.

In the full year of 2023, our company achieved consolidated operating revenue of over NTD 2.498 billion, with consolidated net profit after tax exceeding NTD 0.3395 billion. Earnings per share after tax were NTD 4.22. The debt-to-assets ratio stood at 22%, indicating a sound overall financial condition.

Looking ahead to 2024, escalating trade tensions between China and the United States, geopolitical conflicts such as the Russia-Ukraine war and the Israel-Palestine conflict, along with inflationary pressures and potential changes in the ECFA early harvest list, bring additional uncertainties to our operations. In this challenging environment, we will further optimize our business strategies, actively create product value, attract top talents to join our strong team, and simultaneously control costs and enhance quality to mitigate operational risks.

Our company firmly believes that continuous research and development are key to securing the future. Therefore, we will continue to focus on the development of new products, applications, functionalities, and forward-looking optical film materials and formulations. In the short term, our goal is to increase market share for prism lenses. We will continue to develop various film products leveraging our processing and material formulation technologies. As competition intensifies in the optical materials market for displays, we are also beginning to invest in product development beyond displays.

Once again, we thank all shareholders for their support and trust. Our team remains committed to our original aspiration, striving to create greater value for all shareholders. We look forward to achieving greater accomplishments in the coming year and pledge to continue our efforts to create long-term value.

Chairman: WU, HSIN-CHIEH

i. Business Results in 2023

(i). Implementation Results of Business Plan in 2023 (Subject to the Consolidated Financial Statements)

Unit: NT\$ Thousands

Item	2022	2023	Increase (Decrease)	Increase (Decrease) %
Operating Revenue	2,292,251	2,498,270	206,019	8.99
Operating Costs	1,775,365	1,819,608	44,243	2.49
Operating Margin	516,886	678,662	161,776	31.30
Operating Expenses	304,488	384,586	80,098	26.31
Operating Profit/Loss	212,398	294,076	81,678	38.46
Pre-tax Profit/Loss	335,126	393,903	58,777	17.54
Profit/Loss After Tax	287,452	339,544	52,092	18.12
EBITDA	469,456	522,911	53,455	11.39

(ii). Budget Implementation Conditions

The Company did not publish the financial forecast in 2023 and we only set up the internal management goal. The overall budget implementation conditions can be said to be consistent with the setup range of the Company's internal goal.

(iii). Analysis of Financial Revenue & Expenditure and Profitability (Subject to the Consolidated Financial Report)

Item		2022	2023
Financial Structure	Debt to Asset Ratio (%)	21.28	22.41
	Long-term Capital to Property, Plant and Equipment ratio (%)	913.39	1,053.33
Solvency	Current Ratio (%)	590.20	514.08
	Quick Ratio (%)	522.72	445.90
	Interest Coverage Ratio (%)	9,174.63	11,383.39
Profitability	Return on Assets (%)	6.84	8.03
	Return on Equity (%)	8.76	10.19
	Ratio to Paid-up Capital (%)	Operating Gains	26.49
		Pre-tax Net Profit	41.80
	Net Profit Ratio (%)	12.54	13.59
	Earnings per Share	3.59	4.22

(iv). Research and Development Status

The Company persists in concerning the industry tendency and technical development trends, planning the layout of the next-generation new product technology and actively developing the green-energy environmental protection, the new technology of lightweight, the new product and advanced process technology in order to meet the market demands. In 2023, combined with UBright's UV resin formula development and energy in the multiple coating technology, we successfully developed the optical film products, which met such requirements of "high color

saturation” and “highlight and lightweight”, etc. as needed by the LCD display, including:

1. The ultra-high luminance and high size-stability BEF in IT field.
2. The high size-stability and low shrinkage BEF in automotive products.
3. The cost-effective multi-laminated BEF in high adhesion and luminance.
4. The quantum dot film which thickness is below 100 um in IT field.
5. The high thermal-stability quantum dot film in automotive products.
6. The multifunctional composite film which combines BLT, BEF, QDF and anti-condense film.
7. Car tinted and Architectural window Film.
8. Optically clear acrylic adhesives(OCA) of full color electronic paper.
9. Protective film for OLED.
10. Blood glucose test paper.

The Company input NT\$ one hundred and eighty-eight million into research and development in 2023. It is expected to re-input NT\$ one hundred and ninety-three million or more as the research and development expenditure with a view to upgrading the Company’s core technical energy and the overall competitiveness.

ii. Business Plan Overview in Current Year

(i). The Company’s Business Objectives

Looking forward to 2024, the Company, in addition to persisting in research and development and refining the existing core products, continues to actively recruit the professionals, accelerate the development and mass production of niche products, draw up and carry out the business objectives which put concurrent emphasis on efficiency and effect in order to create maximum value for the shareholders.

(ii). Expected Sales Volume and its Basis

In 2024, the Company will continue to adjust the product portfolio and the sales strategy. It is estimated that the target sales volume will be about twenty-nine million and three thousand square meters or more, which is based on the estimated demand volume offered by the customers and their new product verification import schedule.

(iii). The Company’s Important Production and Marketing Policy

- (1). Put Ubright’s advantages into full play, provide the customers with the products of the best cost-performance ratio and consolidate the market position.
- (2). Be customer-oriented to satisfy the customers with their required products and incessantly develop new niche product items.
- (3). Strengthen the production and marketing planning system, increase the first pass yield of products and enhance the operation efficiency and effect.

iii. Future Development Strategy of the Company

Our company leverages our own research and development capabilities and manufacturing processes to meet customer demands. We continuously provide customers with high-performance quality products and services, as well as develop products with market competitiveness. This helps to collectively improve production efficiency and reduce manufacturing costs, while expanding the application of products to effectively seize business opportunities.

iv. Affected by the external competitive environment, regulatory environment, and overall business environment.

(i). External Competitive Environment

Affected by impact of the sluggish demand for large-size panels and overcapacity, on top of the continued vicious price-cutting competition from mainland Chinese prism manufacturers, the price of large-size panel products has almost no marginal contribution, while the small and medium-sized panels also shrink slightly under the erosion of AMOLED.

We will create niche products such as super-high luminance products, double-stick products, quantum dot films, etc., and do a good job in controlling costs and improving yields in anticipation for improving the Company's profit with technological leadership and product differentiation.

(ii). Regulatory Environment

Because the products are restricted by the patent regulations, special attention will be put on the related intellectual property right issues when we develop the products.

(iii). Overall Operation Environment

In addition to complying with the statutory regulations, protecting and caring the environment, implementing the corporate governance and doing our best in the social responsibilities, we also emphasize the cultivation and inheritance of talents. Besides we will dedicate ourselves to the technical development on an ongoing basis, have a more complete control of the materials and import the new products speedily so that Ubright will have more capability to face the rigid challenges.

II. Company Profile

i. Date of Incorporation:

December 31, 2003

ii. Company History

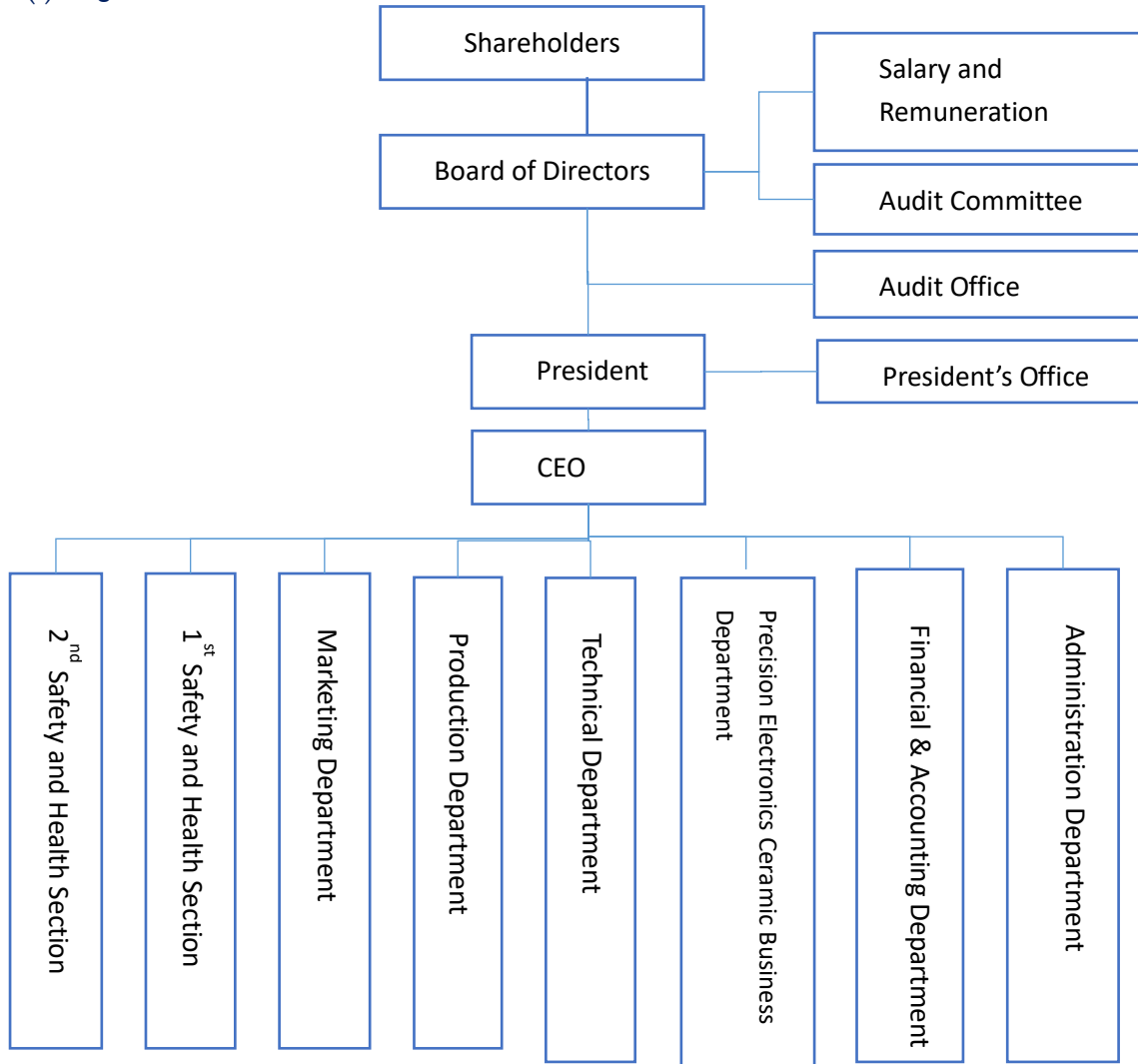
December 2003:	The establishment of UBright Optronics Corporation was approved with a paid-up capital of NT\$ one hundred and twenty million.
December 2005:	The capital was increased in cash in the amount of NT\$ one hundred and twenty million and the paid-up capital after increase amounted to NT\$ two hundred and forty million.
March 2006:	The construction of Taoyaun Plant, Taiwan started.
December 2006:	The capital was increased in cash in the amount of NT\$ forty million and the paid-up capital after increase amounted to NT\$ two hundred and eighty million.
March 2007:	The construction of Taoyuan Plant, Taiwan was completed.
November 2009:	The US patent of US7618164B2 was obtained.
December 2009:	The 2 nd -stage expansion construction of Taoyuan Plant, Taiwan started.
January 2010:	The public offering of shares was approved.
April 2010:	The “Suzhou Representative Office of UBright Optronics Corporation, Taiwan” was founded.
May 2010:	Registered as an emerging stock in the OTC Center.
May 2010:	The 2 nd -stage construction of Taoyuan Plant, Taiwan was completed.
May 2010:	The US patent of US7712944B2 was obtained.
October 2010:	The capital was increased in cash in the amount of NT\$ forty-nine million and five hundred thousand and the paid-up capital after increase amounted to NT\$ four hundred thirty-nine million and seven hundred thousand.
November 2010:	The 3 rd -stage expansion construction of Taoyuan Plant, Taiwan started.
June 2011:	The 3 rd -stage construction of Taoyuan Plant, Taiwan was completed.
July 2011:	The stock was listed on the OTC.
August 2012:	Surplus capital increase of NT\$ one hundred and twenty million, fifty thousand was carried out and the paid-up capital after capital increase amounted NT\$ six hundred and four million, three hundred and seventy thousand.
January 2013:	The convertible corporate bond was issued in the amount of NT\$ 1 billion.
February 2013:	Won the 1 st Taiwan Mittelstand Award, granted by the Ministry of Economic Affairs.
June 2013:	The 4 th -stage construction of Taoyuan Plant, Taiwan started.
September 2013:	Passed the certification of Corporate Governance System CG6008 General Assessment.
March 2014:	The 4 th -stage construction of Taoyuan Plant, Taiwan was completed.
April 2016:	The convertible corporate bond was removed from the OTC.
August 2016:	The subsidiary of Hsin Chen Materials Corp. was founded.
November 2019:	The liquidation of the subsidiary of Hsin Chen Materials Corp. was completed.
December 2019:	The HK subsidiary of RISE CONCEPT ENTERPRISES LIMITED was established.
March 2020:	The Zhunan Branch was established.
November 2020:	The sub-subsidiary company of New UBright Optronics Co., Ltd. was established in

Suzhou, China.

III. Corporate Governance Report

i. Organization

(i). Organizational Chart



(ii). Business Activities Operated by each Major Department

Department	Duties-in-charge
Audit Office	Internal control and establishment & implementation of the audit system. Plan and assist in the buildup and execution of the internal control self-evaluation processing of each department in the company. Provide suggestions and improvement report in terms of each department's control and process. Carry out and comply with the statutory regulations and executive orders of the competent authorities.
President's Office	Formulation of important rules, regulations and systems, planning of operation strategies and implementation of project plans.

Department	Duties-in-charge
	Plan and assist in the buildup and execution of the operation processing of each department in the company.
Marketing Department	Market development and product sale. A variety of customer consultations and services.
Production Department	Product manufacture and production management. Production and marketing processing planning and coordination.
Technical Department	Design, research and development of optical products, optical product structure and mold preparation technology. Maintenance of intellectual property rights. Development and import of new materials. Promotion of product technology.
Precision Electronics Ceramic Business Department	Production and Development of Precision Electronic Ceramic Components. Development of Electronic Ceramic Materials. Development of Passive Component Materials. Production and Development of Protective Components.
Administration Department	Formulation, execution and supervision of human resources and plant affairs management policies. Planning and implementation of such businesses as the company's information processing, etc. Warehouse and storage operation management.
Financial & Accounting Department	Formulation, execution and supervision of financial and accounting policies. Statistical analysis of product cost.
1 st and 2 nd Safety and Health Sections	Formulation, execution and supervision of the industrial safety and environment protection policies. Execution effectiveness and surveillance of the plans related to the environment, labor safety and health of the company. Management of fire safety and labor safety & health training. Provision of safety & health related acts and information.

ii.Directors and Management Team

(i).Directors

(i)-1.Information on Directors (1)

April 10, 2024

Title	Nationality	Name	Gender / Age	Date Elected	Term	Dated First Elected	Shareholding at the election date		Current shareholding		Shares held by spouse and underage children Current shareholding		Shares held by proxy		Experience (Education)	Current Position in the Company and Other Companies	Executives, Directors, or Supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman	R.O.C.	Shinkong Synthetic Fibers Corporation	Male 41-50	July 31, 2023	1.85 Yrs.	July 31, 2023	45,649,828	56.87	45,679,828	56.09	-	-	-	-	Department of Economics, Columbia University, USA.	Vice Chairman of Shinkong Fibers Corporation, Director of Shinkong Materials Technology Co., Ltd.	Director	WU, TUNG-SHE NG	Father and Son	
		Representative: WU, HSIN-CHIEH					397,537	0.50	564,537	0.69	-	-	-	-						
Director	R.O.C.	Shinkong Synthetic Fibers Corporation	Male 71-80	June 6, 2022	3 Yrs.	Dec. 29, 2003	44,497,828	55.59	45,679,828	56.09	-	-	-	-	Doctor of Law, Harvard University;	(Note 1)	Chairman	WU, HSIN-CHIEH	Father and Son	
		Representative: WU, TUNG-SHENG					903,059	1.13	899,059	1.10	-	-	-	-						
Director	R.O.C.	Shinkong Synthetic Fibers Corporation	Male 71-80	June 6, 2022	3 Yrs.	Dec. 29, 2003	44,497,828	55.59	45,679,828	56.09	-	-	-	-	Department of International Trade, Feng Chia University	Chairman of TacBright Optronics Corp. Director of Shinkong Synthetic Fibers Corporation.	-	-	-	
		Representative: SHIH, HUO-CHAO					-	-	-	-	-	-	-	-						
Director	R.O.C.	Shinkong Synthetic Fibers Corporation	Male 51-60	June 6, 2022	3 Yrs.	June 12, 2019	44,497,828	55.59	45,679,828	56.09	-	-	-	-	Master of Institute of International Finance, National Taipei University;	(Note 2)	-	-	-	
		Representative: HSIAO, CHIH-LUNG					-	-	-	-	-	-	-	-						
Director	R.O.C.	LIN, JEN-PO	Male 71-80	June 6, 2022	3 Yrs.	June 29, 2020	-	-	-	-	-	-	-	-	Department of Food and Nutrition, Chinese Culture Institute.	Chairman of Jefswin Co., Ltd.; Chairman of Honotex Co., Ltd.; Director of TaipenStar Bank.	-	-	-	
Director	R.O.C.	CHIN, YU-YING	Female 51-60	June 6, 2022	3 Yrs.	June 29, 2020	76,000	0.09	76,000	0.09	-	-	-	-	Ph. D. of Business Management Institute of Shanghai University of Finance and Economics	Managing Lawyer of Chien Yeh Law Offices. Executive Director of Chinese Corporate Governance Association.	-	-	-	

Title	Nationality	Name	Gender / Age	Date Elected	Term	Dated First Elected	Shareholding at the election date		Current shareholding		Shares held by spouse and underage children Current shareholding		Shares held by proxy		Experience (Education)	Current Position in the Company and Other Companies	Executives, Directors, or Supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Independent Director	R.O.C.	CHI, KUO-CHUNG	Male 71-80	June 6, 2022	3 Yrs.	June 29, 2020	-	-	-	-	-	-	-	-	Ph.D. of Institute of Engineering and Applied Sciences of Yale University	Independent Director of High Power Opto. Corporation	-	-	-	
Independent Director	Dominican Republic	LIN, TSUNG-SHENG	Male 51-60	June 6, 2022	3 Yrs.	June 20, 2016	-	-	-	-	-	-	-	-	Ph.D. King's College, University of London	(Note 3)	-	-	-	
Independent Director	R.O.C.	LIN, CHIH-LUNG	Male 51-60	June 6, 2022	3 Yrs.	June 12, 2019	-	-	-	-	-	-	-	-	Department of Accounting, Chinese Culture University	(Note 4)	-	-	-	

Note1: Chairman of Shinkong Fibers Corporation, Director of UBright Optronics Corporation, Chairman of Shinkong Materials Technology Co., Ltd., Director of TacBright Optronics Corporation, Director of Shinkong Insurance Co., Ltd., Chairman of Shinkong Mitsukoshi Department Store Co., Ltd., Director of Shinkong Co., Ltd., Chairman of Shinkong International Leasing Corp., Chairman of SHINKONG Innovations Corp., Chairman of Shin Kong Recreation Co., Ltd., Director of Shin Kong Real Estate Development Co., Ltd., Director of Wang Tien Woolen Textile Co., Ltd.

Note2: Representative of Corporate Director of Shinkong International Leasing Corp., Representative of Corporate Director of Shinshin Assets Management Corp., Representative of Corporate Director of Shinkong Envirotech Corporation, Representative of Corporate Director of Fartrust Finance Co., Ltd., Representative of Corporate Director of Universal Venture Capital Investment Corporation, Representative of Corporate Director of Wave-In Communication Inc., Representative of Corporate Director of UBright Optronics Corporation, Representative of Corporate Director of IIH Biomedical Venture Fund I Co., Ltd., Representative of Corporate Director of Shinkong Iecofun Corporation, Representative of Corporate Director of Iecofun Fashion Farming Corp., Supervisor of Shinlong Chemical Corp., Representative of Corporate Supervisor of Shinsol Advance Chemical Corporation, Representative of Corporate Chairman of Shinkong Electric Vehicle Corp., Representative of Corporate Chairman of Shinkong Power Technology Corp., Representative of Corporate Chairman of Shin Kong Fintech Corp., Representative of Corporate Chairman of Chin Liang Technology Corp. Chairman of Shinkong Intelligence Corporation

Note 3: Chairman of Whitesun Equity Partners Limited., Independent Director of YAGEO CORPORATION., Independent Director of TAIWAN ENVIRONMENT SCIENTIFIC CO.,LTD., Independent Director of GLOBAL MIXED-MODE TECHNOLOGY INC.

Note 4: CPA of Crowe (TW) CPAs; Independent Director of TACHAN SECURITIES CO.,LTD

1.(1)Major Shareholders of Corporate Shareholders

April 1, 2024

Name of Corporate Shareholders (Note 1)	Major Shareholders of Corporate Shareholders (Note 2)
Shin Kong Synthetic Fibers Corporation	Ner Victory Company Ltd. (4.99%) Shinkong Co., Ltd. (5.21%) Shin Kong Recreation Co., Ltd. (4.66%) Shinkong Textile Co., Ltd. (3.47%) Shinkong Insurance Co., Ltd. (3.04%) Chi Li En Investment Corp. (2.36%) Toray Industries, Inc. (2.20%) Yuan Pao Co., Ltd. (2.46%) Yi Kuang Enterprise Co., Ltd. (2.07%) Jui Hsin Enterprise Corp. (1.98%)

1.(2)Major Shareholders of Major Corporate Shareholders

April 1, 2024

Name of Juristic Person (Note 1)	Major Shareholders of Juristic Person (Note 2)
Ner Victory Company Ltd	Chi Li En Investment Corp. (51.78%) Tung Hsien Investment Corp. (28.53%) Jui Hsin Enterprise Corp. (19.69%)
Shin Kong Co., Ltd.	Ner Victory Company Ltd. (42.65%) Taiwan Union Corporation (4.75%) Swiss Hotel (4.66%) Lin Teng Shan Social Welfare Foundation (3.94%) Shin Cheng Investment Corp. (3.51%) Chi Chen Corp. (3.39%) Tung Hsing Investment Corp. (3.37%) Hung Family Enterprise Co., Ltd. (3.34%) C International Co. (2.88%) Qijian Industrial Co., Ltd. (1.99%)
Shin Kong Recreation Co., Ltd.	Jui Hsin Enterprise Corp. (28.72%) Yung Kuang Co., Ltd. (25.00%) Tung Hsien Investment Corp. (15.74%) Tung Hsing Investment Corp. (12.70%) Chia Pang Investment Corp. (6.48%) Hongxin Industrial Co., Ltd. (4.29%) SHINKONG TEXTILE CO., LTD (3.32%) Liang Mu Enterprises Co., Ltd. (1.28%) Zhaobang Investment Co., Ltd. (1.02%) Wu, Dongxing (0.82%)

Name of Juristic Person (Note 1)	Major Shareholders of Juristic Person (Note 2)
Shinkong Textile Co., Ltd.	Shinkong Synthetic Fibers Corporation (9.45%) Shin Kong Hospital (6.99%) Chi Chen Corp. (6.54%) Hung Pu Co., Ltd. (4.68%) Lien Chuan Investment Corp. (4.54%) Ho Jui Enterprise Corp. (3.99%) Chien Cheng Yi Corp. (4.29%) Cheng Kuang Enterprise Co., Ltd. (3.73%) Hua Chen Co., Ltd. (3.56%) Mien Hao Enterprise Co., Ltd. (2.70%)
Shinkong Insurance Co., Ltd.	Shinkong Textile Co., Ltd. (16.31%) Shin Kong Life Insurance Co., Ltd. (4.13%) Shinkong Co., Ltd. (5.08%) Hung Pu Co., Ltd. (2.35%) Kong Min Enterprises Co., Ltd. (1.94%) Cosmos Hotels & Resorts (2.04%) Chien Cheng Yi Corp. (1.73%) Hung En Corp. (1.43%) Hotel Pei Tou Co., Ltd. (1.29%) Cheng Kuang Enterprise Co., Ltd. (1.28%)
Chi Li En Investment Co., Ltd.	Jui Shin Enterprise Corp. (23.88%) Shinkong Development Corp. (24.14%) Yu Pang Investment Corp. (16.85%) Liang Yueh Investment Corp. (16.85%) Te Chieh Co., Ltd. (3.76%) Hung Chieh Investment Corp. (3.76%) Teh Shih Enterprise Co., Ltd. (5.38%) Teh Liang Co., Ltd. (5.38%)
Toray Industries, Inc.	Nippon Life Insurance Co.(4.44%) TAIJU LIFE INSURANCE COMPANY LIMITED(2.24%) National Mutual Insurance Federation of Agricultural Cooperatives(1.66%) STATE STREET BANK WEST CLIENT-TREATY 505234(1.80%) Sumitomo Mitsui Banking Corporation(1.50%) JP MORGAN CHASE BANK 385781(1.29%) Mitsui Fudosan Co., Ltd.(1.21%)
Yuan Pao Co., Ltd.	Yi Ming Co., Ltd. (100%)
Yi Kuang Enterprise Corp.	WU, TUNG-SHENG (71.94%) HO, HSING-HUA (5.74%) WU, HSIN-CHIEH (9.40%)

Name of Juristic Person (Note 1)	Major Shareholders of Juristic Person (Note 2)
	WU, HSIN-YUEH (9.40%) WU, CHAO-HUNG (0.98%) WU, CHAO-WEI (0.78%) WU, CHAO-CHEN (1.76%)
Jui Hsin Enterprise Corp	Chin Hsien Investment Corp. (20.83%) Kuei Yuan Investment Corp. (20.83%) WU, TUNG-CHIN (16.67%) Chi Chen Corp. (14.06%) Heng Sheng International Enterprise Co., Ltd (6.64%) Kuang Sheng International Enterprise Co., Ltd (6.64%) Chia Hao Co., Ltd. (6.64%) Yi Huan Co., Ltd. (6.64%) HSU, HSIEN-HSIEN (1.04%)

(i)-2.Information on Directors (2)

2.(1)Disclosure of Information of Professional Qualifications of Directors and Independent Directors

April 09, 2024

Name \ Criteria	Professional Qualification and Experience
Representative of Shinkong Synthetic Fibers Corporation: WU, HSIN-CHIEH	Department of Economics, Columbia University, USA Vice Chairman of Shinkong Synthetic Fibers Corporation. The chairman possess more than 5 years of working experience in business, and corporate affairs and has not been a person of any conditions defined in the Company Act, Article 30.
Representative of Shinkong Synthetic Fibers Corporation: WU, TUNG-SHENG	Doctor of Law, Harvard University; Chairman of Shinkong Synthetic Fibers Corporation. The chairman possess more than 5 years of working experience in business, legal, and corporate affairs and has not been a person of any conditions defined in the Company Act, Article 30.
Representative of Shinkong Synthetic Fibers Corporation: SHIH, HUO-CHAO	Department of International Trade, Feng Chia University; Chairman of TacBright Optronics Corp. The Director possesses more than 5 years of work experience required for the business of the Company and has not been a person of any conditions defined in the Company Act, Article 30.
Representative of Shinkong Synthetic Fibers Corporation: HSIAO, CHIH-LUNG	Master of Institute of International Finance, National Taipei University; General Manager of Shinkong International Leasing Corp. The Director possess more than 5 years of working experience in business, finance, and corporate affairs and has not been a person of any conditions defined in the Company Act, Article 30.
LIN, JEN-PO	Department of Food and Nutrition, Chinese Culture Institute; Chairman of Jefswin Co., Ltd. The Director possesses more than 5 years of working experience required for the business of the Company and has not been a person of any conditions defined in the Company Act, Article 30.
CHIN, YU-YING	Ph.D., Graduate School of Law, Private Chinese Culture University. The 24th -Session Director of Taipei Bar Association. The Director possess more than 5 years of working experience in business, legal, and corporate affairs and has not been a person of any conditions defined in the Company Act, Article 30. Be a professional and technical personnel who passed the national examination required by the lawyer and obtained the certificate.

Name \ Criteria	Professional Qualification and Experience
CHI, KUO-CHUNG	Ph.D. of Institute of Engineering and Applied Sciences of Yale University. Professor, Department of Photonics, National Chiao Tung University. The Director possesses more than 5 years of working experience required for the business of the Company and has not been a person of any conditions defined in the Company Act, Article 30. Have the professional qualification as a professor of public and private colleges and universities in the related departments, as required in the company business.
LIN, TSUNG-SHENG	Ph.D. King's College, University of London. Chairman of Whitesun Equity Partners Limited. The Director possesses more than 5 years of work experience required for the business of the Company and has not been a person of any conditions defined in the Company Act, Article 30.
LIN, CHIH-LUNG	Department of Accounting, Chinese Culture University. CPA of Crowe (TW) CPAs. The Director possess more than 5 years of working experience in business, accounting, and corporate affairs and has not been a person of any conditions defined in the Company Act, Article 30. Be a professional and technical personnel who passed the national examination required by the accountant and obtained the certificate.

2.(2)Disclosure of Information of Independence off Directors and Independent Directors

April 9, 2024

Criteria Name	Independence Statue	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Representative of Shinkong Synthetic Fibers Corporation: WU, HSIN-CHIEH	Non-independence situation	0
Representative of Shinkong Synthetic Fibers Corporation: WU, TUNG-SHENG		0
Representative of Shinkong Synthetic Fibers Corporation: SHIH, HUO-CHAO		0
Representative of Shinkong Synthetic Fibers Corporation: HSIAO, CHIH-LUNG		0
Director LIN, JEN-PO		0
Director CHIN, YU-YING		0
Independent Director CHI, KUO-CHUNG	• Compliance with independence criteria (note) • The person him/herself or his/her spouse or relatives within the second degree of kinship (or in the name of others) hold 0 shares of the Company with a shareholding percentage of 0%.	1
Independent Director LIN, TSUNG-SHENG		3
Independent Director LIN, CHIH-LUNG		1

Note: Independent directors meet the following criteria for independence.

- Including but not limited to, the Director or the Director's spouse or relatives within the second degree of kinship have not worked as directors, supervisors or employees of the Company or its affiliated enterprises;
- The Director has not assumed positions as a director, supervisor or employee of company (ies) in specified relationship with the Company (Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, Article 3, Paragraph 1, Sub-paragraphs 5 to 8).
- The Director has not received remuneration by providing business, legal, financial, accounting or other services to the Company or its affiliates in the last 2 years.
- Zero of shares of the Company and shareholding ratio of the person him/herself or his/her spouse or relatives within the second degree of kinship (or in the name of others).

2.(3)Diversification and Independence of the Board of Directors

■The Company has established the “Corporate Governance Best-Practice Principles”. The diversification policy of the members of the Board of Directors is described as follows:

Diversification should be taken into account for the composition of the Board of Directors and the appropriate diversification policy should be drawn up, based on the its own operation, operation style and development needs. It is advisable to include but be not limited to the following standards of two major levels:

1. Basic criteria and value: gender, age, nationality and culture, etc.
2. Professional knowledge and skill: professional background (e.g. law, accounting, industry, finance, marketing or technology), professional skill and industrial experience, etc.

The members of the Board of Directors should generally possess the knowledge, skill and competence. In order to achieve the ideal objective of corporate governance, the Board of Directors should possess as a whole the ability as follows:

- 1.Operation judgment ability;
- 2.Accounting & financial analysis ability;
- 3.Business management ability;
- 4.Crisis management ability;
- 5.Industry knowledge;
- 6.International market vision;
- 7.Leadership;
- 8.Decision-making ability.

In addition to the knowledge, skill and competence which is required by the members of the Board of Members of the Company in terms of education, experience and current position, the gender, age and nationality are diversified. In order to implement the diversification objective in respect of the professional field of the members of the Board of Directors, the Company complies with one of the diversification management objectives by appointing at least one seat of female director and the professional level of the entire Board of Directors by including business operation management, finance & accounting, law and environment protection. Company established nine seats of directors (including three independent directors); among the members of the Board of Directors, one was female and the professional background of the directors covers such multi-levels as industry, finance & accounting, technology, management and law, etc. (For details, refer to the following table) and they possess the knowledge, skill and competence, required for the execution of duties. The industry experience and professional ability are diversified and complementary.

■ Implementation Status of Diversification of Members of the Board of Directors

Item		Director		Independent Director	
		Number of people	%	Number of people	%
Age	41-50 years old	1	17%	-	-
	51-60 years old	2	33%	2	67%
	61-70 years old	-	-	-	-
	71-80 years old	3	50%	1	33%
Country of Citizenship	Republic of China	6	100%	2	67%
	Dominican Republic	-	-	1	33%
Gender	Male	5	83%	3	100%

Item		Director		Independent Director	
		Number of people	%	Number of people	%
	Female	1	17%	-	-
Employee Status	The company	1	17%	0	0%
Term and Years of Service of Independent Directors	Below 3 Years			0	0%
	3 – 9 Years			2	67%
	More than 9 years			1	33%

Name of Directors	Diversification Background and Core Ability of the Board of Directors						
	Operation Management	Leadership in Decision-making	Knowledge of Industry	International market perspective	Finance & Accounting	Law	Environment Protection
WU, TUNG-SHENG	V	V	V	V	V	V	
WU, HSIN-CHIEH	V	V	V	V	V		
SHIH, HUO-CHAO	V	V	V	V			
HSIAO, CHIH-LUNG	V	V	V	V	V		
LIN, JEN-PO	V	V		V			
CHIN, YU-YING	V	V		V		V	
LIN, TSUNG-SHENG	V	V		V			
CHI, KUO-CHUNG		V	V	V			V
LIN, CHIH-LUNG	V	V		V	V		

2.(4)Independence of the Board of Directors:

The current Board of Directors of the Company is composed of nine directors, including six seats of director and three seats of independent director (representing 33%). The Company is also concerned about the gender equality, so the ratio of the Female directors is 11%. The qualifications of three independent directors all comply with the statutory regulations for the independent directors, and the relationships between directors that involve spouses or relatives within the second degree of kinship all comply with the provisions of Article 26-3, paragraphs 3 and 4, of the Securities and Exchange Act. Based on the above, it can be concluded that the board of directors of our company maintains its independence.

(ii).Information on General Manager, Assistant General Managers, Deputy Assistant General Managers and Supervisors of All Divisions and Branch Units

April 09, 2024

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Main Experience (Education)	Current Position in Other Companies	Managers who are Spouses or Within Two Degrees of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
General Manager ¹	R.O.C.	WU, HSIN-CHIEH	Male	Aug. 9, 2014	564,537	0.69%	-	-	-	-	Department of Economics, Columbia University, USA	Vice Chairman of Shinkong Synthetic Fibers Corporation. Director of Shinkong Materials Technology Co., Ltd.	-	-	-	-
General Manager ²	R.O.C.	HSIN, LUNG-PIN	Male	Oct. 26, 2023	30,990	0.04%	-	-	-	-	Ph. D. of the Institute of Chemical Engineering, National Tsing Hua University; Engineer of the Industrial Technology Research Institute	None	-	-	-	-
CEO ³	R.O.C.	WU, HSIN-CHIEH	Male	Feb. 21, 2024	564,537	0.69%	-	-	-	-	Department of Economics, Columbia University, USA	Vice Chairman of Shinkong Synthetic Fibers Corporation. Director of Shinkong Materials Technology Co., Ltd.	-	-	-	-
Assistant General Manager of the Business Division	R.O.C.	CHEN, SHENG-CHING	Male	March 20, 2013	-	-	-	-	-	-	Department of Textiles, National Taiwan University of Science and Technology; Administrator of the Film Business Section of Shinkong Synthetic Fibers Corporation	None	-	-	-	-

¹ Resigned on Oct. 26, 2023

² Promotion from Vice President to President on October 26, 2023.

³ Appointed on February 21, 2024

iii. Remuneration Paid to Directors, General Manager and Assistant General Managers, etc. for the Most Recent Year

(i). Remuneration the Company Paid to Ordinary Directors and Independent Directors for the Most Recent Year (Disclosure of Aggregate Remuneration Plus Disclosure of Names by Remuneration Range)

Unit: NT\$ Thousands

Title	Name	Remuneration to Directors								Sum of Four Items of A, B, C & D and Ratio to After-tax Net Income		Relevant Remuneration Received by Directors for Concurrent Service as an Employee								Sum of Seven Items of A, B, C, D, E, F & G and Ratio to After-tax Net Income		Remuneration received from investee enterprises other than subsidiaries		
		Base Compensation (A)		Retirement Pay and Pension (B)		Directors Compensation(C)		Business Execution Cost (D)				Salary, Rewards and Special Disbursements (E)		Retirement Pay and Pension (F)		Employee Profit-sharing Compensation (G)								
		The Company	All companies in the consolidated financial report	The Company	All Companies in the consolidated financial report	The Company	All Companies in the consolidated financial report	The Company	All Companies in the consolidated financial report	The Company	All Companies in the consolidated financial report	The Company	All Companies in the consolidated financial report	The Company	All Companies in the consolidated financial report	The Company		All Companies in the consolidated financial statements		The Company	All Companies in the consolidated financial report			
																		Amount in Cash	Amount in Stock	Amount in Cash	Amount in Stock			
Chairman	WU, HSIN- CHIEH	0	0	0	0	72	72	35	35	107 0.0315	107 0.0315	502	-	-	-	-	-	-	-	-	609 0.1794	609 0.1794	None	
Director	WU, TUNG- SHENG																							
Director	SHIH, HUO-CHAO																							
Director	HSIAO, CHIH-LUNG																							
Director	CHIN, YU-YING																							
Director	LIN, JEN-PO																							
Independent Director	LIN, TSUNG- SHENG	1,080	1,080	0	0	108	108	60	60	1,248 0.3676	1,248 0.3676	-	-	-	-	-	-	-	-	1,248 0.3676	1,248 0.3676	None		
Independent Director	CHI, KUO- CHUNG																							
Independent Director	LIN, CHIH- LUNG																							
1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration: The Company sets remuneration to our general directors and independent directors based on operating conditions, and we take reference of the peers and the risks of their duties. 2. In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, such as being independent contractors: None.																								

Remuneration Range Table

Range of Remuneration Paid to each of the Company's Directors	Name of Directors			
	Total Amount of Preceding Four Items of Remuneration (A+B+C+D)		Total Amount of Preceding Seven Items of Remuneration (A+B+C+D+E+F+G)	
	The Company	All companies in the consolidated financial report (H)	The Company	All companies in the consolidated financial report (I)
Less than NT\$ 1,000,000	WU, HSIN-CHIEH/ WU, TUNG-SHENG/ SHIH, HUO-CHAO/ HSIAO, CHIH-LUNG/ CHIN, YU-YING / LIN, JEN-PO / LIN, TSUNG-SHENG/ CHI, KUO-CHUNG/ LIN, CHIH-LUNG			
NT\$1,000,000 (Inclusive) - NT\$2,000,000 (Exclusive)				
NT\$2,000,000 (Inclusive) - NT\$3,500,000 (Exclusive)				
NT\$3,500,000 (Inclusive) - NT\$5,000,000 (Exclusive)				
NT\$5,000,000 (Inclusive) - NT\$10,000,000 (Exclusive)				
NT\$10,000,000 (Inclusive) - NT\$15,000,000 (Exclusive)				
NT\$15,000,000 (Inclusive) - NT\$30,000,000 (Exclusive)				
NT\$30,000,000 (Inclusive) - NT\$50,000,000 (Exclusive)				
NT\$50,000,000 (Inclusive) - NT\$100,000,000 (Exclusive)				
Greater than NT\$100,000,000				
Total	9	9	9	9

(ii).Remuneration the Company Paid to Supervisors for the Most Recent Year

The Company has established the Audit Committee, as approved in the Shareholders' Meeting on June 11, 2013.

(iii).Remuneration the Company Paid to General Manager and Assistant General Managers for the Most Recent Year (Disclosure of Aggregate Remuneration Plus Disclosure of Names by Remuneration Range)

Unit: NT\$ thousands

Title	Name	Base Compensation (A)		Directors Compensation(C)		Rewards and Special Disbursements (D)		Employee Profit-sharing Compensation (G)				Sum of Four Items of A, B, C &D and Ratio to After-tax Net Income (%)		Remuneration received from investee enterprises other than subsidiaries
		The Company	All companies in the consolidated financial report	The Company	All companies in the consolidated financial report	The Company	All companies in the consolidated financial report	The Company		All companies in the consolidated financial report		The Company	All companies in the consolidated financial report	
								Amount in Cash	Amount in Stock	Amount in Cash	Amount in Stock			
General Manager ¹	WU, HSIN-CHIEN	6,951	6,951	-	-	868	868	1,394	-	1,394	-	9,213 2.7133	9,213 2.7133	None.
General Manager ²	HSIN, LUNG-PIN													
Assistant General Manager	CHEN, SHENG-CHING													

¹ Resigned on Oct. 26, 2023.

² Promotion from Vice President to President on October 26, 2023.

Remuneration Range Table

Range of Remuneration Paid to each of the Company's Directors	Name of General Manager and Assistant General Managers	
	The Company	All companies in the consolidated financial report
Less than NT\$ 1,000,000		
NT\$1,000,000 (Inclusive) - NT\$2,000,000 (Exclusive)		
NT\$2,000,000 (Inclusive) - NT\$3,500,000 (Exclusive)	CHEN, SHENG-CHING/ HSIN, LUNG-PIN	
NT\$3,500,000 (Inclusive) - NT\$5,000,000 (Exclusive)	WU, HSIN-CHIEN	
NT\$5,000,000 (Inclusive) - NT\$10,000,000 (Exclusive)		
NT\$10,000,000 (Inclusive) - NT\$15,000,000 (Exclusive)		
NT\$15,000,000 (Inclusive) - NT\$30,000,000 (Exclusive)		
NT\$30,000,000 (Inclusive) - NT\$50,000,000 (Exclusive)		
NT\$50,000,000 (Inclusive) - NT\$100,000,000 (Exclusive)		
Greater than NT\$100,000,000		
Total	3	3

(iv).Names and Distributions of Employee Profit-Sharing Compensation to Managerial Officers

Dec. 31, 2023 Unit: NT\$ thousands

	Title (Note 1)	Name (Note 1)	Amount in Stock	Amount in Cash	Total	Ratio of Total Amount to After-tax Net Income (%)
Managerial Officers	General Manager ¹	HSIN, LUNG-PIN	0	2,519	2,519	0.7419
	General Manager ²	WU, HSIN-CHIEH				
	Assistant General Manager	CHEN, SHENG-CHING				
	Accounting Section Chief	YANG, YAO-JU				
	Finance Section Chief	LEE, YEN-LAN				

¹ Promotion from Vice President to President on October 26, 2023.

² Resigned on Oct. 26, 2023.

(v). Separately compare and describe the ratio of the total amount of the remuneration, paid by the company and all companies in the consolidated financial report to the directors, supervisors, general manager and vice general managers of the company during the past 2 fiscal years, to the net income after tax, and analyze and describe the remuneration payment policies, standards, package, the procedures for the determination of remuneration, and the correlation between the operation performance and future risk:

Unit: NT\$ thousands

Item \ Year	2023		2022	
	Total	As a percentage of after-tax profit	Total	As a percentage of after-tax profit
Director remuneration	1,355	0.3991 %	1,475	0.5131 %
Remuneration to the President and vice president	9,213	2.7133 %	12,076	4.201 %
After-tax profit		339,544		287,452

(1) The earnings distribution stipulated in the Articles of Incorporation of the Company shall be applied.

(2) The remuneration payment policies of the Company are based on the rights and responsibilities of the Company's position, as well as the contributions, for which the reasonable remuneration will be given.

(3) In respect of the remuneration of the entire directors (including the independent directors), the Company will authorize the Board of Directors to make the payment, depending on their participation in the operation of the Company and the value of contributions, and refer to the general standards in the same industry. The remuneration of the directors will be subject to the provisions of the Articles of Incorporation and the Board of Directors will pass the resolution, based on the percentage, determined by the profit gaining status of the year of distribution and the Articles of Incorporation and a report will be submitted in the shareholders' meeting.

(4) The remuneration of the Company for the general manager and the assistant general managers is divided into salary, rewards and employee profit-sharing compensation; the salary and rewards will be handled in accordance with the related provisions in the personnel regulations of the Company; the employee profit-sharing compensation will be pursuant to the provisions of the Articles of Incorporation and the Board of Directors will pass the resolution, based on the percentage, determined by the profit gaining status of the year of distribution and the Articles of Incorporation and a report will be submitted in the shareholders' meeting and there is no significant correlation with the future risks.

iv. Implementation Status of Corporate Governance

(i). Implementation Status of the Board of Directors

A total of 5 meetings of the Board of Directors were held in the latest fiscal year (2023). The attendance of the directors is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Chairman	Representative of Shinkong Synthetic Fibers Corporation: WU, HSIN-CHIEH	2	0	100%	112.07.31 Initial appointment as director; should be present for two times.
Director	Representative of Shinkong Synthetic Fibers Corporation: WU, TUNG-SHENG	4	1	80%	Reelected on June 6, 2022; should be present for five times.
Director	Representative of Shinkong Synthetic Fibers Corporation: SHIH, HUO-CHAO	4	1	80%	Reelected on June 6, 2022; should be present for five times.
Director	Representative of Shinkong Synthetic Fibers Corporation: HSIAO, CHIH-LUNG	5	0	100%	Reelected on June 6, 2022; should be present for five times.
Director	LIN, JEN-PO	5	0	100%	Reelected on June 6, 2022; should be present for five times.
Director	CHIN, YU-YING	4	1	80%	Reelected on June 6, 2022; should be present for five times.
Independent Director	CHI, KUO-CHUNG	5	0	100%	Reelected on June 6, 2022; should be present for five times.
Independent Director	LIN, TSUNG-SHENG	5	0	100%	Reelected on June 6, 2022; should be present for five times.
Independent Director	LIN, CHIH-LUNG	4	1	80%	Reelected on June 6, 2022; should be present for five times.

■ Other information required to be disclosed :

1. If any of the following circumstances occur during the operation of the Board of Directors, the dates of the meetings of the Board of Directors, sessions, contents of motion, all independent directors' opinions and the company's response thereof should be specified:

(1) Matters referred to in Article 14-3 of the Securities and Exchange Act: The company has established the audit committee, please refer to the chapter of the Audit committee in the annual report.

(2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors: None.

2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

(1) Board of Directors' meeting on October 26, 2023

Proposal: New Chairman's Appointment and Salary Case.

Conflicted directors recusing from the motion: WU, HSIN-CHIEH

Contents of motion, causes for recusal and voting: Pursuant to Article 206 of the company Act, except for Chairman of the Board Mr.Hsin-chien Wu who shall not participate in discussion or voting. The rest of attending directors unanimously approved this motion.

3. TWSE/TPEx-listed companies are required to disclose such information as the evaluation cycle and period, scope of evaluation, evaluation method, and evaluation contents: For the implementation status of evaluation of the Board of Directors.

Implementation Status of Evaluation of the Board of Directors

Evaluation Cycle	Performed once a year.				
Evaluation Period	The performance of the Board of Directors is evaluated January 1, 2023 to December 31, 2023.				
Evaluation Scope	Evaluation of the performance of the Board of Directors, the individual directors and the functional committees is conducted				
Evaluation Method	Internal Self-evaluation of the Board of Directors, Self-evaluation of Directors and the Evaluation of Peers				
Evaluation Contents Performance evaluation of the Board of Directors in 2023 Evaluation Method: Including the self-evaluation questionnaire of the Board of Directors, members of the directors (self or peer) and the functional committees. Evaluator: Members of the Board of Directors of the Company and members of the functional committees. Make a statistics of each item of the questionnaire and the scoring standards are divided into 5 grades: 1. Agree very much: 5 Points; 2. Agree: 4 Points; 3. Mediocre: 3 Points; 4. Do not agree: 2 Points; 5. Do not agree very much: 1 Point Self-evaluation Results:					
	Evaluation Subject	Evaluation Method	Evaluation Contents	Question Number	Average Grade
Board of Directors		Self-evaluation of the Board of Directors	Participation in the operation of the Company	6	4.56
			Promote the decision-making quality of the Board of Directors	6	4.75
			Composition and structure of the Board of Directors	5	4.85
			Election and continuing education	3	4.88
			Internal control	5	4.75
Board of Directors		Self-evaluation of Members of Directors	Control of the company goals and missions	2	4.81
			Awareness of the director’s duties and responsibilities	3	4.88
			Participation in the operation of the company	5	4.78
			Management and communication of internal relationships	4	4.84
			Professionalism and continuing education of directors	3	4.83
			Internal control	3	4.83
Audit Committee	Self-evaluation of the Audit	Participation in the operation of the company	3	4.83	

	Committees	Awareness of duties and responsibilities of the functional committee	5	4.9
		Promote the decision-making quality of the functional committee	6	5.00
		Composition and election of members of the functional committee	2	5.00
		Internal control	3	5.00
Salary and Remuneration Committee	Self-evaluation of the Salary and Remuneration Committee	Participation in the operation of the company	3	4.83
		Awareness of duties and responsibilities of the functional committee	4	5.00
		Promote the decision-making quality of the functional committee	6	5.00
		Composition and election of members of the functional committee	2	5.00

4. Goals for Strengthening the functions of the Board of Directors in the current year and most recent fiscal year (e.g. establish the audit committee, promote the information transparency, etc.) and evaluation of the implementation status:

■Our company established the "Remuneration Committee" in 2012. During the election of the sixth board of directors at the 2013 shareholders' meeting, three independent directors were appointed, and all independent directors were appointed as members of the Remuneration Committee.

■After the election of the sixth board of directors at the 2013 shareholders' meeting, the "Audit Committee" was established to replace the supervisor.

■In 2013, to enhance corporate governance and strengthen the functionality of the board of directors, as well as to establish performance objectives, the "Board of Directors Performance Evaluation Guidelines" were formulated. The performance evaluation results for the 2023 fiscal year were submitted to the Compensation Committee for analysis, and specific recommendations were presented to the board of directors. These recommendations were utilized as references for individual director remuneration and nomination for reappointment. The performance evaluation results have been disclosed on the company's website.

■In 2023, the Corporate Governance Officer was appointed to oversee all matters related to corporate governance, serving as the highest-ranking executive responsible for governance-related affairs within the company.

(ii).Implementation Status of the Audit Committee or Participation of the Supervisors in the Implementation of the Board of Directors.

(ii)-1.Implementation Status of the Audit Committee:

The Audit Committee mainly assists the Board of Directors with performing its duties and responsibilities of supervision and takes charge of the tasks entrusted by the Company Act, the Securities and Exchange Act and other related acts and regulations. The Audit Committee of the Company is composed of the entire independent directors, among whom two are financial experts. The committee is operated pursuant to the organizational procedure of the Audit Committee of the Company. According to the regulations, the Audit Committee shall convene four regular meetings at least four times a year. In 2023, a total of five meetings were held; it had good communication and contact channel with the internal auditors of the company, the CPAs and the administration authority concerned.

(ii)-2.The key points of the annual deliberation tasks of the Audit Committee:

- Financial statements of the company
- Internal control system of the company
- Funding lending, endorsement or offer of the guaranteed transaction of the material assets and derivatives
- Audit plan of internal and external audit units and implementation status
- Assignment, dismissal, remuneration and the independence evaluation of the CPAs
- Risk and control procedure of the management level's compliance with various acts.
- Implementation status of correspondent documents with the competent authority

(ii)-3.A total of five (A) Audit Committee meetings were held in 2023. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Independent Director (Convener)	LIN, TSUNG-SHENG	4	1	80%	Reelected on June 6, 2022; should be present for four times.
Independent Director	CHI, KUO-CHUNG	5	0	100%	Reelected on June 6, 2022; should be present for four times.
Independent Director	LIN, CHIH-LUNG	4	1	80%	Reelected on June 6, 2022; should be present for four times.

■Other information required to be disclosed:

1. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee:

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

Date of Audit Committee Meeting	Contents of Agenda
The 3 rd of the 4 th 2023.3.09	1. Annual Operating Report and Financial Statements for the Year 2022. 2. 2023 Accountant's Certification Fee and Independence Assessment. 3. Passing the Internal Control System Declaration. 4. Amendment of the Articles of Incorporation. 5. Amendment of the Shareholders' Meeting Rules. 6. Amendment of the Procedures for Loans to Third Parties Proposal. 7. Loan of USD 2 million to Hong Kong Subsidiary RISE CONCEPT ENTERPRISES LIMITED for Debt Refinancing.
Objections Reservations or Major Advice: None. Contents of Resolutions: After consulting the opinions of all attending committee members, and following discussions during which no objections were raised, the proposal was unanimously approved and forwarded to the Board of Directors for resolution. The Company's Response to the Audit Committee's Opinion: After consulting with all attending directors, the proposal was approved unanimously by the Board Chairman.	
The interim meeting of the 4th	1. Loan of USD 1.5 million to the subsidiary in Hong Kong.

Date of Audit Committee Meeting	Contents of Agenda
2023.3.27	Objections Reservations or Major Advice: None. Contents of Resolutions: After consulting the opinions of all attending committee members, and following discussions during which no objections were raised, the proposal was unanimously approved and forwarded to the Board of Directors for resolution. The Company's Response to the Audit Committee's Opinion: After consulting with all attending directors, the proposal was approved unanimously by the Board Chairman.
The 4th of the 4th 2023.4.25	1. The Consolidated Financial Statements for the First Quarter of 2023. 2. Setting the record date for the increase in share capital for the first quarter of 2023, in order to process the registration of changes in share capital for the exercise of employee stock warrants from the fiscal year 2019.
	Objections Reservations or Major Advice: None. Contents of Resolutions: After consulting the opinions of all attending committee members, and following discussions during which no objections were raised, the proposal was unanimously approved and forwarded to the Board of Directors for resolution. The Company's Response to the Audit Committee's Opinion: After consulting with all attending directors, the proposal was approved unanimously by the Board Chairman.
The 5th of the 4th 2023.8.02	1. The Consolidated Financial Statements for the First Half of 2023. 2. Setting the record date for the increase in share capital for the second quarter of 2023, in order to process the registration of changes in share capital for the exercise of employee stock warrants from the fiscal year 2019.
	Objections Reservations or Major Advice: None. Contents of Resolutions: After consulting the opinions of all attending committee members, and following discussions during which no objections were raised, the proposal was unanimously approved and forwarded to the Board of Directors for resolution. The Company's Response to the Audit Committee's Opinion: After consulting with all attending directors, the proposal was approved unanimously by the Board Chairman.
The 6th of the 4th 2023.10.26	1. The Consolidated Financial Statements for the First Three Quarter of 2023. 2. Establishment of the Internal Audit Plan for the Year 2024. 3. Amendment to the Internal Control System of Ubright Optronics. 4. Change in Accounting Supervisor. 5. Amendment to the "Accounting System". 6. Amendment to the "Management Measures for the Preparation Process of Financial Statements". 7. Amendment to the "Operating Procedures for Transactions with Related Parties, Specific Companies, and Group Enterprises". 8. Assessment of the Appropriateness of the Accountant for the Fiscal Year 2023. 9. Setting the record date for the increase in share capital for the third quarter of 2023, in order to process the registration of changes in share capital for the exercise of employee stock warrants from the fiscal year

Date of Audit Committee Meeting	Contents of Agenda
	2019.
	Objections Reservations or Major Advice: None. Contents of Resolutions: After consulting the opinions of all attending committee members, and following discussions during which no objections were raised, the proposal was unanimously approved and forwarded to the Board of Directors for resolution. The Company's Response to the Audit Committee's Opinion: After consulting with all attending directors, the proposal was approved unanimously by the Board Chairman.
The 7th of the 4th 2024.02.21	1. 2023 Business Report and Individual and Consolidated Financial Reports. 2. 2024 Accountant's Certification Fee and Independence Assessment 3. Passing the Internal Control System Declaration 4. Loan of USD 3.5 million to Hong Kong Subsidiary RISE CONCEPT ENTERPRISES LIMITED for Debt Refinancing. 5. Setting the record date for the increase in share capital for the fourth quarter of 2023, in order to process the registration of changes in share capital for the exercise of employee stock warrants.
	Objections Reservations or Major Advice: None. Contents of Resolutions: After consulting the opinions of all attending committee members, and following discussions during which no objections were raised, the proposal was unanimously approved and forwarded to the Board of Directors for resolution. The Company's Response to the Audit Committee's Opinion: After consulting with all attending directors, the proposal was approved unanimously by the Board Chairman.
The 8th of the 4th 2024.05.06	1. The Consolidated Financial Statements for the First Quarter of 2024. 2. Setting the record date for the increase in share capital for the first quarter of 2024, in order to process the registration of changes in share capital for the exercise of employee stock warrants.
	Objections Reservations or Major Advice: None. Contents of Resolutions: After consulting the opinions of all attending committee members, and following discussions during which no objections were raised, the proposal was unanimously approved and forwarded to the Board of Directors for resolution. The Company's Response to the Audit Committee's Opinion: After consulting with all attending directors, the proposal was approved unanimously by the Board Chairman.

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

2. 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.

3. Communication between the independent directors and the chief internal audit officer and the CPAs (including any significant matters communicated about with respect to the state of the company's finances and business and the method(s) and outcomes of the communication.)

(1) The audit supervisor, according to the audit plan, will deliver the audit report and follow-up report to the independent directors for review upon completion of the audit items. Additionally, they will communicate and discuss the status of internal audit execution and internal control operations with the

independent directors through email, phone, or meetings (at least once a year). They will also attend regular board meetings to report on the execution of the audits.

Date	Attendants	Communication items	Results
2023/10/26	Independent Director: CHI,KUO-CHUNG LIN,CHIH-LUNG Audit Supervisor: CHEN, YI-WEN	Explanation of the items in the 2024 year audit plan. Discussion and explanation of the questions raised by the independent directors.	The independent directors expressed their support for the 2024 year audit plan and approved it as presented. Provide a detailed explanation of the frequency of each item in the audit plan to ensure that the independent directors have a clear understanding.

(2) Regarding communication with the accountant:

Independent directors communicate with the accountant through annual regular meetings. During the completion phase of the annual audit or semi-annual review, the accountant summarizes important audit findings, internal control deficiencies, and the status of financial statement audits or reviews, and then communicates these matters separately with the audit committee. The communication details for the most recent year are as follows:

Date	Attendants	Communication items	Results
2023/03/09	Independent Director: CHI,KUO-CHUNG LIN,TSUNG-SHENG LIN,CHIH-LUNG Audit Signing Accountant.	The accountant provided an explanation of the consolidated and individual financial statements for the year 2022, as well as the audit report.	Approved by the audit committee, with no objections from the committee members.
2023/04/25	Independent Director: CHI,KUO-CHUNG LIN,TSUNG-SHENG LIN,CHIH-LUNG Audit Signing Accountant.	The accountant provided an explanation of the consolidated financial statements for the first quarter of 2023. The accountant provided an explanation regarding the non-assurance services offered by the signing accountant, their firm, and related entities to the company and its subsidiaries.	Approved by the audit committee, with no objections from the committee members.
2023/08/02	Independent Director: CHI,KUO-CHUNG LIN,TSUNG-SHENG LIN,CHIH-LUNG Audit Signing Accountant.	The accountant provided an explanation of the consolidated financial statements for the first half of 2023.	Approved by the audit committee, with no objections from the committee members.
2023/10/26	Independent Director: CHI,KUO-CHUNG LIN,CHIH-LUNG Audit Signing Accountant.	The accountant provided an explanation of the consolidated financial statements for the first three quarters of 2023.	Approved by the audit committee, with no objections from the committee members.

Date	Attendants	Communication items	Results
2023/02/21	Independent Director: CHI,KUO-CHUNG LIN,TSUNG-SHENG LIN,CHIH-LUNG Audit Signing Accountant.	The accountant provided an explanation of the consolidated and individual financial statements for the year 2023, as well as the audit report.	Approved by the audit committee, with no objections from the committee members.
2023/05/06	Independent Director: LIN,TSUNG-SHENG LIN,CHIH-LUNG Audit Signing Accountant.	The accountant provided an explanation of the consolidated financial statements for the first quarter of 2024. The accountant provided an explanation regarding the pre-approved non-assurance services to be offered by the company's signing accountant, their firm, and related entities to the company and its subsidiaries.	Approved by the audit committee, with no objections from the committee members.

(ii)-4.Participation of the Supervisors in the Implementation of the Board of Directors:

The Company has established the Audit Committee in place of the supervisors on June 11, 2013.

(iii).Implementation Status of the Salary and Remuneration Committee.

(iii)-1.Information of Salary and Remuneration Committee members

April 09, 2024

Qualifications		Professional Qualifications and Experience	Independence Status	Number of other public companies at which the person concurrently serves as remuneration committee member
Status	Name			
Independent Director (Convener)	LIN, TSUNG-SHENG	Have the work experience in commerce and what is required in the company business. No conditions specified in Article 30 of the Company Act is involved.	All independence criteria are met; for detailed information, please refer to page 18 of this annual report.	3
Independent Director	CHI, KUO-CHUNG	Have the work experience in commerce and what is required in the company business. Have the professional qualification as a professor of public and private colleges and universities in the related departments, as required in the company business. No conditions specified in Article 30 of the Company Act is involved.		0

Qualifications		Professional Qualifications and Experience	Independence Status	Number of other public companies at which the person concurrently serves as remuneration committee member
Status	Name			
Independent Director	LIN, CHIH-LUNG	Have the work experience in commerce, accounting and what is required by the company. Be a professional and technical personnel who passed the national examination required by the accountant and obtained the certificate. No conditions specified in Article 30 of the Company Act is involved.		1

(iii)-2.The annual focus and operation of the Remuneration Committee

The focus of this year's work includes reviewing the distribution of employees' remuneration and directors' remuneration, year-end performance bonus payment, the reasonableness of salary adjustment plans, and the revision of the bonus system. After the proposing unit's explanation to the Remuneration Committee, all committee members agreed to adopt these proposals after discussion.

(iii)-3.Implementation Status of the Salary and Remuneration Committee

The term of the members: from June 07, 2022 to June 06, 2025. The salary and remuneration committee held three meetings (A) in the most recent year. The qualification of members and the status of attendance are as follows:

Title	Name	Attendance in person (B)	Proxy attendance Count	Attendance in Person (%) (B / A)	Remarks
Convener	LIN, TSUNG-SHENG	2	1	66.67%	Reelected on June 6, 2022; should be present for Three times.
Committee member	CHI, KUO-CHUNG	3	0	100%	Reelected on June 6, 2022; should be present for Three times.
Committee member	LIN, CHIH-LUNG	3	0	100%	Reelected on June 6, 2022; should be present for Three times.

Other information required to be disclosed:

(1) In the event where the Salary and Remuneration Committee's proposal is rejected or amended in a Board of Directors' meeting, please describe the date and session of the meeting, details of the topics discussed, the board's resolution, and how the company handled the Salary and Remuneration Committee's proposals (describe the differences and reasons, if any, should the Board of Directors approve a solution that was more favorable than the one proposed by the Salary and Remuneration Committee): None.

(2) Should any member object or express qualified opinions to the resolution made by the Salary and Remuneration Committee, whether on-record or in writing, please describe the date and session of the meeting, details of the topics discussed, the entire members' opinions, and how their opinions were addressed: None.

(iv).Information on members and operation of the nomination committee.

None.

(v).Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Items	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		The Company establishes the “Corporate Governance Best-Practice Principles” in compliance with the statutory regulations, which is disclosed in the annual report and the company’s website at www.ubright.com.tw , according to the regulations.	No significant deviation
2. Shareholding structure & shareholders’ rights				
(1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		The Company establishes the “Corporate Governance Best-Practice Principles” and handles shareholders’ suggestions, doubts, disputes and litigation, according to the regulations.	No significant deviation
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		The Company has control of the list of its major shareholders as well as the ultimate owners of those shares.	No significant deviation
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		The Company stipulates the internal related rules, such as the “Trading Procedure of Related Parties, Specific Companies and Enterprises in the Conglomerate”, the “Operational Procedure for Fund Lending to Others”, the “Procedures for Endorsement and Guarantee”, the “Procedures for Acquisition or Disposal of Assets” and the	No significant deviation

Evaluation Items	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Abstract Illustration	
(4) Does the company establish internal rules against insiders trading with undisclosed information?	V		“Standard Operational Procedures for Disposal of the Directors’ Requests”, etc. and builds up the proper risk control and firewall mechanism. The Company establishes the “Prevention of Insider Trading Management Procedure” in order to protect the investors and maintain the Company’s rights; the information is disclosed in the Company’s website at www.ubright.com.tw.	No significant deviation
3. Composition and Responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy for the composition of its members?	V		(1)Currently the Company sets up nine seats of directors, who are respectively the pioneers in industry and the experts in finance, law and technology. With their professional background, they participate in the discussion of the significant resolution particulars of the Board of Directors in the Company. The information of the diversification policy is disclosed in the company’s website at www.ubright.com.tw	No significant deviation
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		V	(2)The Company has established an audit committee and a remuneration committee, and will add other functional committees in the future based on actual needs.	Will be established in the future depending on the situation.

Evaluation Items	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Abstract Illustration	
(3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?	V		(3)The Company revises the “Rules for the Performance Evaluation of the Board of Directors” in accordance with the new version of the corporate governance blueprint, and implements the performance evaluation of the Board of Directors on a regular basis every year. The evaluation is carried out by the general manager's office, which adopts the means of questionnaires. After all the questionnaires are recovered in January each year, the analysis is undertaken according to the "Rules for the Performance Evaluation of the Board of Directors". In January 2024, the Company has completed the results of the performance evaluation, which has been reported to the board of directors on Feb. 21, 2024, and the improvement recommendations has been made for issues that can be strengthened. This year's assessment score is between 94 and 99, which is still good. In the fiscal year 2023, the company provided fixed compensation to independent directors, including their remuneration and attendance fees for meetings, as well as reimbursed expenses for external directors. If there	No significant deviation

Evaluation Items	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Abstract Illustration	
(4) Does the company regularly evaluate the independence of CPAs?	V		is any change in the remuneration in the future, it will be linked to the performance. (4)The board of directors regularly assesses the independence and suitability of the certified public accountants once a year. Before the board of directors decides to appoint an accountant, the audit committee will first review the independence of the accountant, and request the accountant to provide a "declaration of transcendent independence". After the Company confirms that the accountant and the Company have no other financial interests and business relations except for the fee of visa and tax cases, and that the accountant's family members have not violated the independence requirements, the accountant's appointment review will be conducted. The independence and eligibility assessment of the company's certified accountants in 2023 was approved by the audit committee and the board of directors on March 09, 2023. Referring to the "Audit Quality Indicators (AQIs)" indicator information, it is confirmed that accountants and firms are better than the industry average in terms of audit experience and training hours. In addition, digital	No significant deviation

Evaluation Items	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Abstract Illustration	
			audit tools will continue to be introduced in the past three years to improve audit quality (The board of directors passed the accountant competency assessment case on October 26, 2023) ° (Please refer to Note 1 for the evaluation criteria of the accountant's independence)	
4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	V		(1)The working team of corporate governance of the Company comprises the president's office, the financial & accounting department, the information section, the safety & health section, the production department, the audit office, personnel and general affairs section and the Corporate Governance Officer is the convener, in charge of the related affairs of corporate governance. (2)Explanation of implementation status: Each responsible unit performs corporate governance-related business in accordance with relevant laws and regulations, and its operations are normal in compliance with laws and regulations and the company's provisions. For example: ■Financial section: 1. responsible for declaration operation; 2. convening operation related to the meetings of the Board of Directors/Shareholders' Meeting.	No significant deviation

Evaluation Items	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Abstract Illustration	
			■Safety & health section/production division: 1. responsible for public security and environment management; 2. promote the energy saving and carbon reduction of the Company. ■Audit Office: 1. Irregularly Promote ethical corporate management and corporate social responsibility each year; 2. provide the information related to corporate governance in the internal website of the company. ■Personnel and general affairs section: 1. Irregularly arrange the educational training for the employees each year. 2. continue to promote the trash reduction and precise sorting and recycling. (3) In 2023, the business development status was as follows: ■Irregularly convene the communication meetings for the accountants, independent directors and chief audit officer in order to carry out the internal audit and control system. For the details of the meeting records, see the website of the company at www.ubright.com.tw.	

Evaluation Items	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Abstract Illustration	
			▪The Board of Directors shall be notified of the agenda seven days in advance; when the meeting is convened, the meeting materials shall be provided. If the recusal is required to avoid the conflict of interest in the agenda, a reminder shall be given in advance, and the minutes of the board of directors shall be completed within 20 days after the meeting. ▪In order to implement corporate governance, each director conducts the performance evaluation on the board of directors on a regular basis (in January of each year) in accordance with the "Rules for Performance Evaluation of the Board of Directors", established by the company. ▪Handle the pre-registration of the date of the shareholders' meeting in accordance with the law, and prepare the meeting notice, meeting manual, minutes for distribution and display at the designated place within the statutory time limit.	
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The company has set up a special area for stakeholders on the company website to provide a communication channel for stakeholders such as employees, suppliers, customers and investors.	No significant deviation
6. Does the company appoint a professional shareholder	V		The Company authorizes the professional stock	No significant deviation.

Evaluation Items	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Abstract Illustration	
service agency to deal with shareholder affairs?			agency department of Shin Kong International Securities Corporation to handle the affairs of the shareholders' meeting.	
7. Information Disclosure				
(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	V		(1)All the related information of the Company can be checked in the Market Observation Post System and the website of the Company. The company discloses the financial, business and corporate governance information in accordance with the provisions of legally-announced or declared matter.	No significant deviation
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		(2)The company has appointed a designated person, responsible for the affairs such as the collection and disclosure of the corporate information, and has a spokesperson and an acting spokesperson.	No significant deviation
(3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?		V	(3)The company reports financial reports and operating conditions for each month in accordance with the dates stipulated by laws and regulations; it has not yet announced and filed annual financial reports within two months after the end of the fiscal year, and has not announced its operations in advance before the prescribed deadline..	Future feasibility will be discussed with the auditing accountant.

Evaluation Items	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Abstract Illustration	
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	V		(1)The Company has stipulated such paragraphs to protect the shareholders' rights and respect the stakeholders' rights, etc. in the "Corporate Governance Best-Practice Principles", so that they can be referred to for implementation in the daily operation. We also formulate the personnel rules and regulations and the reward system for valuing the employees' rights. (2)The company's procurement, factory affairs, and financial operations have a strict control system, and there are explicit clear regulations for the selection of suppliers, the rotation of related businesses, and the job agency system. (3)Conditions of directors' continuing education: The directors of the company all have professional background in the industry and practical experience in operation and management, and they participate in governance-related courses of continuing education every year according to law. (4) Implementation status of risk management policies and risk measurement standards: The company has established internal control systems and various internal management rules in accordance with the law to control the risks. In order	No significant deviation

Evaluation Items	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Abstract Illustration	
			to strengthen the concept of laws and regulations and implement the compliance with the laws and regulations of the industry, so as to reduce the company's operation risks, the "Operational Procedures for Compliance with Laws and Regulations" have been established. (5) In 2023, the Company completed the insurance of the liability insurance for the directors of the company. We submitted a report to the Board of Directors on Aug. 2, 2023 concerning the insured amount, coverage and premium rate of their liability insurance.	
9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement. (If the Company was not included among the companies evaluated for the given recent year, this item does not need to be completed.) Improvements measures: In respect of the information transparency, the Company enhances the integrity of the information disclosure in the annual report and the company's website. In 2024, the following evaluation items are included in the priority enhancement matters which have not been improved: (1) Does the company upload the shareholders' meeting procedure manual and supplementary meeting materials 30 days before the regular shareholders' meeting? (2) Does the company upload the annual report 18 days before the regular shareholders' meeting?				

Note 1 Evaluation Standards for CPA's Independence

Evaluation Items	Evaluation Result	Compliant with Independence?
1. Does the CPA have a direct or significant indirect financial interest in the company?	No	Yes
2. Whether the accountant involve any acts of financing or guarantee with the Company or its directors?	No	Yes
3. Do the CPA and his/her audit team members currently or in the last two years have held positions of directors or any positions which make significant influence on the audit work in the Company?	No	Yes
4. Does the CPA have the kinship with the Company's directors, managers or persons who have a significant impact on the business of the audit case?	No	Yes
5. Does the CPA accepted gifts or presents of great value from the Company or its directors, managers or major shareholders?	No	Yes

(vi).Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Evaluation Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	V		1.The current practice in our company involves the General Manager's Office overseeing the implementation of sustainable development policies. Each department is responsible for handling relevant matters according to their duties, and we disclose information about sustainable development operations and execution on our company website. 2. Implementation status: ▪ Promoting unit: Currently, the general manager's office is responsible for the part-time role. In the future, a full-time unit will be set up according to actual needs. ▪Currently, a team comprising the Corporate Governance Supervisor and senior management from various departments is in charge. Starting from 2023, we have begun compiling an ESG report. ▪An annual report is regularly presented at board meetings. On October 26, 2023, during the board meeting, a report was provided on the progress of the greenhouse gas inventory. 3.The board of directors holds regular annual meetings to receive reports on operations, finance, corporate governance, sustainability, and other relevant issues.	No significant deviation

Evaluation Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			Through the diverse experiences of its members, the board generates broad and professional opinions to assist the company in making appropriate decisions and guiding the company towards a clear strategic direction.	
2. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		1. In order to implement the risk management mechanism and regularly report its operation to the board of directors every year (the latest board report date is October 26, 2020), the current audit committee (composed of 3 independent directors) continues to supervise the company's promotion and operation of risk management. . Ensure the effectiveness of the company's risk control by organizing existing departments or risk responsibility units to conduct risk management based on the operational areas they are responsible for. 2. The company has established several operational guidelines, including the Corporate Social Responsibility Code of Practice, Risk Management Operating Guidelines, Insider Trading Prevention Procedures, Integrity Operating Procedures and Behavior Guidelines, and Professional Ethics Regulations. These guidelines will be used to assess risks related to the company's operations in the areas of environment, society, and corporate governance, and to formulate relevant	No significant deviation

Evaluation Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			strategies based on significant principles. 3. The risk assessment scope includes the company's operations at the Taoyuan plant, its subsidiary Rise Concept Enterprises in Hong Kong, and its affiliate New UBright Optronics Co., Ltd., Suzhou, which are being planned for integration. The assessment of the Zhunan branch is still ongoing. 4. Please refer to the company website for details on risk management policies and operations._ www.ubright.com.tw/risk/	
3. Environmental issues (1) Does the company establish proper environmental management systems, based on the characteristics of their industries?	V		1. The company has established safety, health, and environmental management measures in accordance with environmental regulations set by the Environmental Protection Agency, such as the Air Pollution Control Act, Water Pollution Control Act, and Waste Disposal Act. These measures aim to comply with regulations, conserve energy, reduce waste, and enhance safety and environmental management within the factory premises. 2. The company has obtained ISO 14001 environmental management system and ISO 45001 occupational health and safety management system certifications. In waste recycling, disposal, or utilization, the company adheres to the requirements of the environmental management system and environmental regulations. It continuously	No significant deviation

Evaluation Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		evaluates the effectiveness of its implementation and strives for ongoing improvement. The company produces energy-efficient products and utilizes environmentally friendly raw materials, such as GP materials. It also ensures proper resource recycling and reuse, such as recycling and reusing packaging materials like pallets and paper tubes. To prevent environmental pollution and resource waste caused by discarded toner cartridges, used toner cartridges from photocopiers or printers are collected and processed by the original manufacturer for recycling. Additionally, the company adopts eco-friendly toner for printing purposes.	No significant deviation
(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	V		The Company thinks very highly of the issues related to climate change, actively promotes energy-saving and carbon reduction policies, and has implemented a number of energy-saving and carbon reduction measures. For example: LED lighting and ice water system pump energy saving improvement, reducing CO2 emissions by 582,451 kgCO2e in 2023, and saving 1,051,357 KWH of electricity annually. The air-conditioning temperature in the office is set within a range of 26°C-28°C. During the lunch break, our colleagues would turn off extra power and lights, and we actively promote measures such as energy-saving lamps,	No significant deviation

Evaluation Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons																
	Yes	No	Abstract Explanation																	
(4) Does the company make a statistics of the data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	V		electronic document systems, and paperless operations. 1. The company evaluates and handles greenhouse gas emission inventory work, and sets reduction targets and strategies to reduce the impact of operations on the environment, improve energy performance, and optimize use efficiency. 2. For the company's greenhouse gas emissions inventory in the past two years, please refer to the climate-related content of this annual report. 3. Our waste disposal and recycling policies adhere to the regulations announced by the Environmental Protection Administration of the Executive Yuan, contributing to circular economy, renewable energy, and corporate social responsibility. Information on water usage and total waste weight is available.(2023) <table><tr><th>Item Unit</th><th>Water Consumption (m³)</th><th>hazardous waste (mt)</th><th>non-hazardous waste (mt)</th></tr><tr><td>Taoyuan HQ</td><td>52,586</td><td>105.692</td><td>137.71</td></tr><tr><td>Zhunan branch</td><td>23,617</td><td>20.670</td><td>239.22</td></tr><tr><td>Total</td><td>76,203</td><td>126.362</td><td>376.93</td></tr></table>	Item Unit	Water Consumption (m³)	hazardous waste (mt)	non-hazardous waste (mt)	Taoyuan HQ	52,586	105.692	137.71	Zhunan branch	23,617	20.670	239.22	Total	76,203	126.362	376.93	No significant deviation
Item Unit	Water Consumption (m³)	hazardous waste (mt)	non-hazardous waste (mt)																	
Taoyuan HQ	52,586	105.692	137.71																	
Zhunan branch	23,617	20.670	239.22																	
Total	76,203	126.362	376.93																	
4. Social issues (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and	V		1. We formulate personnel management regulations in accordance with labor laws and international human	No significant deviation																

Evaluation Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
the International Bill of Human Rights?			rights conventions, respecting individual differences among employees and integrating diverse perspectives. The company has established "Work Rules" and "Sexual Harassment Prevention and Control Measures " to ensure that employees are not discriminated against, harassed, or treated unfairly based on race, gender, religious beliefs, age, political orientation, or any other condition protected by applicable laws, and to provide a work and service environment free from sexual harassment.	
(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	V		2. The Company protects the legitimate interests of the employees in accordance with the labor laws and regulations, and sets aside pensions. The employee welfare committee is established to handle various welfare matters. Regularly hold labor-management meetings and set up the suggestion box to understand the ideas of both parties and achieve via communication a win-win situation for labor and management. 1. Our employee compensation policy is determined based on individual abilities, contributions to the company, performance, and consideration of future operational risks. We have established "Work Rules," "Employee Rewards and Punishment Measures," and "Employee Annual Performance Evaluation Methods,"	No significant deviation

Evaluation Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(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?	V		which integrate employee performance and reward and disciplinary systems, aligning with the important mission of corporate social responsibility and people-oriented sustainable development to enhance the company's future international competitiveness. 2. The company regularly holds the meetings of the labor-management and the welfare committee to discuss and revise employee welfare measures. And according to the company's articles of association, if there is profit in the year, no less than 1% should be allocated as the employee compensation. 3. For details on employee welfare measures, please refer to the labor-management relations section of the annual report. 1. The company regularly outsources operational environmental monitoring to provide employees with a safe and healthy work environment, and provides regular health checks, occupational safety training, health seminars, and information notices. 2. The Company conducts safety and health education and training on the day when the newcomers report, and holds the fire safety drills once half a year. The supervisors and the industrial safety units will regularly inspect the working environment. We regularly conduct the employee health checks and regularly implement	No significant deviation

Evaluation Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons												
	Yes	No	Abstract Explanation													
(4) Has the Company established effective career capability development and training programs for employees?	V		the health education courses for employees. 3. 2023 References <table><tr><th>Unit\Item</th><th>Work-Related Injury</th><th>% of employees</th><th>Fire Alarm</th></tr><tr><td>Taoyuan HQ</td><td>4</td><td>0.0093</td><td>0</td></tr><tr><td>Zhunan Branch</td><td>0</td><td>0</td><td>0</td></tr></table> 1.The Company regards the employees as the important asset, puts emphasis on the talent cultivation, and arranges the employees to receive on-the-job training courses according to the needs of various functions, such as the first-aid personnel training courses, the forklift driving training courses, the organic solvent operation courses and the stationary (crown) operation training course. 2. In 2023, a total of 184 internal and external training courses were held, with a total training hours of 3,158 hours and a training course fee of NT\$500,000.	Unit\Item	Work-Related Injury	% of employees	Fire Alarm	Taoyuan HQ	4	0.0093	0	Zhunan Branch	0	0	0	No significant deviation
Unit\Item	Work-Related Injury	% of employees	Fire Alarm													
Taoyuan HQ	4	0.0093	0													
Zhunan Branch	0	0	0													
(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	V		The Company adheres to the responsibility for products. Our research and development, procurement, production, operation and service processes all comply with the relevant regulations of government laws and regulations, and we set up a special area for the stakeholders to provide the good communication channels (the company's consumers/customers can communicate through the contact mailbox), and provide	No significant deviation												

Evaluation Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on issues such as environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	V		transparent and effective customer complaint handling procedures for products and services. The marketing and labeling of the Company's products and services are handled in accordance with relevant laws and regulations. The Company has established the "Supplier Management Rules", in addition to the regular assessment of suppliers, for jointly striving for promoting the green environmental protection in order to fulfill the social responsibilities. We also request the suppliers to provide a report that has passed the SGS test every year to reduce the impact on the environment. The Company requires suppliers to provide the raw materials which are guaranteed to be free of harmful substance. If there is a violation of the agreement, it will be terminated in accordance with the contract.	No significant deviation
5. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?	V		Although the Company has not prepared a sustainability report, we have formulated the "Corporate Social Responsibility Best-Practice Principles" to fulfill the corporate social responsibility. In consideration of the interests of stakeholders and the fair and reasonable treatment to customers, we request the suppliers to abide by the norms of social and environmental responsibility agreements.	No significant deviation
6. If the Company has adopted its own sustainable development best-practice principles based on the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company’s operations:				

Evaluation Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
The Company has established the “Corporate Social Responsibility Best-Practice Principles” and no condition of deviation exists in the implementation status.				
7. Other important information to facilitate better understanding of the company’s promotion of sustainable development: 1. The outer road along the factory is rented for the public use. 2. The Company’s actual achievement of the energy-saving target in2023: 1,051,357 KWH of electricity is saved per year. 3. The Company implemented the waste sorting and management in 2023 by recycling the resources in the total weight of 12,103 Kg and saving the trash clearance expenses in the amount of NT\$114,570.				

(vii).Climate-related Information

(vii)-1.Execution Status of Climate-related Information

Items Execution Status	Items Execution Status
1. Description of the supervision and governance of climate-related risks and opportunities by the board of directors and management.	The board of directors, as the highest governing body for sustainability development, regularly reviews climate change-related risks and opportunities. It assigns the corporate governance officer to lead senior management in executing climate risk management operations, enhancing the level of internal risk control. Additionally, it provides regular reports to the board on the outcomes of climate governance efforts.
2. Explain how identified climate risks and opportunities affect the business, strategy, and finances of the enterprise (short-term, medium-term, long-term)	Until the printing date of the annual report, our company has not completed the identification of climate risks and opportunities. The relevant content will be disclosed on our official website once completed.
3. Describe the impact of extreme weather events and transition actions on finances.	Until the printing date of the annual report, the assessment of the impact of extreme weather events and transformational actions on finances has not been completed. The relevant content will be disclosed on our official website once completed.

Items Execution Status	Items Execution Status
4. Describe how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.	Until the printing date of the annual report, the process of identifying, assessing, and managing climate risks has not been completed. The relevant content will be disclosed on our official website once completed.
5. If scenario analysis is used to assess resilience to climate change risks, details should be provided on the scenarios, parameters, assumptions, analysis factors, and key financial impacts.	Until the printing date of the annual report, we have not utilized scenario analysis to assess resilience to climate change risks, therefore it is not applicable.
6. If there is a transformation plan to address and manage climate-related risks, describe the content of the plan, as well as the indicators and objectives used to identify and manage physical risks and transition risks.	Until the printing date of the annual report, the transformation plan to manage climate-related risks has not been completed. The relevant content will be disclosed on our official website once completed.
7. If using internal carbon pricing as a planning tool, details should be provided on the pricing basis.	Until the printing date of the annual report, the Company has not used internal carbon pricing as a planning tool, so it is not applicable..
8. If climate-related goals are set, details should be provided on the activities covered, greenhouse gas emission scopes, planning timeframe, progress achieved annually, etc. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve these goals, details should be provided on the source and quantity of carbon offsets or the quantity of RECs.	Setting climate-related goals can strategically help companies reduce carbon emissions to adapt to climate change. The headquarters in Taoyuan completed a third-party verification of carbon inventory in the fiscal year 2023, setting the baseline year as 2021. Plans are in place for a voluntary greenhouse gas inventory to be conducted continuously for three years, encompassing activities, emission scopes, and timelines. Detailed risk assessments and strategic planning will be carried out to set climate-related goals accordingly. °
9. Greenhouse gas inventory and confirmation status with reduction targets, strategies, and specific action plans.	The Taoyuan headquarters established the baseline year for inventory in 2021, while the Zhunan branch established it in 2024. Based on carbon emissions data, reduction targets, strategies, and specific action plans have been formulated, as detailed in the following table.

(1) Recent two-year greenhouse gas inventory and confirmation status of the company.

Basic information of the company	According to the sustainable development road map of listed companies, at least it should be disclosed
☐ Companies with capital of over NT\$10 billion.	☐ Individual check of parent company

■ Subsidiaries Consolidated in the Financial Statements of Companies with Capital over NT10 Billion Dollars. ☐ Companies with capital of more than NT\$5 billion but less than NT\$10 billion. ☐ Companies with capital less than NT\$5 billion	☐ Check of subsidiary company of consolidated financial report ☐ Parent company individual conviction ☐ Consolidated financial report subsidiary conviction
--	---

2022

Category 1	Total Emissions (mt CO2e)	Density (mt CO2e/million)	Certification body	Certification situation
Taoyuan HQ *	517.712	0.27078	None	
Zhunan branch	-	-		
Category 2	Total Emissions (mt CO2e)	Density (mt CO2e/million)	Certification body	Certification situation
Taoyuan HQ	9,949.983	5.20431	None	
Zhunan branch	-	-		

2023

Category 1	Total Emissions (mt CO2e)	Density (mt CO2e/million)	Certification body	Certification situation
Taoyuan HQ	517.687	0.24281	None	
Zhunan branch	-	-		
Category 2	Total Emissions (mt CO2e)	Density (mt CO2e/million)	Certification body	Certification situation
Taoyuan HQ	9,963.253	4.67319	None	
Zhunan branch				

* The greenhouse gas inventory of Taoyuan Head Office has been verified by a third party (AFNOR ASIA Ltd.) and obtained the ISO14064-1 certificate, but it has not yet been confirmed by relevant agencies.

(2) GHG Reduction Goals, Strategies, and Concrete Action Plans

Outline the baseline year and its data for GHG reduction, reduction goals, strategies, specific action plans, and the progress toward achieving the reduction goals.

GHG reduction baseline year : 2021

Data : 14,854.268 (mt CO₂e)

Reduction goals : Since 2023, there has been an annual reduction target of 190(mt CO₂e). The goal is to achieve a cumulative reduction of 10% in carbon emissions compared to the baseline year from 2023 to 2030, over a period of 8 years.

Strategies :

1. Complete GHG inventory and establish the baseline year.
2. Replace old and energy-consuming equipment to reduce GHG emissions.
3. Establish an energy management system to manage energy consumption data in real-time.
4. Continuously improve energy consumption hotspots.
5. Introduce recycling processes.
6. Utilize smart meters to assist in process energy conservation.

Specific action plan:

2022 :

- Installation of variable frequency drives for DT-AHU air conditioning unit motors in Phase II plant (carbon reduction achievement: 28.831 mt CO₂e).
- Replacement of lighting fixtures with LED lights for CC Clean booths throughout the plant (carbon reduction achievement: 34.171 mt CO₂e).
- Modification of water barrier for cooling towers in Phase III plant for energy conservation (carbon reduction achievement: 142.679 mt CO₂e).

2023 :

- Installation of variable frequency drives for cooling water pump motors in Phase I and Phase III plant for energy conservation (carbon reduction achievement: 55 mt CO₂e).
- Conversion of desiccant-type dryers to dew point control for the compressed air system in Phase III plant to reduce regeneration airflow (carbon reduction achievement: 52.6 mt CO₂e).
- Replacement of cooling tower heat dissipation materials in Phase I plant for energy conservation (carbon reduction achievement: 53.342 mt CO₂e).

2024:

- Installed smart meters for the compressed air, refrigeration, and some energy-consuming processes within the plant, completing the preparatory work

for the introduction of an energy management system.

- Successfully applied to participate in the "Manufacturing Industry Energy Management Demonstration Guidance Program" for the year 2024, led by the Industrial Development Bureau of the Ministry of Economic Affairs, and has obtained eligibility for guidance.

Achievement of reduction targets: The aforementioned measures, combined with the replacement of UV lamps with LED-UV lamps for the C/C machine process, have all met the energy-saving targets.

(viii).Fulfillment Status of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/ TPEX Listed Companies" and Reasons

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best- Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs (1) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team? (2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies?	Y		(1) The Company has established the "Ethical Corporate Management Code" to implement the compliance with the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, the regulations related to the listing on TWSE/TPEX, or other laws and regulations related to business behaviors, as the basis for the implementation of ethical corporate management. In order to strengthen the concept of laws and regulations and implement the compliance with the laws and regulations of the industry, so as to reduce the company's business risks, the Company has established the "Laws and Regulations Compliance Procedures". (2) The Company has established the "Ethical Corporate Principles" and the "Operational Procedure of Corporate Management and Conduct Guidelines", which expressly stipulate that the Company prohibits offering or accepting improper benefits, and in the "Code of Ethics and Conduct for Directors and Managers", it clearly stipulates that the directors, managers and employees shall not disclose material internal information that they know to others, and shall not inquire about or collect material undisclosed	No significant deviation

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best- Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?			internal information of the company that is not related to personal duties from persons who know material internal information of the company. Undisclosed internal material information, which they know for reasons other than the business execution, shall not be disclosed to others. (3) In order to implement the ethical corporate management policy and actively prevent dishonest behavior, the Company has formulated the "Ethical Corporate Management Principles" and the "Operational Procedure of Ethical Corporate Management and Conduct Guidelines", which specifically regulates the operating procedures, behavior guidelines, punishment and complaint systems for violations, and put them into implementation.	
2. Ethical Management Practice (1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts, signed by them? (2) Does the company set up a dedicated unit to	V		(1) The company has established the "Operational Procedure of Ethical Corporate Management and Conduct Guidelines", which expressly stipulates that before establishing a business relationship, the legality, the ethical corporate management of the counterparty the integrity management policy, and whether there has been a record of dishonest behavior should be assessed to ensure that its business operation is fair, transparent and no claim, offering or acceptance of bribes are made. (2) The Company has established the "Operational	No significant deviation

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best- Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation? (3) Does the company establish policies to prevent conflict of interests, provide appropriate communication and complaint channels, and properly implement such policies? (4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the programs to prevent unethical conduct or hire outside accountants to perform the audits? (5) Does the company provide internal and external ethical corporate management training programs on a regular basis?			Procedure of Ethical Corporate Management and Conduct Guidelines” and appointed the General Manager’s Office as the dedicated unit to take charge of promoting the concept of ethical corporate management and regularly report its implementation status to the Board of Directors once a year. A report thereof had been made to the Board of Directors on Oct. 26, 2023. (3) The Company has established the "Ethical Corporate Principles", the "Code of Ethics and Conduct for Directors and Managers" and the "Laws and Regulations Compliance Procedures" to expressly stipulate the related provisions of prevention of conflict of interest, provide such complaint channels as the independent director box, the chairman box and the suggestions box, and put them into implementation. (4) In order to ensure the implementation of ethical corporate management, the Company has established an effective accounting system and internal control system, and internal auditors will check the compliance of the preceding system according to the annual audit plan. We entrust an accounting firm to conduct audits of internal control and information operations every year. (5) The Company has established the “Ethical Corporate Management Principles”, which specifically regulate the noticeable matters when the Company’s personnel carries	

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best- Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
9.			out the business. The norms of these principles are promoted through the educational training or meetings on an irregular basis.	
3. Implementation of Complaint Procedures (1) Does the company establish specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appoint appropriate personnel specifically responsible for handling complaints received from whistleblowers? (2) Does the company establish standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner? (3) Does the company adopt proper measures to protect whistleblowers from retaliation for filing complaints?	V		(1) The Company has established the “Operational Procedure of Ethical Corporate Management and Conduct Guidelines”, which expressly stipulates the whistle-blowing and reward system and the employees can file a whistle-blowing via the independent director box, the chairman box and the suggestions box; there is the dedicated unit to handle the related affairs in a confidential manner. (2) The Company has established the “Operational Procedure of Ethical Corporate Management and Conduct Guidelines”, which expressly stipulates the investigation standard operating procedures and related confidentiality mechanisms for accepting the whistleblowing matters; the processing process and the information of the parties concerned are kept confidential. (3) The Company has established the “Operational Procedure of Ethical Corporate Management and Conduct Guidelines”, by which we keep confidential the status of the whistleblower and the whistleblowing contents when the related personnel handles the whistleblowing matters in the written statement. The Company is committed to	No significant deviation

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best- Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			protecting the whistleblowers from retaliation for filing complaints.	
4. Strengthening information disclosure Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?	V		The Company sets up its own website and discloses the information related to ethical corporate management in the special area of corporate governance, including the “Ethical Corporate Management Principles”, the “Operational Procedure of Ethical Corporate Management and Conduct Guidelines” and the “Code of Ethics and Conduct for Directors and Managers”. The information on the implementation status of ethical corporate management is disclosed in the special area of ethical corporate management of the company’s website.	No significant deviation
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any deviation between the policies and their implementation. The Company has established the “Ethical Corporate Management Principles” and the “Operational Procedure of Ethical Corporate Management and Conduct Guidelines” and no condition of deviation exists in the implementation status.				

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
6. Other important information to facilitate better understanding of the company’s implementation status of ethical corporate management: (e.g. review and revise the established principles of ethical corporate management, etc.) 1. The Company has established the “Ethical Corporate Management Principles” as the basis of the implementation of ethical corporate management. 2. The Company has established the “Operational Procedure of Ethical Corporate Management and Conduct Guidelines”, which specifically regulate the noticeable matters when the Company’s personnel carries out the business. 3. In order to implement labor safety, industrial safety and information security, etc., covered by ethical corporate management, the Company held the internal training courses for a total of 2,412 hours with the attending person-time of 1,384 as well as the external training courses for a total of 746 hours with the attend person-time of 95.				

(ix). If the company has established the corporate governance principles and relevant rules and regulations, the method of inquiry thereof should be disclosed.

The Company has established the related rules and regulations related to corporate governance. For the contents, please directly visit the website of the company or the Market Observation Post System.

(x). Other important information which can facilitate better understanding of the company’s implementation status of corporate shall be disclosed as well.

(x)-1. Operational Procedure of the Company’s Internal Material Information Management:

In order to establish the company’s public information and material information mechanism, stipulated by laws and regulations, the relevant procedures are set forth for the public information (material information) declaration and management, which are handled by the designated person and controlled by the spokesperson mechanism to ensure the rationality, timeliness and integrity of the information presentation.

(x)-2. Establish the Company’s insider trading prevention and management mechanism:

In order to avoid improper divulcation of information, and ensure the consistency and correctness of the information, externally published by the

Company, the Company refers to the "Operational Procedures for Handling Material Inside Information of Corporation" to establish the "Management Procedure for Preventing Insider Trading" in the internal control system, which has been discussed and approved by the Board of Directors, and announced on the internal website so that the managers and employees can actually abide by it. In addition, the Company will re-forward the propaganda information, published by the competent authorities to the directors and managers, and encourage them to participate in relevant courses, organized by the competent authorities.

(x)-3.Liability insurance purchased for directors and supervisors of the Company

Since June 15,2020, the company has been providing all directors and supervisors with liability insurance. The summary of the liability insurance policies purchased in 2023 listed below:

Insured individuals	Insurance Company	Insured amount	Insured Period
Directors	Shinkong Insurance Co., Ltd.	US\$1,000,000	From Jun. 15, 2023 to Jun. 15, 2024

(x)-4.Continuing education for directors and managers

All directors and managers possess relevant professional knowledge and skills. In addition to offering relevant information both on a regular and intermittent basis to Directors and managers, the Company would also organize seminars and workshops when deemed necessary. Training completed by Directors and managers in 2023 include:

■Continuing education for directors:

Title	Name	Date of training	Name of training session	Hours of training
Chairman	WU, HSIN-CHIEH	2023.08.07	Discussing Taiwanese business operations and merger and acquisition strategies in the context of global political and economic situations.	3
		2023.11.07	Enterprise risk and supply chain cybersecurity management under the ESG trend.	3
Director	WU, TUNG-SHENG	2023.08.07	Discussing Taiwanese business operations and merger and acquisition strategies in the context of global political and economic situations.	3
		2023.11.07	Enterprise risk and supply chain cybersecurity management under the ESG trend.	3
Director	SHIH, HUO-CHAO	2023.08.07	Discussing Taiwanese business operations and merger and acquisition strategies	3

Title	Name	Date of training	Name of training session	Hours of training
			in the context of global political and economic situations.	
		2023.11.07	Enterprise risk and supply chain cybersecurity management under the ESG trend.	3
Director	HSIAO, CHIH-LUNG	2023.07.04	2023 Cathay Sustainable Finance and Climate Change Summit.	6
Director	LIN, JEN-PO	2023.07.28	Leading sustainable cash flow to accelerate corporate sustainability transformation.	3
		2023.12.22	Governance of financial institutions, cybersecurity risk management, and anti-money laundering regulatory trends.	3
Director	CHIN, YU-YING	2023.08.07	Discussing Taiwanese business operations and merger and acquisition strategies in the context of global political and economic situations.	3
		2023.10.24	Application of AI, law, and auditing.	3
Independent Director	CHI, KUO-CHUNG	2023.08.07	Discussing Taiwanese business operations and merger and acquisition strategies in the context of global political and economic situations.	3
		2023.11.07	Enterprise risk and supply chain cybersecurity management under the ESG trend.	3
Independent Director	LIN, TSUNG-SHENG	2023.06.29	Carbon reduction-related issues and their IFRS accounting treatment.	3
		2023.08.07	Discussing Taiwanese business operations and merger and acquisition strategies in the context of global political and economic situations.	3
Independent Director	LIN, CHIH-LUNG	2023.08.07	Discussing Taiwanese business operations and merger and acquisition strategies in the context of global political and economic situations.	3
		2023.11.07	Enterprise risk and supply chain cybersecurity management under the ESG trend.	3

■ Continuing education for managers:

Title	Name	Date of training	Name of training session	Hours of training
Director of Finance and Accounting Department	YANG, YAO-JU	2023.09.21~ 2023.09.22	Practical analysis of the new version of corporate governance and board performance evaluation in 2023.	3
			Practical aspects of corporate mergers and acquisitions and financial evaluation.	3
			From CSR to ESG: The mindset of corporate management.	3
			Analysis of "intellectual property infringement" cases and legal responsibilities.	3

(xi).Matters to be Disclosed in the Implementation Status of the Internal Control System

(xi)-1.Internal Control Declaration

UBright Optronics

Internal Control Declaration

Date: Feb. 21, 2024

The internal control system of the company in 2023 is based on the results of the self-assessment, and its declaration is as follows:

- 1.The company is aware that the establishment, implementation, and maintenance of the internal control system is the responsibility of the board of directors and managers of the company. The company has established the system to provide consistent results in terms of operational effectiveness and efficiency (including profitability, performance, and asset security, etc.), reporting reliability, timeliness, transparency, compliance with relevant regulations, relevant laws, and regulations, providing the guarantee of the rationality.
- 2.The internal control system has its inherent limitations. Regardless of how well the design is perfected, an effective internal control system can only provide reasonable assurance of the achievement of the above three objectives. Moreover, due to changes in the environment and conditions, the effectiveness of the internal control system may change. However, the company's internal control system has a self-monitoring mechanism; once the identification is missing, the company takes corrective action.
3. The company judges whether the design and implementation of the internal control system is effective based on the judgment of the effectiveness of the internal control system as stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "regulations.") The internal control system judgment project adopted in the "regulations" is based on the process of management control, and the internal control system is divided into five components: 1. Control environment, 2. Risk assessment, 3. Control operation, 4. Information and communication, and 5. Supervised operations. Each component also includes several items. Please refer to the "regulations" for the above items.
- 4.The company has adopted the above internal control system to judge the project and evaluate the effectiveness of the design and implementation of the internal control system.
- 5.Based on the results of the previous assessment, the company believes that the internal control system (including supervision and management of subsidiaries) of the company on December 31, 2023 includes the understanding of the operational effectiveness and efficiency objectives, and the design and implementation of the internal control system, which is reliable, timely, transparent and in compliance with relevant regulations and relevant laws and regulations, is effective and can reasonably ensure the achievement of the above objectives.
6. The declaration will become the main content of the company's annual report and public handbook, and will be made public. If the content of the above disclosure is illegal or concealed, it will involve legal liabilities such as Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. The declaration was approved by the board of directors of the company on Feb. 21, 2024. Among the night directors, no one disagreed, and the rest agreed with the contents of the declaration and stated the statement.

UBright Optronics Corporation

Chairman of the Board of Directors: WU, HSIN-CHIEH

General Manager: HSIN, LUNG-PIN

(xi)-2. For those companies which consign the CPAs to conduct the internal control system on a project review basis, the CPAs' review report shall be disclosed:

None.

(xii). For the recent year as of the publication date of the annual report, if the company and its internal personnel were punished under the law, the penalties that the company made on its internal personnel who violate the internal control system; if the penalty results made significant impact on the shareholders' interest or the security price, its main defect and improvement status:

None.

(xiii). Important resolutions of the shareholders' meeting and board of directors for the most recent fiscal year up to the printing date of the annual report.

(xiii)-1. Shareholders' Meetings

Time: 10: 00 am, June 07, 2023

Place: 1F., No. 80, Xinguang E. Rd., Daxi Dist., Taoyuan City, Taiwan

Major Resolutions:

- (1) Ratified the Business Report and Financial Statements for 2022.
- (2) Ratified the Distribution of Earnings for 2022.
- (3) Approved the amendment to the "Articles of Incorporation".
- (4) Approved the amendment to the "Rules and Procedures of Shareholders Meeting".
- (5) Approved the amendment to the "Procedures for Lending Funds to Other Parties".

Post-meeting Execution:

- (1) The amendments to the Company's Articles of Incorporation were approved and registered on file by the Ministry of Economic Affairs on July 4, 2023.
- (2) Cash dividend baseline date was August 7, 2023 and the payment date was August 24 2023 (Cash dividend was NT\$ 2.91129 per share).

(xiii)-2. Major Resolutions of Board Meetings

Meeting Session	Contents of Resolution Matters
The 9 th Session The 3 rd Meeting March 09, 2023	● Case of 2022 business report and financial statements. ● Case of 2022 earnings distribution for 2022. ● Case of 2023 CPAs' professional fees and independence evaluation. ● Case of 2023 budget. ● Case of approval of the internal control declaration. ● Case of amendment of the "Articles of Incorporation". ● Case of amendment of the "Rules of Procedure for Shareholders Meetings". ● Case of amendment of the "Operating Procedures for Fund Loans to Others". ● Appointment of Corporate Governance Officer. ● Case of the Company's fund lending to the subsidiary in RISE CONCEPT ENTERPRISES LIMITED, Hong Kong, in the amount of US\$ 2 million for repaying the old debt by borrowing new fund. ● Determination of date, time, venue and other related matters of the regular shareholders' meeting in 2023.

Meeting Session	Contents of Resolution Matters
	● Case of acceptance of the proposal right of shareholders with more than 1% shareholding rate. ● Case of distribution of 2022 year-end bonus and remuneration for managers. ° ● Case of distribution of 2022 remuneration for directors. ● Case of 2023 year-end performance bonus for employee (including managers). ● Case of 2023 salary adjustment for managers. ● Case of execution of the subscription of new shares in 2019 employee stock option certificates and establishment of the base date for capital increase in order to handle the registration of share capital in Q4 of 2022.
Extraordinary Meeting March 27, 2023	● Case of the Company's fund lending to the subsidiary in RISE CONCEPT ENTERPRISES LIMITED, Hong Kong, in the amount of US\$ 1.5 million.
The 9 th Session The 4 th Meeting April 25, 2023	● Case of Q1 financial statements in 2023. ● Case of execution of the subscription of new shares in 2019 employee stock option certificates and establishment of the base date for capital increase in order to handle the registration of share capital in Q1 of 2023.
The 9 th Session The 5 th Meeting August 2, 2023	● Case of the Consolidated Financial Statements for the First Half of 2023. ● Case of 2023 salary adjustment for managers. ● Case of execution of the subscription of new shares in 2019 employee stock option certificates and establishment of the base date for capital increase in order to handle the registration of share capital in Q2 of 2023.
The 9 th Session The 6 th Meeting October 26, 2023	● Case of the Consolidated Financial Statements for the First Three of 2023. ● Case of establishment of the internal audit plan for the year 2024. ● Case of amendment of the internal control system of Ubright Optronics. ● Case of amendment to the "Accounting System". ● Case of amendment to the "Management Measures for the Preparation Process of Financial Statements". ● Case of amendment to the "Operating Procedures for Transactions with Related Parties, Specific Companies, and Group Enterprises". ● Case of supplementary election of the chairman of the board. ● Case of appointment of the general manager. ● Case of change in the accounting supervisor. ● Case of salary approval for the newly appointed chairman of the board. ● Case of salary approval for the newly appointed general manager. ● Case of salary approval for the newly appointed accounting supervisor. ● Case of assessment of the Appropriateness of the Accountant for the Fiscal Year 2023. ● Case of execution of the subscription of new shares in 2019 employee stock option certificates and establishment of the base date for capital increase in order to handle the registration of share capital in Q3 of 2023.
The 9 th Session The 7 th Meeting February 21, 2024	● Case of 2023 Business Report and Individual and Consolidated Financial Reports. ● Case of 2023 earnings distribution for 2023.

Meeting Session	Contents of Resolution Matters
	● Case of 2024 CPAs' professional fees and independence evaluation. ● Case of 2024 budget. ● Case of approval of the internal control declaration. ● Case of distribution of 2023 year-end bonus and remuneration for managers. Meeting Process: Chairman WU, HSIN-CHIEH abstained from participating in the discussion and voting of this case due to being a related party. According to the law, Chairman Wu designated Director WU, TUNG-SHENG as the acting chairman. General Manager HSIN, LUNG-PIN and Finance Director YANG, YAO-JU also abstained from the discussion. Resolution: Acting Chairman Director WU, TUNG-SHENG consulted the remaining attending directors, and there were no objections to the case, so it was passed unanimously. ● Case of distribution of 2023 remuneration for directors. ● Case of 2024 year-end performance bonus for employee. ● Case of 2024 salary adjustment for managers. Meeting Process: Chairman WU, HSIN-CHIEH abstained from participating in the discussion and voting of this case due to being a related party. According to the law, Chairman Wu designated Director WU, TUNG-SHENG as the acting chairman. General Manager HSIN, LUNG-PIN and Finance Director YANG, YAO-JU also abstained from the discussion. Resolution: Acting Chairman Director WU, TUNG-SHENG consulted the remaining attending directors, and there were no objections to the case, so it was passed unanimously. ● Case of the Company's fund lending to the subsidiary in RISE CONCEPT ENTERPRISES LIMITED, Hong Kong, in the amount of US\$ 3.5 million for repaying the old debt by borrowing new fund. ● Determination of date, time, venue and other related matters of the regular shareholders' meeting in 2024. ● Case of setting the record date for the increase in share capital for the fourth quarter of 2023, in order to process the registration of changes in share capital for the exercise of employee stock warrants. Interim Motion: Director CHIN, YU-YING proposes to add the position of Chief Executive Officer (CEO) to the company. Explanation: Director WU, HSIN-CHIEH was the General Manager of the company until October 16, 2023. In order to ensure the smooth transition of the company's operations, it is proposed to add the position of CEO to assist the General Manager in promptly promoting various business activities. Director WU, HSIN-CHIEH is proposed to assume this position. Meeting Process: Independent Director LIN, CHIH-LUNG seconded the motion. Resolution: After consulting all attending directors, the Chairman found no objections, and the motion was passed unanimously.
The 9 th Session The 8 th Meeting	● Case of the Consolidated Financial Statements for the First Quarter of 2024.

Meeting Session	Contents of Resolution Matters
May 06, 2024	● Case of Appointment of Manager. ● Case of appointment of New Managers and Salary Adjustments for 2024. ● Case of setting the record date for the increase in share capital for the First Quarter of 2024, in order to process the registration of changes in share capital for the exercise of employee stock warrants.

(xiv).For the recent year as of the publication date of the annual report, the director or supervisor has different opinions on the important resolutions passed by the board of directors and has a record or written statement, its main content:

None.

(xv).For the recent year as of the publication date of the annual report, the summary of resignation and dismissal of chairman of the board of directors, general manager, accounting supervisor, financial supervisor, internal audit supervisor, corporate governance manager, and research and development supervisor:

Title	Name	On-board date	Discharged date	Reasons for resignation or discharge
Chairman	WU, TUNG-SHENG	2003.12.29	2023.07.31	Transition to Company Director.
General Manager	WU, HSIN-CHIEH	2014.08.09	2023.10.26	Transition to Chairman of the Board of Directors
Chief Accounting Officer	YANG, YAO-JU	2010.05.01	2024.01.01	Internal Job Transfer

v. Information on Professional Fees of Attesting CPAs

(i).The amount of the audit fees and the non-audit fees paid to the attesting CPAs and their firms and affiliated companies shall be disclosed:

Monetary Unit: NT\$ Thousands

Name of Accounting Firm	Names of CPAs	CPAs' Audit Period	Audit Fees	Non-Audit Fees	Total	Remarks
Deloitte & Touche	CHEN, WEN-HSIANG	2023.01.01~2023.12.31	2,650	425	3,075	The non-audit fees refer to the professional fees of transfer pricing and tax certification.
	HSU, WEN-YA					

(ii).If the CPAs firm is replaced and the paid audit fees in the year of replacement are less than that in the previous year, the amount of the audit fees before and after replacement, and the reason shall be disclosed:

None.

(iii).If the audit fees are less than that in the previous years by over 10%, the decreased amount of the audit fees, its percentage and the reason shall be disclosed:

None.

vi. Information on Replacement of CPAs:

None.

vii. If the Chairman president, and financial or accounting manager of the Company had worked for the accounting firm or related parties thereof in the most recent year, the name, title, and the term of service with the accounting firm or the related party must be disclosed

None.

viii.Details of shares transferred or pledged by directors, managers, or shareholders with more than 10% ownership interest in the last year up until the publication date of this annual report.

(i).Change in Equity Interests of Directors, Supervisors, Managerial Officers and Major Shareholders

Unit: Share

Title	Name	2023		As of March 31, 2024	
		Shares held Increase (Decrease)	Shares Pledged Increase (Decrease)	Shares held Increase (Decrease)	Shares Pledged Increase (Decrease)
Chairman	Representative of Shin Kong Synthetic Fibers Corporation: WU, HSIN-CHIEH		-	167,000	-
Director	Representative of Shin Kong Synthetic Fibers Corporation: WU, TUNG-SHENG	-	-	-	-
Director	Representative of Shin Kong Synthetic Fibers Corporation: SHIH, HUO-CHAO	-	-	-	-
Director	Representative of Shin Kong Synthetic Fibers Corporation: HSIAO, CHIH-LUNG	-	-	-	-
Director	LIN, JEN-PO	-	-	-	-
Director	CHIN, YU-YING	-	-	-	-
Independent Director	CHI, KUO-CHUNG	-	-	-	-
Independent Director	LIN, TSUNG-SHENG	-	-	-	-
Independent Director	LIN, CHIH-LUNG	-	-	-	-
General Manger	CHEN, SHENG-CHING	-	-	-	-
CEO	WU, HSIN-CHIEH	-	-	167,000	-
Assistant General Manager	HSIN, LUNG-PIN	30,000	-	-	-
Director of Finance and Accounting Department	YANG, YAO-JU	-	-	-	-
Chief Financial Officer	LEE, YEN-LAN	(3,000)	-	-	-
Chief Accounting Office	LU,I-PING	-	-	-	-
10% Major Shareholder	Shin Kong Synthetic Fibers Corporation	384,000	-	-	-

(ii).Information on Transfer of Equity Interests

None..

(iii).Information on Pledge of Equity Interests

None.

ix.Information on Top Ten Shareholders and Relationship among them

April 09, 2024

Name	Shareholding of the Principal		Shareholding of Spouse and Minor Children		Total Shareholding by Nominee Arrangement		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree		Remarks
	No. of Shares	Share-holding %	No. of Shares	Share-holding %	No. of Shares	Share-holding %	Name	Relationship	
Shin Kong Synthetic Fibers Corporation Representative: WU, TUNG-SHENG	45,679,828	56.09%	-	-	-	-	WU, TUNG-SHENG	Chairman	
							Shinkong Envirotech Corporation Shinkong Engineering Co., Ltd.	Parent and Subsidiary Companies	
	899,059	1.10%	-	-	-	-	Yu Pang Investment Corp. SHIN KONG DEVELOPMENT CO., LTD.	The chairman is the same person.	
							WU, HSIN-CHIEH	Father and Son	
Yu Pang Investment Corp. Representative: WU, TUNG-SHENG	2,074,000	2.55%	-	-	-	-	WU, TUNG-SHENG	Chairman	
	899,059	1.10%	-	-	-	-	Shin Kong Synthetic Fibers Corporation. SHIN KONG DEVELOPMENT CO., LTD.	The chairman is the same person.	
Shinkong Envirotech Corporation Representative: WU, HUI-WEN	1,587,081	1.95%	-	-	-	-	Shin Kong Synthetic Fibers Corporation	Parent and Subsidiary Company	
	0	0%	-	-	-	-	Shin Kong Engineering Co., Ltd.	Fellow Subsidiary	
Shin Kong Engineering Co., Ltd. Representative: OU, CHIN-TA	1,038,000	1.27%	-	-	-	-	Shin Kong Synthetic Fibers Corporation	Parent and Subsidiary Company	
	0	0%	-	-	-	-	Shinkong Envirotech Corporation	Fellow Subsidiary	
WU, TUNG-SHEN G	899,059	1.10%	-	-	-	-	Shin Kong Synthetic Fibers Corporation. Yu Pang Investment Corp. SHIN KONG DEVELOPMENT	Chairman	

Name	Shareholding of the Principal		Shareholding of Spouse and Minor Children		Total Shareholding by Nominee Arrangement		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree		Remarks
	No. of Shares	Share-holding %	No. of Shares	Share-holding %	No. of Shares	Share-holding %	Name	Relationship	
							CO., LTD.		
							WU, HSIN-CHIEH	Father and Son	
Citibank (Taiwan) Commercial Bank acts as the custodian for DBS Bank Limited - External Account Manager, JPMorgan Investment Account.	803,000	0.99%	-	-	-	-	-	-	
HSBC (Taiwan) Commercial Bank Co., Ltd. acts as the custodian for Morgan Stanley International Limited Investment Account.	580,007	0.71%	-	-	-	-	-	-	
WU, HSIN-CHIEH	564,537	0.69%	-	-	-	-	WU, TUNG-SHENG	Father and Son	
Po Jui Corporation Representative: HUANG, CHUN-HAO	536,367	0.66%	-	-	-	-	-	-	
	0	0%	-	-	-	-	-	-	
SHIN KONG DEVELOPMENT CO., LTD. Representative: WU, TUNG-SHENG	383,000	0.47%	-	-	-	-	WU, TUNG-SHENG	Chairman	
	899,059	1.10%	-	-	-	-	Shin Kong Synthetic Fibers Corporation. Yu Pang Investment Corp.	Chairman	

x.Comprehensive Shareholding Rate

Unit: % December 31, 2023

Investee Enterprise (Note ¹)	Investment by the Company		Investment by the Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company		Comprehensive Investment	
	No. of Shares	Shareholding %	No. of Shares	Shareholding %	No. of Shares	Shareholding %
RISE CONCEPT ENTERPRISES LIMITED, Hong Kong	Note ²	100%	0	0%	Note ²	100%
New UBright Optronics Co., Ltd., Suzhou	Note ²	100%	0	0%	Note ²	100%

Note ¹: This refers to the equity method, adopted by the company.

Note ²: This refers to the organization of company limited, the shareholding ratio of which is calculated based on the financial amount.

IV. Fund Raising Status

i. Capital and Shares

(i). Sources of Capital: Specify the type of issued shares during the most recent year up to the publication date of the annual report. If the issuance of the securities is approved by the shelf registration system, the related information on the amount approved, the scheduled issuance and the securities already issued shall be additionally disclosed.

(i)-1. Formation of share capital in the last 5 years

Unit: NT\$ Thousands/Thousand Shares

Year/ Month	Issued Price (NT\$)	Authorized Capita		Paid-in Capital		Remarks		
		No. of Shares	Amount	No. of Shares	Amount	Sources of Capital	Capital Paid in by Assets other than Cash	Others
May 2023	10	150,000	1,500,000	80,178	801,777	Exercise of employee stock option 60,000 shares.	-	Note 1
May 2023	10	150,000	1,500,000	80,266	802,657	Exercise of employee stock option 88,000 shares.	-	Note 2
Aug. 2023	10	150,000	1,500,000	80,284	802,837	Exercise of employee stock option 18,000 shares.	-	Note 3
Nov. 2023	10	150,000	1,500,000	80,393	803,927	Exercise of employee stock option 109,000 shares.	-	Note 4
May 2024	10	150,000	1,500,000	80,992	809,917	Exercise of employee stock option 599,000 shares.	-	Note 5

Note 1: Approved by the letter with reference to File of Ching-shou-shang-tzu No.11230078350 on May 9, 2023.

Note 2: Approved by the letter with reference to File of Ching-shou-shang-tzu No.11230085260 on May 24, 2023.

Note 3: Approved by the letter with reference to File of Ching-shou-shang-tzu No.11230165560 on Aug. 28, 2023.

Note 4: Approved by the letter with reference to File of Ching-shou-shang-tzu No.11230220140 on Nov. 29, 2023.

Note 5: Approved by the letter with reference to File of Ching-shou-shang-tzu No.1130072950 on May 6, 2024.

(i)-2. Type of Stock

April 09, 2024

April 05, 2024

Type of Stock	Approved Capital					Remarks
	Outstanding Shares			Unissued Shares	Total	
	Listed	Unlisted	Total			
Common Stock	80,991,675	447,000 ¹	81,438,675	68,561,325	150,000,000	List Stock with the TPEx

(i)-3. Information Relating to the Shelf Registration System

None.

¹ There are still 447,000 shares pending registration for change.

(ii).Shareholder Structure

April 09, 2024

Shareholder Structure Quantity	Government Agencies	Financial Institutions	Other Legal Entities	Individuals	Foreign Institutions and Foreign Individuals	Total
No. of Shareholders	0	5	31	5,374	52	5,462
No. of Shares Held	0	989670	525,212,740	229,524,990	58,659,350	814,386,750
Shareholding Ratio (%)	0	0.12	64.49	28.18	7.21	100.00

(iii).Equity dispersion situation: Describe the equity dispersion situation of company's common shares and preferred shares, according to the number of shares held by shareholders and the percentage of the number of shares held by the number of issued shares.

(iii)-1.Common Shares

April 09, 2024

Range of No. of Shares Held	No. of Shareholders	Shares Held	Shareholding Ratio
1 - 999	1,325	235,806	0.290%
1,000 - 5,000	3,354	6,577,700	8.077%
5,001 - 10,000	407	3,202,674	3.933%
10,001 - 15,000	102	1,298,950	1.595%
15,001 - 20,000	54	986,118	1.211%
20,001 - 30,000	59	1,484,625	1.823%
<u>30,001 - 40,000</u>	43	1,523,682	1.871%
<u>40,001 - 50,000</u>	26	1,203,295	1.478%
50,001 - 100,000	42	2,851,990	3.502%
100,001 - 200,000	27	3,993,203	4.903%
200,001 - 400,000	14	4,318,753	5.303%
400,001 - 600,000	3	1,680,911	2.064%
600,001 - 800,000	0	0	0.000%
800,001 - 1,000,000	2	1,702,059	2.090%
1,000,001 - 999,999,999	4	50,378,909	61.860%
Total	5,462	81,438,675	100.000%

(iii)-2.Preferred Shares:

The Company does not issue the preferred shares.

(iv).List of Major Shareholders:

If there are less than ten shareholders whose shareholding ratio is more than 5%, the name, amount and proportion of the shareholders whose shareholding ratio accounts for the top ten shall be disclosed.

April 09, 2024

Shares List of Major Shareholders	No. of Shares Held	Shareholding Ratio
Shin Kong Synthetic Fibers Corporation	45,679,828	56.09%
Yu Pang Investment Corp.	2,074,000	2.55%
Shinkong Envirotech Corporation	1,587,081	1.95%
Shinkong Engineering Co., Ltd.	1,038,000	1.27%
WU, TUNG-SHENG	899,059	1.10%
Citibank (Taiwan) Commercial Bank acts as the custodian for DBS Bank Limited - External Account Manager, JPMorgan Investment Account.	803,000	0.99%
HSBC (Taiwan) Commercial Bank Co., Ltd. acts as the custodian for Morgan Stanley International Limited Investment Account.	580,007	0.71%
WU, HSIN-CHIEH	564,537	0.69%
Po Jui Corporation	536,367	0.66%
SHIN KONG DEVELOPMENT CO., LTD.	383,000	0.47%

(v). Information Relating to Market Price, Net Worth, Earnings and Dividends per Share for the Recent Two Fiscal Years.

(v)-1.Information on Market Price, Net Worth, Earnings and Dividends per Share

Unit: NT\$ Thousands/Thousand Shares

Item \ Year		2022	2023	Current Year as of March 31, 2024(Note)
Market Price per Share	Highest	40	68.7	68
	Lowest	28.3	30.5	54.3
	Average	36.55	53.73	60.99
Net Worth per Share	Before Distribution	41.01	41.66	40.46
	After Distribution	38.09	38.66	-
Earnings per Share	Weighted Average Shares	80,069	80,437	81,322
	Earnings per Share	3.59	4.22	1.95
Dividends per Share	Cash Dividends	2.9175	3.0(Note)	-
	Stock Dividends	From earnings	-	-
		From capital reserves	-	-
	Accumulated Undistributed Dividends		-	-
Return on Investment Analysis	Price/Earnings Ratio	10.18	12.73	-
	Price/Dividend Ration	12.53	17.91	-
	Cash Dividend Yield	7.98%	5.58%	-

Note: Cash dividend appropriation proposals for 2023 have been resolved and passed by the Board of Directors on Feb 21, 2024. However, it has not yet been submitted to the shareholders' meeting for report ; The figures on the financial statements for Q1 of 2024 were reviewed by the CPAs.

(vi).Dividend Policy of the Company and Implementation Status

(vi)-1.Dividend Policy Stipulated in the Company's Articles of Incorporation:

If there is a surplus in the annual final accounts of the Company, it shall be used to pay taxes according to law, and after making up the accumulated losses, 10% shall be added to the statutory surplus reserve.

However if The legal reserve has reached the paid-in capital of the Company, the surplus shall not be set aside and the others shall be set aside or reversed as the special surplus reserve according to laws and regulations; if there is any balance, along with the accumulated undistributed surplus, the Board of Directors shall formulate a surplus distribution proposal and submit a resolution to the shareholders' meeting to distribute the dividends to shareholders.

If the surplus, statutory surplus reserve and capital reserve mentioned in the preceding paragraph are distributed in cash, the distribution shall be made by authorizing the Board of Directors to pass a resolution by a majority of the directors present among more than two-thirds of the directors present with a report to the shareholders' meeting.

The company's dividend policy is in keeping with the company's current and future capital budget and development plan, considering the investment environment, capital needs, financial structure, earnings and domestic and foreign competition conditions, and also taking into account the factors of the interests of shareholders, and so on. The surplus available for allocation per year is no less than 10% of dividends

to shareholders; when distributing dividends to shareholders, it can be done in cash or shares, of which cash dividends shall not be less than 10% of the total dividends.

(vi)-2. Proposed Distribution of Dividend in this Shareholders' Meeting:

On Feb. 21, 2024, the company passed a resolution via the meeting of the Board of Directors to allocate cash dividends NT\$3.0 per ordinary share and stock dividend NT\$0. After this case is reported at the regular shareholders' meeting, the chairperson is authorized to set another dividend base date.

(vii). Impact of stock grants proposed at this shareholders' meeting on the company's operating performance and the earnings per share.

None.

(viii). Compensation of employees, directors and supervisors

(viii)-1. The percentage or scope of remuneration for employees, directors and supervisors as stated in the company's articles of incorporation:

If the company makes a profit in the year, it should allocate no less than 1% as the employee compensation, which will be distributed in stock or cash by the resolution of the Board of Directors. The distribution object includes the employees of subordinate companies who meet certain requirements and no more than 5% shall be allocated as the directors' remuneration by the resolution of the Board of Directors. The employee compensation and directors' remuneration distribution proposal shall be submitted to the shareholders' meeting report.

However when the company still has accumulated losses, it should reserve the make-up amount in advance, and then allocate the employees' compensation and the directors' remuneration in accordance with the proportion in the preceding paragraph.

(viii)-2. The basis for estimating the amount of compensation for the employees, directors, and supervisors, for calculating the number of shares to be distributed as employee compensation and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.

The employees' dividends for the current period are calculated, based on the pre-tax profit deducting 1% of the profit before the distribution of employees' compensation. The directors' remuneration is based on the pre-tax profit deducting at most 5% of the profit before the employees' compensation, and is paid in cash.

(viii)-3. Distribution of Remuneration Approved by the Board of Directors:

(1) Amount of compensation for employees and remuneration for directors and supervisors, distributed in cash or stock. If there is a discrepancy with the estimated amount in the year of recognition of expenses, the amount of discrepancy, reason and disposal conditions shall be disclose.

On Feb. 21, 2024, the Company had approved, in the resolution of the Board of Directors, the distribution of 2023 cash compensation for the employees in the amount of NT\$ 3,978,823 and the cash remuneration for the directors in the amount of NT\$ 275,000, which will be reported at the 2024 regular general shareholders' meeting.

(2) Amount of the employees' compensation, distributed in stock and its ratio to the after-tax net profit and the total amount of the employees' compensation as stated in the parent company only or individual financial statements for the current period.

None.

(viii)-4. Actual distribution of the remuneration of employees, directors and supervisors in the previous year (including the number of shares distributed, amount and stock price); if there is a discrepancy from the recognized remuneration of employees, directors and supervisors, the amount of discrepancy, reason and disposal conditions shall be disclosed.

In 2023, the Company distributed the 2022 cash compensation for the employees in the amount of NT\$ 3,385,111 and the remuneration for the directors in the amount of NT\$ 180,000. There was no discrepancy between the actual distributed amount and the recognized amount.

(ix).Conditions of the Company's Repurchase of its Own Shares

None.

ii. Corporate Bond Processing Status

None.

iii. Proceeding of Preferred Shares

None.

iv. Proceeding of Global Depository Receipt

None.

v. Employee Share Subscription Warrants Processing Status

(i). The processing status and the impact on the shareholders' equity interests of the non-expired employee share subscription warrants shall be disclosed as of the publication date of the annual report.

As of March 31, 2024

Type of Employee Share Subscription Warrants	The 3 rd (Issue) Employee Share Subscription Warrants	The 4 th (Issue) Employee Share Subscription Warrants
Effective date of declaration and total units.	December 23, 2019 880 units	October 8, 2021 5,000 units
Issue (Handling) Date	January 8, 2020	October 19, 2021
Total units issued	880 Units	2,050 Units
Remaining units available for issuance	0	0 (Note)
Ratio of Number of Issued Subscribable Shares to the Total Number of Issued Shares	1.08%	2.52%
Existing Duration of Subscription	5 Years	5 Years
Exercise Method (Note 3)	Issue new shares	Issue new shares

Type of Employee Share Subscription Warrants	The 3 rd (Issue) Employee Share Subscription Warrants	The 4 th (Issue) Employee Share Subscription Warrants
Period of Restricting Subscription and Ratio (%)	Exercisable share subscription ratio during the grant duration of share subscription warrant (accumulated) 30% at the expiration of 2 years 60% at the expiration of 3 years 100% at the expiration of 4 years	Exercisable share subscription ratio during the grant duration of share subscription warrant (accumulated) 50% at the expiration of 2 years 75% at the expiration of 3 years 100% at the expiration of 4 years
Number of Shares Subscribed through Exercise of the Warrants	692,000	802,000
Amount of the Shares Subscribed through Exercise of the Warrants (NT\$)	14,251,600	17,971,800
Number of Unexercised Share	188,000	1,248,000
Subscription Price per Share of the Unexercised Shares	19.1	25.9
Ratio of the Number of Unexercised Shares to the Total Number of Issued Shares (%) (Note)	0.23	1.53
Effect on Shareholders' Equity	The existing duration for this employee share subscription warrant is 5 years. After the expiry of 2 years from the date of issuance, the share subscription will be implemented by the share subscriber in 3 years, and the original shareholders' equity will be diluted year by year, so its effect on the equity dilution is still limited.	

Note : This is calculated based on 81,438,675 shares of the total number of the issued shares as of March 31, 2024. The remaining unissued units of 2,950,000 shares will not be issued, because the duration of issuance has expired (October 7, 2022).

(ii).Names and Acquisition and Subscription Status of Managerial Officers Who Have Acquired Employee Share Subscription Warrants and the Top Ten Employees (Ranked by the Number of Subscribable Shares) Who Have Acquired Share Subscription Warrants, Accumulated as of the Publication Date of the Annual Report

(ii)-1.The 1st-stage Issuance of the 3rd (Issue) Share Subscription Warrants

As of April 09, 2024(Unit: Thousand Shares; NT\$ Thousands)

	Job Title (Note 1)	Name	Number of Acquired Share Subscription	Ratio of the Number of Acquired Share Subscription to the Total Number of Issued Shares (Note 4)	Exercised (Note 2)				Unexercised (Note 2)			
					Number of Subscribed Shares	Price of Subscribed Shares (Note 5)	Amount of Subscribed Shares	Ratio of the Subscribed Shares to the Total Issued Shares (Note 4)	Number of Subscribed Shares	Price of Subscribed Shares (Note 6)	Amount of Subscribed Shares	Ratio of the Subscribed Shares to the Total Issued Shares (Note 4)
Managerial Officers	General Manager	WU, HSIN-CHIEH *	280	0.34%	84	23	1,932	0.10%	64	19.10	1,222	0.08%
	Senior Assistant General Manager	CHEN, HUI-YUNG *			66	20.80	1372	0.08%				
	Assistant General Manager	HSIN, LUNG-PIN *			66	19.1	1260	0.08				
	Assistant General Manager	LEE, HAN-MING *										
Employees (Note 3)	Manager	MIU, CHIA-YEH	600	0.74%	74	23	1,702	0.09%	124	19.10	2368	0.16%
	Deputy Manager	LAI, CHIEN-CHIH										
	1 st -Grade Engineer	CHIANG, CHIA-JUNG										
	Section Chief	LIU, WAN-CHI			180	20.80	3,744	0.22%				
	Senior Project Manager	JUAN, YU-MEI										
	Senior Project	YANG, CHING-AN										

	Manager											
	1st-Grade Engineer	LIN, KE-WEI			222	19.10	4,240	0.27%				
	Deputy Chief Technology Officer (CTO) cum Section Chief	TIEN, YI-LUNG										
	Division Director	HUANG, PING-YU										

Note: General Manager WU, HSIN-CHIEH dismissed on October 26, 2023, replaced by Vice President HSIN, LUNG-PIN. The senior assistance general manager, CHEN, HUI-YUNG, was dismissed on February 10, 2022 and the assistant general manager, LEE, HAN-MIN, was retired on July 1, 2020.

(ii)-2.The 1st-stage Issuance of the 4th (Issue) Share Subscription Warrants

As of April 09, 2024 (Unit: Thousand Shares; NT\$ Thousands)

	Job Title (Note 1)	Name	No. of Acquired Share Subscription	Ratio of the Number of Acquired Share Subscription to the Total Number of Issued Shares (Note 4)	Exercised (Note 2)				Unexercised (Note 2)			
					Number of Subscribed Shares	Price of Subscribed Shares (Note 5)	Amount of Subscribed Shares	Ratio of the Subscribed Shares to the Total Issued Shares (Note 4)	Number of Subscribed Shares	Price of Subscribed Shares (Note 6)	Amount of Subscribed Shares	Ratio of the Subscribed Shares to the Total Issued Shares (Note 4)
Managerial Offices	General Manager	WU, HSIN-CHIEH *	675	0.84%	0	28.20	0	0%	455	25.9	11,785	0.57%
	Senior Assistant General Manager	CHEN, HUI-YUNG *										
	General Manager	HSIN, LUNG-PIN *			220	25.9	5,698	0.27%				
	Assistant General Manager	CHEN, SHENG-CHING										

	Chief Accounting Officer	YANG, YAO-JU										
Employees (Note 3)	Manager	MIU, CHIA-YEH	1,005	1.25%	0	28.20	0	0%	558	25.9	14,452	0.69%
	Deputy Manager	LAI, CHIEN-CHIH										
	1 st -Grade Engineer	CHIANG, CHIA-JUNG										
	Section Chief	LIU, WAN-CHI										
	Senior Project Manager	JUAN, YU-MEI			447	25.9	11,577	0.55%				
	Senior Project Manager	YANG, CHING-AN										
	1 st -Grade Engineer	LIN, KE-WEI										
	Deputy Chief Technology Officer (CTO) cum Section Chief	TIEN, YI-LUNG										
	Division Director	CHEN, HUNG-CHI										
	Deputy Manager	TSENG, CHUN-WEI										
	Deputy Manager	WANG, NENG-HSI										

Note: * General Manager WU, HSIN-CHIEH dismissed on October 26, 2023, replaced by Vice President HSIN, LUNG-PIN. The senior assistant general manager, CHEN, HUI-YUNG, was dismissed on February 10, 2022.

Note 1: Including managerial officers and employees (those who have resigned or died, should be specified), the individual names and titles should be disclosed, but their acquisition and subscription situations may be disclosed in an aggregated manner.

Note 2: The number of columns is adjusted according to the actual number of issuance.

Note 3: The top ten employees who have acquired share subscription warrants refer to the employees other than the managerial officers.

Note 4: The total number of issued shares refers to the number shares specified in the alteration registration information of the Ministry of Economic Affairs. The percentage is calculated on 80,392,675 shares.

Note 5: The price of subscribed shares when exercised shall be disclosed in respect of the subscribed price of the exercised employee share subscription warrant.

Note 6: The price of subscribed shares after adjustment of calculation according to the issuance rules in respect of the unexercised employee share subscription warrant.

vi. New Restricted Employee Shares Processing Status

None

vii. Processing Status of Merger or Transfer of Shares of Other Companies to Issue New Shares

None

viii. Execution Status of Capital Utilization Plan

None

V.Operational Highlights

i.Business Activities

(i).Business Scope

(i)-1.1. The Company's Main Area of Current Business Operations

- C801030 Precision Chemical Materials Manufacturing.
- CA04010 Surface Treatment Industry.
- CC01080 Electronic Component Manufacturing.
- CQ01010 Mold Manufacturing.
- F106030 Mold Wholesale.
- F107120 Precision Chemical Materials Wholesale.
- F113030 Precision Instrument Wholesale.
- F113070 Telecommunication Facilities Wholesale.
- F119010 Electronic Materials Wholesale.
- F206030 Mold Retail.
- F207120 Precision Chemical Materials Retail.
- F213040 Precision Instrument Retail.
- F213060 Telecommunication Facilities Retail.
- F219010 Electronic Materials Retail.
- F401010 International Trade.
- Except the licensed business, it is allowed to operate those businesses which are not prohibited or restricted by law.
- I103060 Management Consultation.
- I199990 Other Consulting Services.
- J202010 Industry Innovation and Incubation Services.

(i)-2.Operating Proportion of the Company's Current Main Business

Unit: NT\$ thousands

Type of Product		2022		2023	
		Amount	%	Amount	%
Brightness	Domestic Sales	1,302,476	56.82	1,362,379	54.53
Enhancement Film	Exportation	989,775	43.18	1,135,891	45.47
Total		2,292,251	100.00	2,498,270	100.00

(i)-3.The Company's Current Items of Commodity

The main products which the Company currently produces are the brightness enhancement film and the protective film. The brightness enhancement film is mainly applied in the backlight module of the LCD; it can converge the light scattered by the light source to the front for the purpose of improving the brightness of the front, and recycle the unused light outside the viewing angle by the reflection of the light to reduce the loss of light. Since each liquid crystal display needs one or two pieces of the enhancement film, i.e. prism, the enhancement film is a very important key material in the backlight module. The protective film is attached to the surface of the carrier material to avoid unexpected abrasions or scratches during the production or shipping process.

Over the past few years, accompanied with the requirements for high-definition and thinner displays,

ultra-high-brightness & high-performance composite materials and high-performance prism lamination products are the most important products in the market at present, and these are all the Company's layout focus in this field, in which we keep developing new prism materials to continuously meet the needs of the market and customers.

(i)-4. New Commodity Planned to be Developed

- Small size up-BEF product with ball-drop resistance and ultra-high brightness
- Improvement of the brightness (>5%) in the ultra-bright double-stack brightness enhancement film for NB/tablet products
- The composite optical film which consists of the Quantum Dot (QD) film and the Anti-condense film
- QD film for automotive application
- Wide color gamut QD film
- The integration of anti-condense film and POP for multi-functional optical film
- Recycle PET for prism applications
- High-functioning protective film
- Highly-detailed anti-glare film
- High hydrophobicity hardened film
- Heat insulation film for ECO building
- Barrier film for E-tag
- Protection film for OLED process
- Compensation film for IPS LCD

(ii). Industry Overview

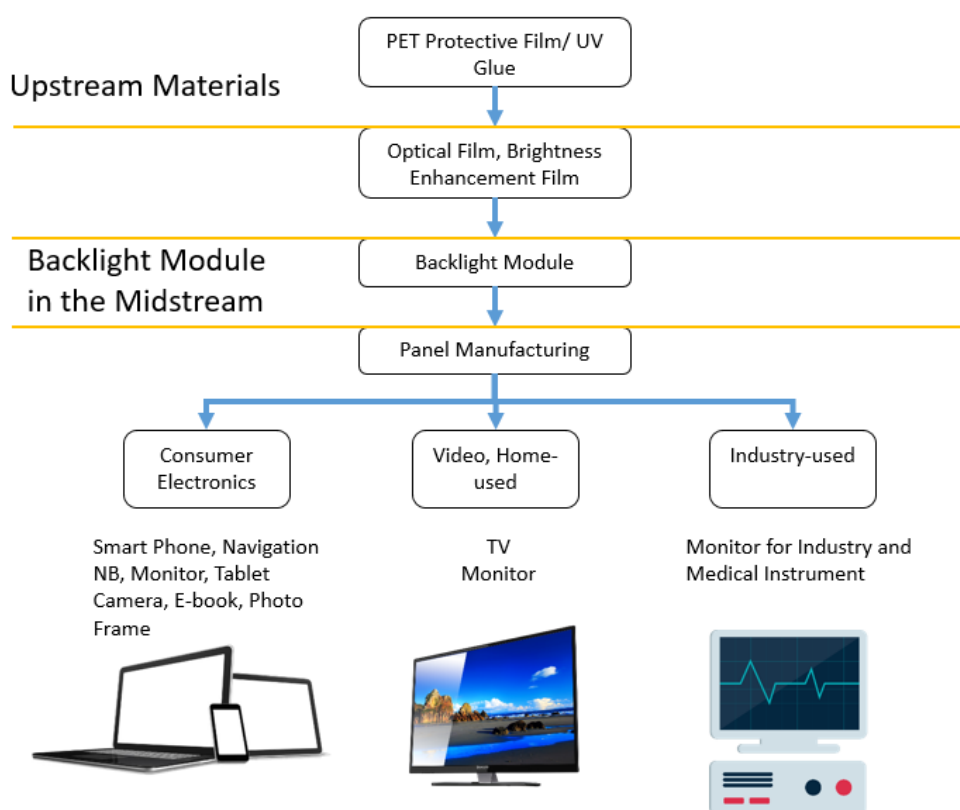
(ii)-1. Current State and Development of the Industry

The Company's main business item is the production of brightness enhancement films for backlight modules in TFT-LCD. Since TFT-LCD is a non-self-luminous display, it needs a backlight module to generate a light source display screen, so the backlight module is an indispensable component in TFT-LCD. The main function of the brightness enhancement film is to converge the scattered light to the front to achieve the purpose of improving the brightness of the front, and to recycle the unused light outside the viewing angle by the reflection of the light in order to reduce the loss of light, further achieve energy-saving, carbon reduction, green energy and environmental protection effect.

With the global requirements for energy-saving and carbon reduction, green energy and environmental protection, as well as the continuous improvement of the quality of displays, from the previous FHD to the current UHD, the high-definition 4K and 8K display has higher and higher requirements for brightness. Therefore, how to effectively utilize the light source, reduce energy consumption, and meet the brightness requirements of displays further promotes the market demand for high-brightness enhancement films. Affected by the COVID-19 pandemic, the demand for work and class from home has been driven. Since 2020, the LCD (Monitor) has grown by more than 5% for two consecutive years. With the substantial increase in the vaccination rate, the long-distance demand has significantly decreased. Orders of LCD and NB panels have been greatly reduced. However the demand for high-end NB models and gaming screens is less affected by the market fluctuations. The impact of market volatility is relatively minor. The sales proportion of most of the Taiwanese suppliers is concentrated in higher demand markets, so they are relatively slightly affected by the market fluctuations.

(ii)-2. Correlation of Upstream, Midstream and Downstream in the Industry

The brightness enhancement film produced by the Company is the critical component of the backlight module of the LCD, in which the correlation chart of upstream, midstream and downstream industry structure is shown in the following diagram. In the upstream, there are the suppliers of such materials as optical PET, UV glue and protective film, etc. and the downstream includes the backlight module manufacturers, the TFT-LCD panel manufacturing assembler as well as the application of terminal electronic products.



(ii)-3. Various Development Trends of Products

In terms of the development trend of integrating various optical film products of backlight modules in response to the costs reduction in the industry, it is the future development trend to integrate other optical films into multi-functional film products. For example, the product of brightness enhancement film of the compound prismatic lens with diffusion film function or the double-laminated materials that all the prismatic lens manufacturers have recently focused on research and development can not only increase the thinness and lightweight of the LCD panel, but also simplify the assembly process of the backlight module and reduce the material costs, etc.. In the meantime, the mechanical properties of the product are greatly improved, such as anti-deformation, high stability, etc. Therefore, various composite and double-laminated optical film products integrating backlight modules will become the mainstream of future product technology development.

Looking into 2024, Chinese panel manufacturers continue to decrease production in the TV panel sector. It's expected that the sales of notebooks (NB) will stay about the same or might slightly increase. At CES, AI PCs and smart car cabins are expected to be highlights, especially after Intel introduced the Core Ultra

processor in 2023. Laptop brands are getting ready to seize AI opportunities, starting with high-end models.

In the automotive sector, total car sales in 2023 were 30 million units, with electric vehicles reaching 9.4 million units (an increase from 6.88 million in 2022). The use of in-car displays is growing, with the average size increasing from 5-7 inches to 10-15 inches. It's estimated to have a yearly growth of over 20%.

(ii)-4.Product Competition Conditions

As the main basic patents related to the brightness enhancement film have expired, consequently Taiwan, Korean and China manufacturers have put into production in large quantities, so the overall prism market is oversupplied, and they are all in the undercutting competition. Especially in recent years, with the rise of panel factories in China, the number of prism manufacturers of China system is increasing day by day. Relying on their local and resource advantages, they use low-price competition to gain the market, leading to vicious competition. In recent years, most Taiwanese and Korean suppliers have been in a weak competitive position and lost a lot of market share. This situation is expected to continue. In response to this bad market situation, the Company mainly relies on research and development and new products to differentiate itself from its competitors, and carries out differentiation based on technology. With strong research and development energy, the Company has accumulated many years of knowledge and technology, and has a team with superb production process experience, combined with a sales team with rich industry sales experience and flexible use of strategic partners, and with the support of a strong group, it has continuously successfully developed new products. So we are one of the few domestic manufacturers with the competitiveness of this product. The company will continue to resort to the technology development to increase additional functions of products, consider the vertical integration of production raw materials as the goal, supply the products with high cost-performance to the market, and ensure the Company's competitive advantage.

(iii).Technology, Research and Development Overview

(iii)-1.Input Research and Development Expenditure for the Most Recent Year up to the Publication Date of the Annual Report.

Unit: NT\$ thousands		
Item/Year	2023	Q1 of 2024
Research and Development Expenditure	188,116	49,355
Net Operating Income	2,498,270	611,238
Ratio (%)	7.53%	8.07%

(iii)-2.Successfully-developed Technology or Products in the Most Recent Fiscal Year up to the Publication Date of the Annual Report

The Company goes on with the in-depth cultivation and inputs the research and development energy and capital in the prismatic optical films and related industries. In addition to meeting the market demand

and leading the development trend of the industry, the Company actively develops, lays out and invests in the development and mass production technology of prism-related new products. The major projects completed in the most recent year are as follows:

- Traditional Brightness Enhancement Film in ultra-high luminance for NB/Tablet Products
- The Double-laminated Brightness Enhancement Film (POP) in ultra-high luminance for NB/Tablet Products
- Low-cadmium Quantum Dot Film for any size of LCD
- Cadmium-free Quantum Dot Film for NB/Tablet Products
- Anti-condense Film for any size of Mini-LED
- The lower diffusion film in special structure
- The Diffusion Film in small size
- Polarizer plate with surface anti-glare treatment
- The anti-dust protector through process
- Explosion-proof Film made by surface treatment in automotive products
- Architectural or automotive Insulation window film
- Double-layered hard-coating film for sputtering in touching ITO products
- OCA for E-paper
- Protection film for OLED process
- Heat insulation window film fit in South East Asia market

10.

(iv).Long-term and Short-term Business Development Plans

(iv)-1.Short-term Development Plan

Mainly meet the needs of the market, develop the products most urgently needed by the customers, and meanwhile focus on cost control, reduce the total cost of products in order to enhance competitiveness. The development of new products focuses on high-end and special-purpose products; continue to develop ultra-high brightness, scratch-resistant, anti-dropping, anti-interference, high-stability composite materials and double-laminated or multi-laminated products used in ultra-thin power-saving products. In terms of large size, we will selectively accept orders after considering variable cost and utilization. In terms of precision coating applications, the production will aim to create the maximum synergy in the Group in keeping with the needs of the Group. In addition to the brightness enhancement film, it is planned to provide the customers with the quantum dot film applied in the Mini LED panel in line with the developed down expansion for mobile phones in anticipation of improving its own competitiveness with the combination of optical films with excellent cost-performance.

(iv)-2.Mid-term and Long-term Development Plans

The fields involved in the mid-term and long-term development plans of the Company include: development of new-type products related to the brightness enhancement products, including use of new materials and development of new production and process technology, development of nano new-type materials and development of a diversified special chemical products, etc.

ii. Market, Production and Marketing Overview

(i). Market Analysis

(i)-1. Sales Region of the Company's Main Commodity

Unit: NT\$ thousands

Type of Product		2022		2023	
		Amount	%	Amount	%
Brightness Enhancement Film	Domestic Sales	1,302,476	56.82	1,362,379	54.53
	Exportation	989,775	43.18	1,135,891	45.47
Total		2,292,251	100.00	2,498,270	100.00

(i)-2. Market Share

The enhancement film is a key component of the backlight module of the liquid crystal display. Although the Company entered the market relatively late, with strong R&D energy, sales team and strategic partners with industry sales experience, on top of the strong support from the Group, currently the company has successfully developed a number of new products, and the products have been accepted and widely used by the backlight module factories. Some technologies and products are unique in Taiwan. The Company will continue to develop and promote the high-performance and cost-performance products and increase the Company's market share.

(i)-3. Future Supply and Demand Status and Growth in the Market

From the perspective of the smartphone panel market, LCD market share will continue to shift to OLED, resulting in continued decline in demand. Accompanied with the increasing application of Mini LED technology, the future of Mini LED is bright. In terms of small and medium-sized panels, considering the explosive growth of the electric vehicle industry and the emergence of automotive intelligence and autonomous driving trends, the demand for the automotive industry is expected to remain strong. At the same time, with the development of VR, AR, and Metaverse technologies, and the maturity of 5G networks, the applications in these fields will drive the growth of the display market in the long term.

(i)-4. Competitive advantage

4.(1) Excellent R&D Capability and Strong Professional Management Team

The Company's management team has many years of experience in microstructure design, precision coating production and marketing, and we are currently one of the few professional manufacturers of competitive gloss enhancement films in Taiwan. In addition, the customer service and R&D members in the R&D team are also experienced in related field of TFT-LCD for many years. Therefore we have more competitive advantages in product quality and customer service integration, and take the lead the industry.

4.(2) Self-owned Patent, Unique Manufacturing Technology and Diversified Products

In order to improve manufacturing efficiency and enhance product quality, the Company has developed a unique manufacturing technology, which will increase the entry barriers for potential competitors. The Company's R&D team has an understanding of the TFT-LCD industry and the enhancement film technology. Well aware of the development trend of the prism sheet in the market and the needs of

customers, it has developed a variety of enhancement film products to provide customers with more diversified choices, and applied for a number of related patents.

4.(3)Self-manufacture and Localization of Process Equipment

The Company's process equipment is all designed by the R&D team itself, so we have 100% self-reliance, which is helpful to the promotion of production stability and the improvement of yield for the Company's products. Consequently in respect of price, we have more competition advantages than the companies in the same industry. Besides we can develop the customized products subject to the customers' needs, so we can more meet the demands of the customers and the market than other competitors.

4.(4)Pass the Certification by the Terminal Customers and Have High Market Share

Since 2007, the Company's products have successively passed the certification of terminal customers including Taiwan-based AUO, Innolux, HannStar, Korea-based major manufacturers such as Samsung Electronics and LGD, China-based BOE, Hisense, TCL and Japanese SONY, etc. and we continue to deliver the products. We are the major supplier of the prism products in the main panel and system factories.

4.(5)Stable Quality, Prompt Service and High-competitive Price

Although the Company is superior to the domestic competitors in terms of cost competitiveness, we have always adhered to a stable and high level of quality. Therefore we have successively won the recognition of the downstream manufacturers, and our market share has grown steadily.

The Company upholds the spirit of the service industry and professional manufacturing experience. In addition to requiring customer service personnel to arrive at the client's place within 24 hours after the customer responds to the problem, assisting in determining the problem and proposing solutions, we also actively participate in the cooperation with the customers in the design and development of new models and help them solve the relevant technical problems of the client in the first time in order to win larger orders and achieve a win-win situation with the customers.

4.(6)Take Root in Taiwan and Integrate Two Sides of the Taiwan Strait

At present, the Company's operation mode is to produce optical film coils in Taiwan, and assign the professional cutting factories on both sides of the strait to perform cutting. The Company uses the OEM control mechanism and the resource integration system to grasp the current product production and inventory status in real time, and make the most suitable delivery arrangements to meet customer needs.

(i)-5. Advantage and Disadvantageous Factors of Development Prospect and Response Measures

5.(1)Advantageous Factors

A. The global TFT-LCD industry has grown year by year and the active participation and promotion of the governments on both sides of the Taiwan Strait has led to the vigorous development of TFT-LCD related components.

The TFT-LCD industry is a strategic industry shared by the governments of both sides of the Taiwan Strait. Accompanied with the double-speed increase in the demand for LCD-TV in the China's domestic market, the TFT-LCD industry has rapidly and significantly expanded its production capacity. Because each TFT-LCD panel must be equipped with a set of backlight modules, the shipments of backlight modules will go up as the shipments of LCD panels increase. With the fierce competition of backlight module manufacturers, they continue to pursue cost advantages. In particular, the cost of brightness enhancement film is relatively high in the backlight module materials, which will help the growth of

upstream manufacturers' revenue. Therefore, the Company will grasp this growth opportunity and grasp the market in real time.

B. Self-manufacture of Process Equipment and Improvement of Yield

The Company's manufacturing equipment is all designed and developed by the R&D team. It has 100% self-reliance ability in equipment technology. In addition, the Company has the ability to self-manufacture molds. In addition to having a competitive advantage in cost, it can greatly shorten the production line layout, effectively shorten the mass production process time and improve its economic scale. The company's self-developed equipment will effectively speed up product development and shorten the time for mass production of new products. It can also produce in real time according to different orders. Compared with competitors, the efficiency of the Company in winning customer orders is better than that of competitors.

5.(2)Disadvantageous Factors and Response Measures

The LCD market has become saturated and its growth has slowed down. At the same time, most prism manufacturers have become more and more difficult in operation. The oversupply of the prism products will not change in the short term. In addition, due to the cost control pressure of panel manufacturers and the aggravation of vicious competition in the market, the price of the brightness enhancement film will continue to drop.

The Company's Response Measures to the Aforesaid Disadvantageous Factors:

A. The Company actively introduces and develops the self-made optical-grade PET films in collaboration with the strategic partners in order to reduce material costs. At the same time, we further upgrade the production technology and continuously improve yield and efficiency, so as to further widen the gap with other competitors in the industry in terms of cost.

B. The Company incessantly develops new products to lead the market trend and uses the high-performance and high cost-performance products to keep enlarging the market share.

C. The Company develops new products and adds the added-value to the products for the purpose of improving the application value of products.

(ii).Important Use and Production Process of Main Products

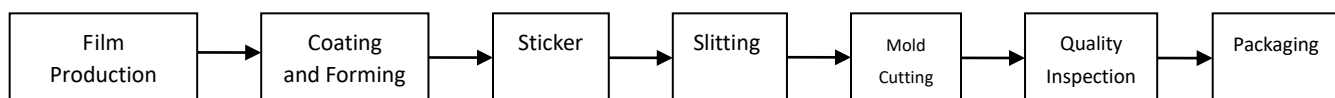
(ii)-1.Use of Main Products

Brightness Enhancement Film: Mainly applied in the backlight module of liquid crystal display; it can converge the light scattered by the light source to the front to achieve the purpose of improving the brightness of the front, and recycle the unused light outside the viewing angle by the reflection of light to reduce the loss. Large size is used in LCD TVs, NBs, monitors, while small size is used in mobile phones, digital cameras, video cameras, PDAs, tablets, communications and consumer electronics.

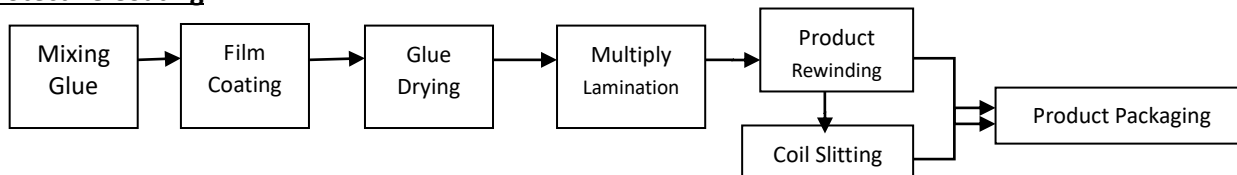
Protective Film: Attached to the surface of the carrier material to avoid unexpected abrasions or scratches during the production or shipping process.

(ii)-2.Production Process of Main Products

Brightness Enhancement Film



Protective Coating



(iii).Supply and Demand Status of Main Materials

In recent years, the domestic and foreign production capacity of optical grade PET was about 250,000 to 350,000 tons/year. Among the main domestic and foreign suppliers, T company had a production capacity of 4,000 tons/year; S company had a production capacity of 30,000 tons/year; M company had a production capacity of 45,000 tons/year. Due to the unsatisfactory price of optical grade PET, Japanese and Korean PET factories gradually adjusted the production line configuration in 2017 to reduce the production capacity of optical grade PET so that the supply and demand status in the market tended to be in balance and the price of the optical grade PET did not decline any more, but rose from the lowest point. The price rose slightly in 2021 due to the oil prices and shipping. The Company is also actively developing suitable sources of raw materials from other origins to diversify risks and maintain the stability of raw material purchase prices and improve product competitiveness.

(iv).Information on Major Suppliers/ Customers for the Most Recent Two Fiscal Years

Information on Major Suppliers for the Most Recent Two Fiscal Years

Unit: NT\$ thousands

	2022				2023				2024 First Quarter (Note)			
Item	Name	Amount	Percentage to Annual Net Purchases (%)	Relationship to the Issuer	Name	Value	Percentage to Annual Net Purchases (%)	Relationship with to Issuer	Name	Amount	Percentage (%) to Net Purchases up to the Preceding Quarter of the Current Year	Relationship to the Issuer
1	W	154,442	13.20	None	W	286,807	20.16	None	W	62,629	20.87	None
2	Y	139,751	11.95	None	Z	208,976	14.69	None	Z	44,835	14.94	None
3	Z	117,839	10.07	None					AA	31,466	10.49	
	Others	757,863	64.78		Others	927,168	65.15		Others	161,183	53.70	
	Net Purchases	1,169,895	100.00		Net Purchases	1,422,951	100.00		Net Purchases	300,113	100.00	

Note: The financial statements for Q1 of 2024 have been reviewed by the CPAs.

Explanation of changes (increase or decrease):

- (1) The decrease in purchases from Supplier Y by less than 10% is due to unstable quality and a lack of competitive pricing.**
- (2) The increase in purchases from Supplier AA by more than 10% is attributed to the growing number of new products applied to high-end models. The materials represented by Supplier AA meet the requirements for high-end product applications and offer competitive pricing. Additionally, since these materials are high-cost items, the proportion of purchases has increased.**

Information on Major Customers for the Most Recent Two Fiscal Years

Unit: NT\$ thousands

	2022				2023				2024 First Quarter (Note)			
Item	Name	Amount	Percentage to Annual Net Sales (%)	Relationship to the Issuer	Name	Amount	Percentage to Annual Net Sales (%)	Relationship to the Issuer	Name	Amount	Percentage (%) to Net Sales of Net Sales up to the Preceding Q1 of the Current Year	Relationship to the Issuer
1	B	637,507	27.81	None	B	639,158	25.58	None	B	138,311	22.63	None
2	Iron Ford Technology Co., Ltd.	265,922	11.60	None	Iron Ford Technology Co., Ltd.	268,219	10.74	None	Iron Ford Technology Co., Ltd.	61,161	10.00	None
	Others	1,388,822	60.59		Others	1,590,893	63.68		Others	411,766	67.37	
	Net Sales	2,292,251	100.00		Net Sales	2,498,270	100.00		Net Sales	611,238	100.00	

Note: The financial statements for Q1 of 2024 have been reviewed by the CPAs.

Explanation of changes (increase or decrease): No significant changes.

(v).Production Volume and Value for the Most Recent Two Fiscal Years

Unit: KSQM/NT\$ Thousands

Volume and Value Main Commodity	Production Year	2022			2023		
		Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Brightness Enhancement Film (Prism)		70,800	29,636	2,377,310	70,800	36,308	3,187,019
Total		70,800	29,636	2,377,310	70,800	36,308	3,187,019

(vi).Sales Volume and Value List for the Most Recent Two Fiscal Years

Unit: SQM/PCS/NT\$ Thousands

Sales Volume And Value Main Commodity	Year	2022				2023			
		Domestic Sales		Exportation		Domestic Sales		Exportation	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Brightness Enhance Film (Coil)		16,238,807	1,284,983	12,087,613	987,249	14,937,201	1,311,660	12,815,421	1,119,337
Brightness Enhancement Film (Sheet)		2,346,045	15,607	248,997	2,526	5,076,344	46,441	38,712	16,554
Others			1,886				4,278		
Total			1,302,476		989,775		1,362,379		1,135,891

iii. Employee No., Average Years of Service, Average Age and Education Distribution Percentage of Percentage of Employees for the Most Recent Two Years up to the Publication Date of the Annual Report

Year		2022	2023	As of May 15, 2024, the Current Year
Employee No.	Staff	221	223	226
	Technician	174	188	184
	Foreign Employee	109	122	122
	Total	504	533	532
Average Age		37.84	39.14	39.43
Average Years of Service		8.02	8.85	9.11
Education Distribution Percentage	Ph.D.	0.79%	1.08%	1.09%
	Master	5.36%	5.39%	5.82%
	College and University	59.92%	56.01%	56.18%
	Senior High School	31.35%	33.93%	33.45%
	Below Senior High School	2.58%	3.59%	3.46%

Note: Fill in the information of the current year as of the publication date of the annual report.

iv. Environmental Protection Expenditure

(i). Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions):

None.

v. Labor Relations

(i). Availability and execution of employee welfare, education, training and retirement policies: elaborate on the agreement between the employer and employees, and protection of employees' rights.

(i)-1. Employee Welfare Measures

According to the relevant welfare statutory regulations of the government, the Company formed an Employee Welfare Committee to plan and handle the welfare hereof.

The main welfare items are as follows:

- Three festivals of money or gifts: Chinese New Year Festival, Dragon Boat Festival, Mid-Autumn Festival.
- The birthday gift money on birth month.
- Arrangement of leisure activities: irregular staff barbecue gathering activities, staff travel, and other activities.
- Club activities: there are slow softball club, mountaineering club, bowling ball club, etc.

Other welfare items of the Company

- Labor insurance, national health insurance, regular health examination, etc.
- Travel Safety Insurance: Colleagues who travel abroad on business are entitled to accident insurance and accident medical insurance.
- Employee wedding and funeral allowances.
- In order to improve employee health consultation and services, the Company regularly arranges the in-factory doctor to render the medical services in the factory.
- Summer and winter staff uniforms are provided.
- Set up a leisure activity center for employees, providing shooting machines, billiards, and fitness equipment for the employees to strengthen their bodies after work.
- In order to create a friendly workplace environment, set up a breastfeeding room for employees to provide a place for employees to collect breast milk.
- There is also a well-designed promotion system and a year-end performance reward system to give employees a stage to play to their fullest.

(i)-2. Employee Education and Training

In accordance with the education and training management regulations, established by the Company, the Company conducts the pre-employment workshops for newcomers, and arranges various internal and external education and training courses to provide the on-the-job personnel to participate in training, improve their personal professional functions, and enhance their vision; for those courses which need to be attended for the company's assignment or for personal work requirements, the expenses of those who have been approved can be borne by the company. The Company held a total of 184 internal and external training courses in 2023, with a total training hours of 3,158 hours and a training course fee of NT\$ five hundred thousand.

(i)-3. Retirement System and Implementation Status

The retirement application and payment standards are handled in accordance with the "Labor Standards Act" and the "Labor Pension Regulations"; the new pension system became effective as of July 1, 2005. and the company appropriates 6% monthly to employees' individual labor pension account according to regulations. If the employees are willing, they can apply for self-appropriation.

(i)-4.4. Employee Working Environment and Protection Measures for Personal Safety

On the premise of caring about the health of employees, maintaining the operating environment and emphasizing importance of environmental protection, the Company, based on the concept of meeting the customer's needs and implementing the green policy, continues to promote the ISO14001 environmental management system and the OHSAS18001 occupational safety and health management system in the factory, and in accordance with the "Labor Health Protection Rules" provides the on-site services of medical staff, which not only prevents the occurrence of the occupational diseases, but also enhances employees' awareness of safety and hygiene, creates a safe working environment, and aims to build up a "Green enterprise".

(ii). In the most recent fiscal year up to the publication date of the annual report, any losses suffered by the company due to the labor disputes (including labor inspection results found in violation of the Labor Standards Act, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the contents of the dispositions); the estimated amount which might occur at present and in the future, as well as the response measures shall be disclosed; if the estimation cannot be reasonably made, the explanation on the fact of failure in the reasonable estimation shall be made:

(ii)-1. In the most recent year up to the publication date of the annual report, the losses suffered by

the company due to the labor disputes

None.

(ii)-2. Estimated amount of losses suffered from the labor disputes which might occur in the future, as well as the response measures

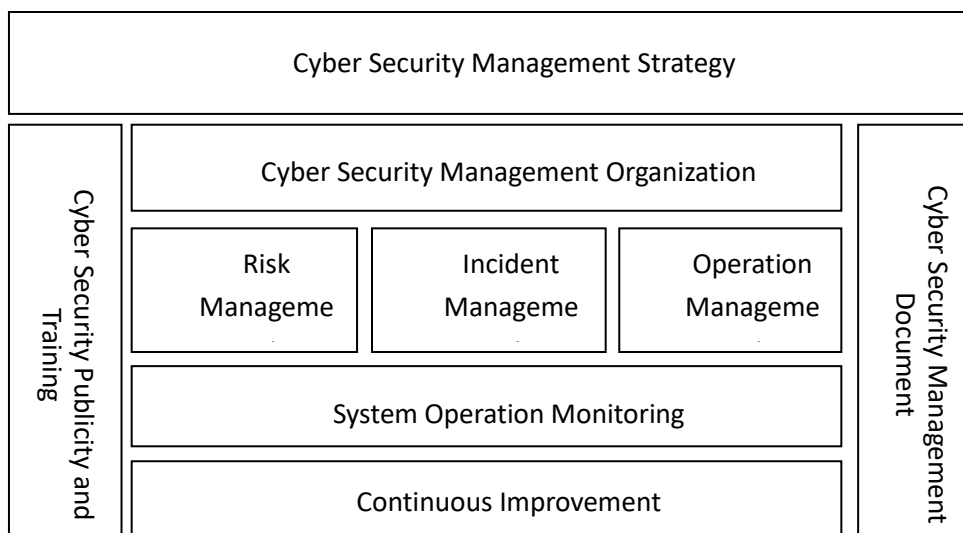
None.

vi. Cyber Security Management:

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

(i)-1. Cyber Security Risk Management Framework:

In order to improve the management of information security of the Company, the general manager serves as the convener to appoint the chief information officer in charge of the company's information security governance policy, supervision of the information security management operation, regular review of the information security development plan, assessment of information security risks and making a report hereof to the Board of Directors.



(i)-2. Cyber Security Management Policy:

1. In order to strengthen information security management, establish a safe and reliable operating environment, ensure data, system, equipment and network security, and protect the rights and interests of customers, this policy is especially formulated as the basis for implementing various information security measures.
2. This policy applies to the company's regular employees, contracted employees, temporary employees, and personnel from the manufacturers who use the company's information resources or outsourced information services.
3. The term of "information security", as mentioned in this policy, refers to ensuring the correctness of the company's information processing, the reliability of the computer software, hardware, peripheral and network systems used by operators, and ensuring that the above resources are free from interference, damage, act or attempt of intrusion.
4. This policy is prepared in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies".

5.The Company will strive for the safety of various operations in accordance with the following principles, in order to reduce the impact of information security risks on the Company's operations, avoid the damage of the company's reputation and image due to the internal negligence; we will adhere to the goals of meeting the high-quality information security protection requirements, maintaining the customers' reliance and protecting the customers' rights:

- i. When various operations are carried out, all laws and regulations promulgated by the competent authority and the relevant regulations of the Company shall be followed.
- ii. The assignment of work should take into consideration the division of functions, and the scope of duties should be differentiated to avoid information or services being modification or misuse without authorization.
- iii. The subcontractors, the outsourced manufacturers and consultants shall be requested by the Company to sign a confidentiality agreement, if necessary due to the business nature.
- iv.All employees are obliged to protect the Company's confidential and sensitive information and such acts are prohibited as the unauthorized access, use or disclose or informing of the said information to the colleagues, manufacturers and other customers irrelevant to the business.
- v.All employees should remain vigilant at all times for violations of cyber security policies and procedures, and follow the procedure for reporting.
- vi. The Company should establish a business ongoing operation plan, based on business needs, and conduct the regular tests and drills in order to maintain its applicability.
- vii. Changes in major information equipment (including software and hardware) of each unit of the company should be assisted by the information unit in the evaluation of technology and specifications.

6.The promulgation of this policy expressly declares the importance of maintaining information security. In compliance with the requirements of this policy, the Company has also formulated the relevant information security operation regulations for each unit to follow. Each unit adheres to the information security compliance for maintaining the company's operating environment, so as to continuously improve the confidentiality, integrity and availability of various operating services.

7.Matters unmentioned in this policy shall be handled in accordance with the laws and regulations of the competent authority and other relevant regulations of the company.

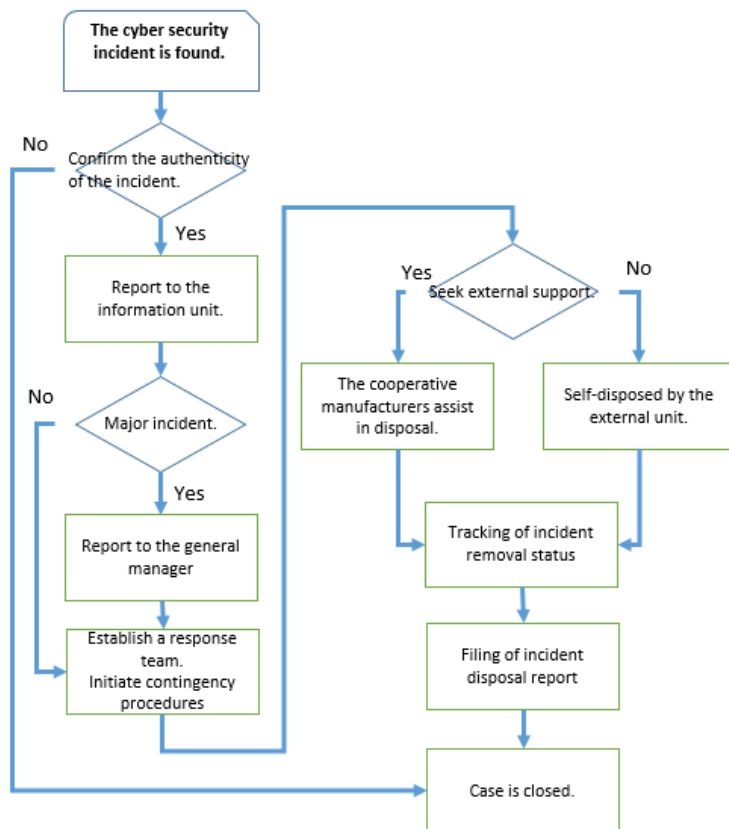
(i)-3.Concrete Management Programs:

3.(1)Information Security Management Measures

Type	Description	Related Operations
Access Right Management	Management measures of personnel account, access right management and system operation behavior	■Management and assessment of personnel account access right. ■Periodical check of personnel account access right.
Access Control	Control measures of personnel access of internal and external system and information transmission channels	■Internal and external access control measures. ■Control measures of information divulgation channels. ■Analysis of operation behavior track Records.

Type	Description	Related Operations
External Threat	Management and protection measures of potential vulnerability in the internal systems	■ Vulnerability detection of host computer and replacement measures. ■ Virus protection and malicious program detection.
System Availability	Disposal measures of the state of system availability and service interruption	■ Monitoring and reporting mechanism of system and internet. ■ Response measures of service interruption. ■ Backup measures of data backup and local off-site backup mechanism. ■ Periodical disaster restoration drill.

3.(2)Cyber Security Reporting Procedure



(i)-4.Resources Input in the Cyber Security Management:

1. Netcom equipment: Firewall, mail anti-virus, spam filtering, internet behavior analysis, network management type set line, etc.
2. Software system: Endpoint protection system, backup management software, VPN authentication and encryption software, etc.
3. Telecommunication Service: Multi-line backup, cloud backup service, intrusion protection service, etc.
4. Input manpower: Daily system status inspection, implementation of regular backup and remote

storage of backup media, information security publicity and education courses, annual system disaster recovery execution drill and annual internal audit of information cycle, CPA audit, etc.

5. Information security manpower: The chief information security officer and the information security personnel are responsible for the design of information security framework, maintenance, operation and monitoring of information security, response and survey of the information security incidents, review and revision of the information security policies and evaluation of information security risks.

(ii). List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

None.

vii. Important Contracts

As of the publication date of the annual report, the parties concerned, main contents, restrictive clauses and contract start and end dates of the supply and marketing contracts, technical cooperation contracts, engineering contracts, long-term loan contracts and other important contracts that are still valid and expire in the most recent year.

Agreement	Counterparty	Period	Major Contents	Restrictive Clauses
Lease Contract	Shinkong Textile Co., Ltd.	2022.1.1 ~ 2026.12.31	Land Lease	None
Lease Contract	Shinkong Textile Co., Ltd.	2022.10.15 ~ 2027.10.14	Land Lease	None
Lease Contract	Shinkong Textile Co., Ltd.	2023.9.1 ~ 2028.8.31	Land Lease	None
Lease Contract	Shinkong Textile Co., Ltd.	2013.5.1 ~ 2025.4.30	Land Lease	None
Lease Contract	Shinkong Textile Co., Ltd.	2023.3.1 ~ 2028.2.28	Land Lease	None

VI. Financial Overview

i. Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years, showing the name of the certified public accountant and the auditor's opinion given thereby. If, before the date of publication of the annual report, there is any financial data for the most recent period audited and attested or reviewed by a CPA, it shall also be disclosed therewith.

(i). Consolidated and Parent Company Only Condensed Balance Sheet – Based on IFRS

Consolidated Condensed Balance Sheet						Unit: NT\$ thousands	
Year Item		Financial Summary for The Last Five Years (Note 1)					As of March 31
		2019	2020	2021	2022	2023	(Note 1)
Current assets		2,829,805	3,073,159	3,245,156	3,248,578	3,464,612	3,563,760
Property, plant, and equipment		457,666	508,131	489,795	397,033	348,863	347,646
Intangible assets		3,020	1,884	1,311	1,468	3,768	3,360
Other assets		362,880	579,750	583,080	529,788	531,378	519,785
Total assets		3,653,371	4,162,924	4,319,342	4,176,867	4,348,621	4,434,551
Current liabilities	Before distribution	359,309	637,986	676,552	550,423	673,943	830,174
	After distribution	444,246	812,793	942,288	784,341	916,918 (Note2)	830,174
Non-current liabilities		286,077	379,191	365,003	338,530	300,505	309,239
Total liabilities	Before distribution	645,386	1,017,177	1,041,555	888,953	974,448	1,139,413
	After distribution	730,323	1,191,984	1,307,291	1,122,871	1,217,423 (Note2)	1,139,413
Equity attributable to parent company shareholders		3,007,985	3,145,747	3,277,787	3,287,914	3,374,173	3,295,138
Shares		780,667	794,577	799,447	801,777	809,917	814,387
Capital reserves		971,691	986,417	993,529	1,004,384	1,022,318	1,028,813
Retained earnings	Before distribution	1,255,627	1,370,267	1,487,288	1,509,175	1,614,740	1,530,301
	After distribution	1,170,690	1,195,460	1,221,552	1,275,257	1,371,765 (Note2)	1,530,301
Other equity interest		-	(5,514)	(2,477)	(27,422)	(72,802)	(78,363)
Treasury stock		-	-	-	-	-	-
Non-controlling interest		-	-	-	-	-	-
Total equity	Before distribution	3,007,985	3,145,747	3,277,787	3,287,914	3,374,173	3,295,138
	After distribution	2,923,048	2,970,940	3,012,051	3,053,996	3,131,198 (Note2)	3,295,138

Note1. The financial information is audited and certified by the CPA every year. The financial information as of March 31, 2024, has been reviewed by the CPA.

2. The amounts are approved by the Board of Directors meeting on Feb. 21, 2024

Parent Company Only Condensed Balance Sheet

Unit: NT\$ thousands

Year Item		Financial Summary for The Last Five Years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		2,829,805	3,065,681	3,272,591	3,291,557	3,551,197
Property, plant, and equipment		457,666	508,131	489,795	397,033	348,863
Intangible assets		3,020	1,884	1,311	1,468	3,768
Other assets		362,880	587,228	543,142	492,053	452,316
Total assets		3,653,371	4,162,924	4,306,839	4,182,111	4,356,144
Current liabilities	Before distribution	359,309	637,986	674,274	548,700	671,727
	After distribution	444,246	812,793	940,010	782,618	914,702 (Note2)
Non-current liabilities		286,077	379,191	354,778	345,497	310,244
Total liabilities	Before distribution	645,386	1,017,177	1,029,052	894,197	981,971
	After distribution	730,323	1,191,984	1,294,788	1,128,115	1,224,946 (Note2)
Equity attributable to parent company shareholders		3,007,985	3,145,747	3,277,787	3,287,914	3,374,173
Shares		780,667	794,577	799,447	801,777	809,917
Capital reserves		971,691	986,417	993,529	1,004,384	1,022,318
Retained earnings	Before distribution	1,255,627	1,370,267	1,487,288	1,509,175	1,614,740
	After distribution	1,170,690	1,195,460	1,221,552	1,275,257	1,371,765 (Note2)
Other equity interest		-	(5,514)	(2,477)	(27,422)	(72,802)
Treasury stock		-	-	-	-	-
Non-controlling interest		-	-	-	-	-
Total equity	Before distribution	3,007,985	3,145,747	3,277,787	3,287,914	3,374,173
	After distribution	2,923,048	2,970,940	3,012,051	3,053,996	3,131,198 (Note2)

Note1. The financial information is audited and certified by the CPA every year.

2. The amounts are approved by the Board of Directors meeting on Feb. 21, 2024.

(ii). Consolidated and Parent Company Only Condensed Statement of Comprehensive Income – Based on IFRS

Consolidated Condensed Statement of Comprehensive Income

Unit: NT\$ thousands

Item \ Year	Financial Summary for The Last Five Years (Note)					As of March 31, 2024
	2019	2020	2021	2022	2023	
Operating revenue	2,348,828	2,725,276	2,962,247	2,292,251	2,498,270	611,238
Gross profit	418,810	591,765	730,497	516,886	678,662	171,415
Net operating income	120,319	265,544	363,373	212,398	294,076	68,917
Non-operating income and expense	(7,409)	(32,342)	(7,050)	122,728	99,827	129,546
Pre-tax profit	112,910	233,202	356,323	335,126	393,903	198,463
Net income from continuing operations Current net income	93,247	199,456	291,699	287,452	339,544	158,536
Net income after tax of discontinued operations	-	-	-	-	-	-
Net income (Loss)	93,247	199,456	291,699	287,452	339,544	158,536
Other current comprehensive income (net, after tax)	(2)	(5,393)	3,166	(24,774)	(45,495)	(5,561)
Total current comprehensive income	93,245	194,063	294,865	262,678	294,103	152,975
Net income attributable to parent company shareholders	94,371	199,456	291,699	287,452	339,544	158,536
Net income attributable to non-controlling interest	(1,124)	-	-	-	-	-
Comprehensive income attributable to parent company shareholders	94,369	194,063	294,865	262,678	294,103	152,975
Comprehensive income attributable to non-controlling interest	(1,124)	-	-	-	-	-
Earnings per share	1.22	2.53	3.66	3.59	4.22	1.95

Note: The financial information is audited and certified by the CPA every year. The financial information as of March 31, 2024 has been reviewed by the CPA.

Parent Company Only Condensed Statement of Comprehensive Income

Unit: NT\$ thousands

Item \ Year	Financial Summary for The Last Five Years (Note)				
	2019	2020	2021	2022	2023
Operating revenue	2,348,828	2,725,276	2,962,247	2,292,251	2,498,270
Gross profit	418,810	591,765	730,497	524,344	687,254
Operating profit	120,440	265,547	368,906	212,253	294,518
Non-operating income and expenses	(6,406)	(32,345)	(12,583)	122,873	99,385
Pre-tax profit	114,034	233,202	356,323	335,126	393,903
Net income from continuing operations					
Current net income	94,371	199,456	291,699	287,452	339,544
Net income after tax of discontinued operations	-	-	-	-	-
Net income (Loss)	94,371	199,456	291,699	287,452	339,544
Other current comprehensive income (net, after tax)	(2)	(5,393)	3,166	(24,774)	(45,441)
Total current comprehensive income	94,369	194,063	294,865	262,678	294,103
Net income attributable to parent company shareholders	-	-	-	-	-
Net income attributable to non-controlling interest	-	-	-	-	-
Comprehensive income attributable to parent company shareholders	-	-	-	-	-
Comprehensive income attributable to non-controlling interest	-	-	-	-	-
Earnings per share	1.22	2.53	3.66	3.59	4.22

Note: The financial information is audited and certified by the CPA every year..

(iii).Auditors' Opinions

Year	Accounting Firm	CPA	Audit Opinion
2019	Deloitte & Touche	Chen, Wen-Hsiang & Cheng, Te-Chen	Unqualified Opinion
2020	Deloitte & Touche	Chen, Wen-Hsiang & Hsu, Wen-Ya	Unqualified Opinion
2021	Deloitte & Touche	Chen, Wen-Hsiang & Hsu, Wen-Ya	Unqualified Opinion
2022	Deloitte & Touche	Chen, Wen-Hsiang & Hsu, Wen-Ya	Unqualified Opinion
2023	Deloitte & Touche	Chen, Wen-Hsiang & Hsu, Wen-Ya	Unqualified Opinion

ii. Financial Analysis for the Past Five Years

If, before the date of publication of the annual report, there is any financial data for the most recent period audited and attested or reviewed by a CPA, it shall also be disclosed therewith. The items analyzed include financial structure, solvency, operating performance, profitability, cash flow and leverage, and explanations shall be made for the reasons for changes in financial ratios for the most recent two fiscal years.

(i). Consolidated Financial Analysis – Based on IFRS

Year Item		Financial Analysis for the Last Five Years					As of March 31, 2024
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt ratio	17.67	24.43	24.11	21.28	22.41	25.69
	Long-term capital to property, plants and equipment	719.75	693.71	743.74	913.39	1053.33	1036.8
Solvency (%)	Current ratio	787.57	481.7	479.66	590.20	514.08	429.28
	Quick ratio	699.73	418.86	409.14	522.72	445.90	376.61
	Interest coverage ratio	3,965.46	5,619.57	9,123.12	9,174.63	11383.39	23811.23
Operating efficiency	Accounts receivable turnover (times)	4.36	5.76	5.99	5.13	6.09	5.85
	Average cash collection days	83.71	63.36	60.93	71.15	59.93	62.39
	Inventory turnover (times)	4.15	4.42	3.84	3.13	3.26	3.00
	Accounts payable turnover (times)	12.28	11.45	10.87	13.82	14.42	12.64
	Average inventory turnover days	87.95	82.57	95.05	116.61	111.96	121.66
	Property, plant and equipment turnover (times)	4.11	5.64	5.94	5.17	6.7	7.02
	Total assets turnover (times)	0.66	0.70	0.70	0.54	0.59	0.56
Profitability	Return on total assets (%)	2.68	5.19	6.95	6.84	8.03	14.5
	Return on equity (%)	3.1	6.48	9.08	8.76	10.19	19.02
	Pre-tax profit to paid-up capital (%)	14.46	29.35	44.57	41.80	48.63	97.48
	Net profit margin (%)	3.97	7.32	9.85	12.54	13.59	25.94
	Earnings per share (NT\$)	1.22	2.53	3.66	3.59	4.22	1.95
Cash flow	Cash flow ratio (%)	136.63	82.04	65.90	75.83	70.58	28.91
	Cash flow adequacy ratio (%)	215.89	210.48	186.66	176.07	155.35	129.8
	Cash reinvestment ratio (%)	7.35	8.33	4.90	2.70	4.17	4.16
Leverage	Operating leverage	7.19	3.74	2.97	4.36	8.5	4.14
	Financial leverage	1.02	1.02	1.01	1.02	1.01	1.01

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

- Interest coverage ratio: Due to the substantial increase in profits, the interest coverage ratio has risen again.
- Property, plant and equipment turnover (times): The increase in revenue coupled with regular depreciation provisions has led to a rise in the turnover rate of property, plant, and equipment (times).
- Cash reinvestment ratio (%): Due to the significant increase in profits, the net cash inflow from operating

activities has increased, leading to a rise in the cash reinvestment ratio (%). °

▪ Operating leverage: Benefiting from the improvement in gross profit margin and operating profit margin, the operating leverage has been further enhanced.

※The following formulas for the calculation of the financial ratios shall be listed below this table in the annual report:

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

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

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

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

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditures refers to the annual cash outflow used in capital investment.
3. Increase in inventory is counted only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory has decreased at the end of the year, it is counted as zero.
4. Cash dividends include the cash dividends of common stock and preferred stock.
5. Gross property, plant and equipment refers to the total property, plant and equipment without deduction of accumulated depreciation.

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

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

(ii).Parent Company Only Financial Analysis – Based on IFRS

Year Item		Financial Analysis for the Last Five Years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt ratio	17.67	24.43	23.89	21.38	22.54
	Long-term capital to property, plants and equipment	719.75	693.71	741.65	915.14	1,056.12
Solvency (%)	Current ratio	787.57	480.52	485.35	599.88	528.67
	Quick ratio	699.73	417.73	414.59	532.20	459.19
	Interest coverage ratio	4,003.94	5,619.57	9,123.12	9,189.40	11,567.34
Operating efficiency	Accounts receivable turnover (times)	4.36	5.76	5.99	5.13	6.09
	Average cash collection days	83.71	63.36	60.93	71.15	59.93
	Inventory turnover (times)	4.15	4.42	3.84	3.12	3.25
	Accounts payable turnover (times)	12.28	11.45	10.87	13.76	14.35
	Average inventory turnover days	87.95	82.57	95.05	116.98	112.3
	Property, plant and equipment turnover (times)	4.11	5.64	5.94	5.17	6.7
	Total assets turnover (times)	0.66	0.70	0.70	0.54	0.59
Profitability	Return on total assets (%)	2.71	5.19	6.96	6.84	8.02
	Return on equity (%)	3.14	6.48	9.08	8.76	10.19
	Pre-tax profit to paid-up capital (%)	14.61	29.35	44.57	41.80	48.63
	Net profit margin (%)	4.02	7.32	9.85	12.54	13.59
	Earnings per share (NT\$)	1.22	2.53	3.66	3.59	4.22
Cash flow	Cash flow ratio (%)	137.44	82.10	66.68	75.67	70.56
	Cash flow adequacy ratio (%)	215.89	210.91	187.30	176.43	147.12
	Cash reinvestment ratio (%)	7.41	8.34	4.98	2.66	4.13
Leverage	Operating leverage	7.19	3.74	2.93	4.36	3.34
	Financial leverage	1.02	1.02	1.01	1.02	1.01

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

- Interest coverage ratio: Due to the substantial increase in profits, the interest coverage ratio has risen again.
- Property, plant and equipment turnover (times): The increase in revenue coupled with regular depreciation provisions has led to a rise in the turnover rate of property, plant, and equipment (times).
- Cash reinvestment ratio (%): Due to the significant increase in profits, the net cash inflow from operating activities has increased, leading to a rise in the cash reinvestment ratio (%).
- Operating leverage: Benefiting from the improvement in gross profit margin and operating profit margin, the operating leverage has been further enhanced.

※The following formulas for the calculation of the financial ratios shall be listed below this table in the annual report:

1. Financial structure

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

(2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant

and equipment.

2. Solvency

- (1) Current ratio = current assets / current liabilities.
- (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
- (3) Times interest earned = earnings before tax and interest expenses / current interest expenses.

3. Operating efficiency

- (1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).
- (2) Average collection days = 365 / accounts receivable turnover.
- (3) Inventory turnover = cost of goods sold / average inventory.
- (4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).
- (5) Average days in sales = 365 / inventory turnover.
- (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.
- (7) Total asset turnover = net sales / average total assets.

4. Profitability

- (1) Return on total assets = (net income + interest expenses * (1 - effective tax rate)) / average total assets.
- (2) Return on equity = net income after tax / average total equity.
- (3) Net profit margin = net income after tax / net sales.
- (4) Earnings per share = (income attributable to owners of parent - preferred stock dividends) / weighted average number of shares outstanding. (Note 4)

5. Cash flow

- (1) Cash flow ratio = net cash flows from operating activities / current liabilities.
- (2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).
- (3) Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital). (Note 5)

6. Leverage:

- (1) Operating leverage = (net operating revenue - variable operating costs and expenses) / operating income (Note 6).
- (2) Financial leverage = operating income / (operating income - interest expenses).

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

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

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

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditures refers to the annual cash outflow used in capital investment.
3. Increase in inventory is counted only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory has decreased at the end of the year, it is counted as zero.
4. Cash dividends include the cash dividends of common stock and preferred stock.
5. Gross property, plant and equipment refers to the total property, plant and equipment without deduction of accumulated depreciation.

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

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

iii. Audit Committee's Report for the Most Recent Year

Please refer to Page 130 of this annual report.

iv. Consolidated Financial Statements and Independent Auditors' Report

Please refer to Page 131 to 200 of this annual report.

v. Parent-Company-Only Financial Statements and Independent Auditors' Report

Please refer to Page 201 to 266 of this annual report.

vi. Status of Financial Difficulties for the Company and its Subsidiaries

Incidence of financial difficulties for the Company and subsidiaries between the periods of 2023 to the publication date of this annual report: None.

VII. Review and Analysis of Financial Position, Financial Performance, and Risk Management

i. Financial Position

(i). Comparison and Analysis of Consolidated Financial Position

Unit: NT\$ thousands

Item \ Year	2022	2023	Difference	
			Amount	%
Current Assets	3,248,578	3,464,612	216,034	6.65
Financial assets at fair value through other comprehensive income - non-current	116,705	138,191	21,486	18.41
Property, plant and equipment	397,033	348,863	(48,170)	(12.13)
Right-of-use Asset	335,994	305,559	(30,435)	(9.06)
Intangible Assets	1,468	3,768	2,300	156.68
Other Assets	77,089	87,628	10,539	13.67
Total Assets	4,176,867	4,348,621	171,754	4.11
Current Liabilities	550,423	673,943	123,520	22.44
Other Liabilities	338,530	300,505	(38,025)	(11.23)
Total Liabilities	888,953	974,448	85,495	9.62
Shares	801,777	809,917	8,140	1.02
Capital Surplus	1,004,384	1,022,318	17,934	1.79
Retained Earnings	1,509,175	1,614,740	105,565	6.99
Other Equities	(27,422)	(72,802)	(45,380)	165.49
Treasury stock	-	-	-	-
Non-controlling interest	-	-	-	-
Total Equities	3,287,914	3,374,173	86,259	2.62

Analysis and Explanation on Significant Changes:

- Intangible Assets: In 2023, there was only a slight increase, but the low base in the previous year resulted in a significant increase in the differential rate.
- Current Liabilities: The increase in revenue in 2023 resulted in higher accounts payable for purchases.
- Other Equities: The decrease in the fair value of financial assets measured at fair value through other comprehensive income led to unrealized losses.

(ii). Comparison and Analysis of Parent Company Only Financial Position

Unit: NT\$ thousands

Item \ Year	2022	2023	Difference	
			Amount	%
Current Assets	3,291,557	3,551,197	259,640	7.89
Financial assets at fair value through other comprehensive income - non-current	79,853	59,690	(20,163)	(25.25)
Property, plant and equipment	-	-	-	-
Right-of-use Asset	397,033	348,863	(48,170)	(12.13)
Intangible Assets	335,111	304,998	(30,113)	(8.99)
Other Assets	1,468	3,768	2,300	156.68
Total Assets	77,089	87,628	10,539	13.67
Current Liabilities	4,182,111	4,356,144	174,033	4.16
Other Liabilities	548,700	671,727	123,027	22.42
Total Liabilities	345,497	310,244	(35,253)	(10.2)
Shares	894,197	981,971	87,774	9.82
Capital Surplus	801,777	809,917	8,140	1.02
Retained Earnings	1,004,384	1,002,318	(2,066)	(0.21)
Other Equities	1,509,175	1,614,740	105,565	6.99
Treasury Stock	(27,422)	(72,802)	(45,380)	165.49
Non-controlling interest	-	-	-	-
Total Equities	3,287,914	3,374,173	86,259	2.62

Analysis and Explanation on Significant Changes:

- Financial assets at fair value through other comprehensive income - non-current: There was a slight loss in the fiscal year 2023.
- Intangible Assets: In 2023, there was only a slight increase, but the low base in the previous year resulted in a significant increase in the differential rate.
- Current Liabilities: The increase in revenue in 2023 resulted in higher accounts payable for purchases.
- Other Equities: Recognition of other comprehensive income from subsidiary companies.

ii. Analysis of Financial Performance

(i).Main reasons for the major changes in operating income, net operating profit and net profit before tax in the last two years - Consolidated

Unit: NT\$ thousands

Item	2022	2023	Difference	
			Amount	%
Operating revenue	2,292,251	2,498,270	206,109	8.99
Gross profit	516,886	678,662	161,776	31.3
Net operating income	212,398	294,076	87,678	38.46
Non-operating income and expense	122,728	99,827	(22,901)	(18.66)
Pre-tax profit	335,126	393,903	58,777	17.54
Income Tax Benefit (Expense)	(47,674)	(54,359)	(6,685)	14.02
Profit (Loss) after Tax	287,452	339,544	52,092	18.12
Other comprehensive income	(24,774)	(45,441)	(20,667)	83.42
Total comprehensive income	262,678	294,103	31,425	11.96

Analysis and Explanation on Significant Changes:

- Operating revenue: The gross profit margin increased significantly in 2023 due to the gradual recovery of NB and strong demand for automotive products, coupled with revenue growth.
- Net operating income: The gross profit margin increased significantly in 2023 due to the gradual recovery of NB and strong demand for automotive products, coupled with revenue growth.
- Other comprehensive income: The decrease in the fair value of financial assets measured at fair value through other comprehensive income led to unrealized losses.

(ii).Main reasons for the major changes in operating income, net operating profit and net profit before tax in the last two years – Parent Company Only

Unit: NT\$ thousands

Item	2022	2023	Difference	
			Amount	%
Operating revenue	2,292,251	2,498,270	206,019	8.99
Gross profit	524,344	687,254	162,910	31.07
Net operating income	212,253	294,518	82,265	38.76
Non-operating income and expense	122,873	99,385	(23,488)	(19.12)
Pre-tax profit	335,126	393,903	58,777	17.54
Income Tax Benefit (Expense)	(47,674)	(54,359)	(6,685)	14.02
Profit (Loss) after Tax	287,452	339,544	52,092	18.12
Other comprehensive income	(24,774)	(45,441)	(20,667)	83.42
Total comprehensive income	262,678	294,103	31,425	11.96

Analysis and Explanation on Significant Changes:

- Operating revenue: The gross profit margin increased significantly in 2023 due to the gradual recovery of NB and strong demand for automotive products, coupled with revenue growth.

- Net operating income: The gross profit margin increased significantly in 2023 due to the gradual recovery of NB and strong demand for automotive products, coupled with revenue growth.
- Other comprehensive income: Recognition of other comprehensive income from subsidiary companies.

(iii).Expected sales volume and its basis, the possible impact on the company's future finance and sales and the response plan

■ Mobile Phones:

With the gradual maturity of AMOLED panel technology and continuous improvement in product yield, the market penetration rate is expected to increase steadily year by year, squeezing the market share of LTPS panels in the mid-range segment. This drives panel manufacturers to shift LTPS production capacity to medium-sized applications. As a result, the shipment volume of brightness enhancement films will continue to experience a slight decline. However, We will focus on developing higher brightness and lamination products with higher unit prices, aiming to achieve a balance between price and quantity to increase revenue and profitability.

■ Notebook Computers:

In 2023, the global demand for business and consumer models of laptops continued to contract. Analysis indicates that the contraction in demand for business models is attributed to the overall weakness in the global labor market, leading to a limited boost in procurement momentum for business-oriented laptops. On the other hand, the decline in demand for consumer models is linked to "persistent inflation" and "insufficient motivation for upgrades," suppressing the demand for consumer-grade laptops. AI PCs took center stage at CES 2024, attracting significant attention. Major chip manufacturers like Intel and AMD partnered with laptop brands to unveil a range of new products featuring built-in AI acceleration engines. According to TrendForce's survey, laptop retail channel inventories began to stabilize in the second quarter, with increasing demand for mid to low-end consumer models emerging in North America and the Asia-Pacific region. This not only helps address inventory concerns but also prepares for the back-to-school season in the third quarter. In response to the rapidly changing market, we will adjust our strategy, focusing on increasing the sales proportion of high-margin products and maintaining shipping capacity to sustain the competitiveness of its products in the market.

■ Automotive Products:

Based on the global automotive display outlook, the estimated market size for 2024 is projected to reach \$10 billion. Industry experts state that the automotive industry's recovery from the impact of the pandemic and the easing of the automotive chip shortage have led to a rapid expansion of the automotive display market.

In terms of shipment volume, it is expected to partially decrease due to uncertain overall market demand. In addition to cost control in response to external environment and market changes, Ubright also adjusts our product portfolio and sales strategy. The company focuses on meeting the demand for high-end mobile phones, automotive displays, and other products. Products with ultra-high brightness, anti-optical interference, drop resistance, and high stability, such as diamond-mirror products, become the key focus of UBright's sales and development efforts. The entire workforce continues to strive to enhance UBright's competitiveness and create

maximum value for shareholders.

iii. Cash Flow

(i). Changes in Cash Flow in the Current Year

Unit: NT\$ thousands

Cash and Cash Equivalents, Beginning of Year (1)	Net Cash Flow from Operating Activities (2)	Other Cash Inflow (Outflow) (3)	Cash Surplus (Deficit) (1)+(2)+(3)	Financing of Cash Deficit	
				Investment Plans	Financing Plans
2,088,382	475,663	(155,936)	1,932,446	-	-

Note:

1. Other Cash Inflow (Outflow) includes the Cash flow in investing activities, financing activities, and foreign exchange impacts.

2. Analysis of the change of 2023 cash flows

- Operating Activities: The operation status in the current year maintained stable and the net cash inflow was kept from the operating activities.
- Investment Activities: The main cause of the net cash outflow was an increase in investments in bonds and fixed deposits.
- Fund-raising Activities: The net cash outflow from the fund-raising activities mainly resulted from the distribution of cash dividends.

3. Financing of cash deficits and liquidity analysis: There is no cash deficits situation

(ii). Analysis of Cash Flow in the Coming Year:

The Company takes the prudent planning and aims to maintain the stable cash liquidity, as the cash balance in the beginning of the year plus the net cash inflows from operating activities are adequate in meeting the Company's investing and financing needs.

iv. Effect upon Finance and Sales of Any Major Capital Expenditures During the Most Recent Fiscal Year

(i). Utilization Conditions of Significant Capital Expenditure and Capital Source:

None.

(ii). Expected Possible Benefits Created:

None.

v. Reinvestment Policy for the Most Recent Fiscal Year, the Main Reasons for the Profits/Losses Generated thereby, the Plan for Improving Re-investment Profitability, and Investment Plans for the Coming Year

(i). Main Reasons for the Profits/Losses from the Reinvestment for the Most Recent Year and Improvement Plan:

The goals of the Company's investment policy are to focus on diversified management, expand business exposure, and reduce risks. The investments objects may exhibit fluctuations in profitability due to changes in the industrial cycle, but the Company considers investment risks to be manageable given the amount committed. For the Company's 2023 results of operations in investments, please refer to Page 128.

(ii). Investment Plan in the Coming Year:

None.

vi. Assessment of Risk Matters

Analyze and assess the following matters during the most recent year up to the publication date of the annual report:

(i). Effects of Changes in Interest Rates, Foreign Exchange Rates, and Inflation on Corporate Finance, and Future Response Measures

Unit: TWD Thousands	
Items	2023
Net interest revenue and expense	86,929
Net gain on foreign currency exchange transaction (including valuation of financial instruments)	5,773

In 2023, we faced a severe interest rate hike environment. As the Company currently has no long-term or short-term liabilities, the changes in interest rates only affect the interest income, which accounts for a small proportion of operating income. The Company will still pay attention to changes in interest rates at any time, and take various countermeasures, when necessary, to minimize the impact of changes in interest rates on the company's profit and loss.

Most of the Company's main operating income comes from the export Revenue, denominated in US dollars, and some raw materials in the manufacturing cost are also denominated in foreign currencies. Therefore, the changes in foreign currency exchange rates are considerably related to the changes in the company's foreign exchange profits and losses. In order to respond to the impact of exchange rate fluctuations on the Company's profit and loss, except for natural hedging positions, the financial unit, in addition to grasping the exchange rate fluctuation trend on a daily basis, conducts exchange rate hedging actions in accordance with the relevant regulations of the "Processing Procedures for Engaging in Derivatives Transactions" in order to reduce the impact of exchange rate changes on the Company's profit and loss.

After the COVID-19 pandemic, economic recovery and rising energy prices have fueled a rapid increase in inflation. The Company will reduce costs through market transfer, process improvement and cost control capabilities, and pay attention to changes in raw material price fluctuations at any time. Besides we will maintain a good relationship with each supplier in order to reduce cost. At present, there is no situation in which the inflation affects the profit or loss. However, the Company will still pay close attention to whether there is inflation in order to facilitate immediate response and avoid any impact on the Company.

(ii). Policies, Main Causes for Profit or Loss and Future Response Measures with Respect to Engagement in High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

The Company did not engage in such various businesses as the high-risk and high-leveraged investment, endorsements guarantees or derivatives transactions. The Company only offers financing to 100% owned subsidiaries, mainly providing short-term financing for their operating needs.

(iii). Future Research and Development Projects and the Estimated Input Expenditures of Research and Development

The Company continues to pay attention to the industry trends and technological development trends in order to plan the layout of new product technologies for the next generation, and goes on with actively developing new

technologies, new products and advanced process technologies to meet market demands.

(iii)-1.Future Research and Development Projects:

- Small size up-BEF product with ball-drop resistance and ultra-high brightness
- Improvement of the brightness (>5%) in the ultra-bright double-stack brightness enhancement film for NB/tablet products
- The composite optical film which consists of the Quantum Dot (QD) film and the Anti-condense film
- QD film for automotive application
- Wide color gamut QD film
- The brightness-enhancement film made from recycled PET
- High-functioning protective film
- Highly-detailed anti-glare film
- High hydrophobicity hardened film
- Heat insulation film for ECO building
- Barrier film for E-tag
- Protection film for OLED process
- Compensation film for IPS LCD

(iii)-2.Estimated Input Expenditures of Research and Development

In 2023, the Company invested NT\$ one hundred and eighty-eight million to develop new products and new technologies. It is estimated that in 2024, NT\$ one hundred and ninety-three million will be further investing in research and development to enhance the company's R&D core technology energy and the international competitiveness of products.

(iv).Impact of Important Domestic and Foreign Policies and Legal Changes on the Company's Finance and Sales, and the Response Measures

The management team of the Company pays attention at any time to the relevant policies and laws, which might affect the Company's sales and operation. In 2023, the Company made all the necessary responses to significant changes in international and domestic policies and regulations, without a significant impact on Company operation.

(v).Impact of Technological Changes (Including Cyber Security Risks) and Industrial Changes on the Company's Finance and Sales, and the Response Measures

The company's R&D team has professional talents in material science, process technology and optical design in keeping with the Company's production and manufacturing process to improve the product yield, in addition to reducing production costs, so that the Company's products are highly competitive and the Company's sales and finance can stably developed. The company's product development is based on the customers' needs for LCD panel and backlight module. We continuously conduct the new material development, process improvement and optical design, and continue to launch products that meet the needs of customers and market in order to enhance our market competitiveness. Therefore, the planning of the Company's technology research and development can respond to the impact of technological changes and industrial changes on the Company's finance and sales. Up to now, the technological changes and industrial changes have not made any significant impact on the Group's finance and sales.

In order to promote the cyber security related policies, implement the cyber security incident reporting and related contingency handling, the Company has recently analyzed the cyber security threats, and the analysis results show that the threats mainly come from malicious attacks by external hackers and computer viruses. The reason for such cyber security incidents is that the system loopholes may be caused by users executing the unknown malicious programs. Therefore we will strengthen publicity on employees to strictly prohibit the use of unknown computer programs, strengthen cyber security reporting, and strictly implement cyber security risk management.

(vi).Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

None.

(vii).Expected Benefits, Possible Risks and the Response Measures Relating to Merger and Acquisition

None.

(viii).Expected Benefits, Possible Risks and the Response Measures Relating to Factory Expansion

None.

(ix).Risks and the Response Measures Relating to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

None.

(x).Effects of, Risks Relating to and Response Measures to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholder with Shareholdings of over 10%

None.

(xi).Effects of, Risks Relating to and Response to the Changes in Management Rights

None.

(xii).Litigation or Non-litigation Matters

None.

(xiii).Other Important Risks and the Response Measures

None.

vii.Other Material Issues

None.

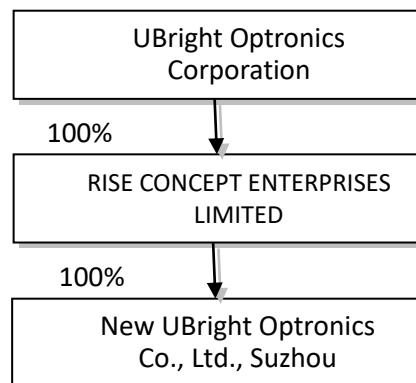
VIII. Special Specified Items

i. Information Related to Affiliates

(i). Consolidated Business Report of Affiliates

(i)-1. Organizational Chart of Affiliates

1.(1) Controlling and Subordinate Companies



1.(2) Presumed to be a Controlling Company or a Subordinate Company

None.

1.(3) Mutual Investment Company

None.

(i)-2. Basic Information of Each Affiliate

Date: 2023.12.31

Name of Company	Date of Established	Address	Paid-in Capital	Main Business Scope or Production Items
Controlling Company: UBright Optronics Corporation	December 31, 2003	No. 80, Xinguang E. Rd., Renshan Vil., Daxi Dist., Taoyuan City, Taiwan (R.O.C.)	NTD 800 Million	Brightening Film Manufacturing
Subordinate Company: RISE CONCEPT ENTERPRISES LIMITED (Hong Kong)	December 16, 2019	ROOM 803,TUNG HIP COMMERCIAL BUILDING 246 DES VOEUX ROAD CENTRAL HK	HKD 2 Million	Investment and Share Controlling
Subordinate Company: New UBright Optronics Co., Ltd., Suzhou (Mainland China)	November 19, 2020	Room 882, Xinghai International Building, No. 28 Wansheng Street, Suzhou Industrial Park, Suzhou Area, China (Jiangsu) Pilot Free Trade Zone	CNY 1 Million	Cutting and Processing of Brightness Enhancement Film

(i)-3. Information of the persons presumed to be the same shareholders with the controlling and subordinate relationship

None.

(i)-4. The industries covered by the business operated in the overall affiliates. If the business operated by each affiliate is mutually correlated, its division of labor shall be explained.

- Optical film manufacturing/research and development.

- Management consultation.

(i)-5.Name of Directors, Supervisors and General Manager of each Affiliate and Shareholding or Financing Conditions in that Company.

2023/12/31 Unit: NT\$/ HKD/ CNY thousands; Share: %

Name of Company	Title	Name or name of representative	Shares held	
			Shares or Financing Amount	Shareholding %
Controlling Company: UBright Optronics Corporation	Chairman	Shinkong Synthetic Fibers Corporation Representative: WU, HSIN-CHIEH	45,679,828	56.09%
	Director	Shinkong Synthetic Fibers Corporation Representative: WU, TUNG-SHENG		
	Director	Shinkong Synthetic Fibers Corporation Representative: SHIH, HUO-CHAO		
	Director	Shinkong Synthetic Fibers Corporation Representative: HSIAO, CHIH-LUNG		
	Director	LIN, JEN-PO	-	-
	Director	CHIN,YU-YING	76,000	0.09%
	Independent Director	LIN, TSUNG-SHENG	-	-
	Independent Director	CHI, KUO-CHUNG	-	-
	Independent Director	LIN, CHIH-LUNG	-	-
Rise Concept Enterprises Limited (Hong Kong)	Executive Director	UBright Optronics Corporation Representative: WU, HSIN-CHIEH	HKD 2,000	100%
New UBright Optronics Co., Ltd., Suzhou	Chairman	Rise Concept Enterprises Limited (Hong Kong) Representative: TSENG, CHUN-WEI	CNY 1,000	100%

(i)-6.Financial Position and Operation Results of each Affiliate

Unit: NT\$ thousands

Name of Company	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Profit	Profit(Loss) for the period (After-tax)	EPS (NT\$)
Rise Concept Enterprises Limited, Hong Kong	7,695	82,665	92,670	(10,005)	0	(52)	2052	Note 1
New UBright Optronics Co., Ltd., Suzhou	4,471	4,392	2,495	1,897	9,728	390	2,647	Note 1

Note 1: The said company is an organization of the limited company.

(ii).Consolidated Financial Statements of Affiliated Enterprises:

For details of the consolidated financial statements of the parent and subsidiary companies, see Pages 131 ~ 200 of this annual report.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

In the year of 2023 (from January 1, 2023 to December 31, 2023), according to the "Criteria Governing Preparation of Consolidated Business Reports, Consolidated Financial Statements and Relation Report of Affiliated Enterprises", the Company shall be included in the companies which should prepare the consolidated financial statements of the affiliated enterprises; the company is the same as the company that should be included in the preparation of the parent-subsidiary consolidated financial report in accordance with IFRS 10, and the relevant information that should be disclosed in the consolidated financial report of the affiliated enterprises has been disclosed in the parent-subsidiary consolidated financial report. Accordingly the consolidated financial report of the affiliated enterprises will not be separately prepared.

This declaration is hereby made.

UBright Optronics Corporation

Responsible Person: WU, HSIN-CHIEH

Date : February 21, 2024

(iii).Affiliation Report

None.

ii. For the recent year as of the publication date of the annual report, the handling process of privately placed securities

None.

iii. For the recent year as of the publication date of the annual report, the subsidiaries' holding or disposal of the company's shares

None.

iv. Other matters required for supplementary explanation

None.

IX. Matters listed in Subparagraph 2, Paragraph 3 of Article 36 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

None.

AUDIT REPORT OF THE AUDIT COMMITTEE
OF
UBRIGHT OPTRONICS CORPORATION

The Board of Directors has prepared and submitted 2022 Business Report, Financial Statements, Earnings Distribution Motion, etc., among which the financial statements have been audited by CPA CHEN, WEN-HISANG and CPA HSU, WEN-YA of Deloitte & Touche and an audit report was prepared by them. The aforesaid business report, financial statements and earnings distribution motion have been reviewed by this Audit Committee and it was deemed that no inconformity is involved. The report is made in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Your review and approval is hereby cordially requested.

To the Attention of

2024 Regular Shareholders' Meeting of UBright Optronics Corporation

Members of Audit Committee

LIN, TSUNG-SHENG

LIN, CHIH-LUNG

CHI, KUO-CHUNG

February 21, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
UBright Optronics Corporation

Opinion

We have audited the accompanying consolidated financial statements of UBright Optronics Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2023 is as follows:

Occurrence of Operating Revenues from Specific Customers

For the year ended December 31, 2023, the amount of sales revenue increased compared with the previous year. Given that auditing standards presume that there is significant risk in revenue and the sales revenue from specific customers increased significantly compared with the previous year, we identified sales revenue from these specific customers as the key audit matter.

For other relevant disclosures, refer to Notes 4 and 20.

We performed the audit procedures regarding the key audit matter as follows:

1. We obtained an understanding of the design and implementation of internal controls for the recognition of sales revenue.
2. We reviewed the original documents related to the recognition of sales revenue and the collection by audit sampling.

Other Matter

We have also audited the parent company only financial statements of UBright Optronics Corporation as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and 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, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Wen-Hsiang Chen and Wen-Yea Shyu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 21, 2024

Notice to Readers

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

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

UBRIGHT OPTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	2023		2022	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6, 26 and 27)	\$ 1,932,446	44	\$ 2,088,382	50
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 26)	444,593	10	283,005	7
Financial assets at amortized cost - current (Notes 4, 9 and 26)	214,935	5	110,000	3
Notes receivable, net (Notes 4, 10, 20 and 26)	766	-	-	-
Trade receivables, net (Notes 4, 10, 20 and 26)	378,050	9	372,227	9
Inventories (Notes 4 and 11)	458,570	11	371,067	9
Other current assets (Note 28)	35,252	1	23,897	-
Total current assets	3,464,612	80	3,248,578	78
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 26)	138,191	3	116,705	3
Property, plant and equipment (Notes 4, 13 and 27)	348,863	8	397,033	9
Right-of-use assets (Notes 4, 14 and 27)	305,559	7	335,994	8
Other intangible assets (Notes 4 and 15)	3,768	-	1,468	-
Deferred tax assets (Notes 4 and 22)	69,302	2	70,027	2
Refundable deposits (Notes 26 and 27)	4,251	-	4,251	-
Other non-current assets (Notes 4 and 18)	14,075	-	2,811	-
Total non-current assets	884,009	20	928,289	22
TOTAL	\$ 4,348,621	100	\$ 4,176,867	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade payables to unrelated parties (Notes 16 and 26)	\$ 163,674	4	\$ 77,570	2
Trade payables to related parties (Notes 16, 26 and 27)	5,121	-	6,017	-
Other payables (Notes 17, 26 and 27)	200,488	4	157,490	4
Current tax liabilities (Notes 4 and 22)	61,692	1	29,875	1
Lease liabilities - current (Notes 4, 14, 26 and 27)	27,157	1	25,742	-
Current refund liabilities (Notes 4, 17 and 20)	209,952	5	249,437	6
Other current liabilities (Note 17)	5,859	-	4,292	-
Total current liabilities	673,943	15	550,423	13
NON-CURRENT LIABILITIES				
Lease liabilities - non-current (Notes 4, 14, 26 and 27)	300,480	7	329,859	8
Deferred tax liabilities (Notes 4 and 22)	25	-	8,671	-
Total non-current liabilities	300,505	7	338,530	8
Total liabilities	974,448	22	888,953	21
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 19 and 24)				
Share capital				
Ordinary shares	809,917	19	801,777	19
Capital surplus	1,022,318	24	1,004,384	24
Retained earnings				
Legal reserve	351,536	8	322,774	8
Special reserve	27,422	1	2,477	-
Unappropriated earnings	1,235,782	28	1,183,924	28
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(298)	-	(352)	-
Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	(72,504)	(2)	(27,070)	-
Total equity	3,374,173	78	3,287,914	79
TOTAL	\$ 4,348,621	100	\$ 4,176,867	100

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

UBRIGHT OPTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 20 and 27)	\$ 2,498,270	100	\$ 2,292,251	100
OPERATING COSTS (Notes 11, 21 and 27)	1,819,608	73	1,775,365	78
GROSS PROFIT	678,662	27	516,886	22
OPERATING EXPENSES (Notes 4, 18, 21 and 27)				
Selling and marketing expenses	74,181	3	75,938	3
General and administrative expenses	122,289	5	94,772	4
Research and development expenses	188,116	7	133,778	6
Total operating expenses	384,586	15	304,488	13
PROFIT FROM OPERATIONS	294,076	12	212,398	9
NON-OPERATING INCOME AND EXPENSES (Notes 4, 21 and 27)				
Interest income	90,420	4	26,332	1
Other income	7,251	-	7,249	-
Finance costs	(3,491)	-	(3,693)	-
Other gains and losses	5,647	-	92,840	4
Total non-operating income and expenses	99,827	4	122,728	5
PROFIT BEFORE INCOME TAX	393,903	16	335,126	14
INCOME TAX EXPENSE (Notes 4 and 22)	54,359	2	47,674	2
NET PROFIT FOR THE YEAR	339,544	14	287,452	12
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 18)	(77)	-	214	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(45,434)	(2)	(25,036)	(1)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 22)	16	-	(43)	-
	(45,495)	(2)	(24,865)	(1)

(Continued)

UBRIGHT OPTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ 54	-	\$ 91	-
Other comprehensive income (loss) for the year, net of income tax	(45,441)	(2)	(24,774)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 294,103	12	\$ 262,678	11
EARNINGS PER SHARE (Note 23)				
From continuing operations				
Basic	<u>\$ 4.22</u>		<u>\$ 3.59</u>	
Diluted	<u>\$ 4.16</u>		<u>\$ 3.57</u>	

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

(Concluded)

UBRIGHT OPTRONICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

			Retained Earnings			Other Equity		
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2022	\$ 799,447	\$ 993,529	\$ 293,591	\$ 5,514	\$ 1,188,183	\$ (443)	\$ (2,034)	\$ 3,277,787
Appropriation of 2021 earnings								
Legal reserve	-	-	29,183	-	(29,183)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(265,736)	-	-	(265,736)
Special reserve reversed	-	-	-	(3,037)	3,037	-	-	-
Other changes in capital surplus								
Employee share options issued by the Company	-	7,991	-	-	-	-	-	7,991
Net profit for the year ended December 31, 2022	-	-	-	-	287,452	-	-	287,452
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	171	91	(25,036)	(24,774)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	287,623	91	(25,036)	262,678
Issuance of ordinary shares under employee share options	2,330	2,864	-	-	-	-	-	5,194
BALANCE AT DECEMBER 31, 2022	801,777	1,004,384	322,774	2,477	1,183,924	(352)	(27,070)	3,287,914
Appropriation of 2022 earnings								
Legal reserve	-	-	28,762	-	(28,762)	-	-	-
Special reserve	-	-	-	24,945	(24,945)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(233,918)	-	-	(233,918)
Other changes in capital surplus								
Employee share options issued by the Company	-	6,585	-	-	-	-	-	6,585
Net profit for the year ended December 31, 2023	-	-	-	-	339,544	-	-	339,544
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(61)	54	(45,434)	(45,441)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	339,483	54	(45,434)	294,103
Issuance of ordinary shares under employee share options	8,140	11,349	-	-	-	-	-	19,489
BALANCE AT DECEMBER 31, 2023	\$ 809,917	\$ 1,022,318	\$ 351,536	\$ 27,422	\$ 1,235,782	\$ (298)	\$ (72,504)	\$ 3,374,173

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

UBRIGHT OPTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 393,903	\$ 335,126
Adjustments for:		
Depreciation expenses	124,179	130,072
Amortization expenses	1,338	624
Net (gain) loss on financial liabilities at fair value through profit or loss	(10,173)	11,542
Finance costs	3,491	3,693
Interest income	(90,420)	(26,332)
Dividend income	-	(3,600)
Compensation cost of employee share options	6,585	7,991
Gain on disposal of property, plant and equipment	-	(7,256)
Property, plant and equipment transferred to expenses	1,615	15,442
Write-down of inventories and reversal of write-down of inventories	(637)	(10,403)
Unrealized loss (gain) on foreign currency exchange	15,033	(92,765)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	-	181
Notes receivable	(766)	17
Trade receivables	(20,738)	75,590
Inventories	(86,866)	104,760
Other current assets	1,290	2,403
Other items of operating activities	(164)	(334)
Trade payables	89,076	(89,005)
Other payables	42,998	(16,237)
Other current liabilities	1,567	145
Current refund liabilities	(39,485)	18,528
Cash generated from operations	431,826	460,182
Interest received	77,775	23,729
Dividends received	-	3,600
Interest paid	(3,491)	(3,693)
Income tax paid	(30,447)	(66,454)
Net cash generated from operating activities	475,663	417,364
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(67,547)	(8,053)
Purchase of financial assets at amortized cost	(104,935)	-
Proceeds from sale of financial assets at fair value through profit or loss	(205,173)	-
Proceeds from sale of financial assets at fair value through profit or loss	53,758	2,734
Payments for property, plant and equipment	(49,136)	(51,375)
Proceeds from disposal of property, plant and equipment	-	35,542
Decrease in refundable deposits	-	1,239

(Continued)

UBRIGHT OPTRONICS CORPORATION AND SUBSIDIARIES

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

	2023	2022
Payments for intangible assets	\$ (3,638)	\$ (781)
Increase in prepayments for equipment	(11,177)	(118)
Net cash used in investing activities	(387,848)	(20,812)
CASH FLOWS FROM FINANCING ACTIVITIES		
Refund of guarantee deposits received	-	(10,225)
Repayment of the principal portion of lease liabilities	(26,017)	(25,866)
Dividends paid to owners of the Company	(233,918)	(265,736)
Exercise of employee share options	19,489	5,194
Net cash used in financing activities	(240,446)	(296,633)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(3,305)	92,733
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(155,936)	192,652
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,088,382	1,895,730
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 1,932,446	\$ 2,088,382

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

UBRIGHT OPTRONICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1. GENERAL INFORMATION

UBright Optronics Corporation (the “Company”) was established by Shinkong Synthetic Fibers Corporation, Po Ruei Corporation and others in the Republic of China (ROC) on January 6, 2004. The Group is mainly engaged in the manufacture and sale of precision chemical materials and wholesale of molds.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since July 2011.

The financial statements are presented in the Group’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Group’s board of directors on February 21, 2024.

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

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

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

1) Amendments to IAS 1 “Disclosure of Accounting Policies”

When applying the amendments, the Group refers to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Moreover:

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

- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

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

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Group is required to make significant judgments or assumptions in applying an accounting policy, and the Group discloses those judgments or assumptions; or
- e) The accounting is complex, and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

Refer to Note 4 for related accounting policy information.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

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

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

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

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

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

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

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

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

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

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

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

Current assets include:

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

Current liabilities include:

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

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and the entities controlled by the Group (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their

accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

e. Foreign currencies

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

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

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the functional currencies of the Group and its foreign operations (including subsidiaries, associates, joint ventures and branches in other countries or those that use currencies which are different from the currency of the Group) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Group and non-controlling interests as appropriate).

f. Inventories

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

recorded at weighted-average cost on the balance sheet date.

g. Property, plant and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

The 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.

h. Intangible assets

1) Intangible assets acquired separately

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

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.

i. Impairment of property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets, to determine whether there is an indication that those assets have suffered any 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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable

amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the 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 for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 26.

ii. Financial assets at amortized cost

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

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

A financial asset is credit impaired when significant financial difficulty of the issuer or the borrower; Breach of contract, such as a default; It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or the disappearance of an active market for that financial asset because of financial difficulties.

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not

increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

For internal credit risk management purposes, the Group considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 60 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

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

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

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at FVTPL.

k. Revenue recognition

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

For contracts where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

Revenue from the sale of goods

Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

l. Leases

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

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

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

m. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

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.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. 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.

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

o.Share-based payment arrangements (employee share options)

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately.

At the end of each reporting period, the Group revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

p.Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

3) Current and deferred taxes for the year

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

When developing material accounting estimates, the Group considers the possible impact of the economic environment implications of the international political and economic situation on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 250	\$ 271
Checking accounts and demand deposits	445,202	723,261
Cash equivalents (investments with original maturities of three months or less)		
Time deposits	1,486,994	1,364,850
	\$ 1,932,446	\$ 2,088,382

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

	December 31	
	2023	2022
Time deposits	1.13%-5.5%	0.43%-4.88%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
Financial assets at fair value through profit or loss (FVTPL) - current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	\$ 23,642	74,950
Bonds	420,951	208,055
	\$ 444,593	\$ 283,005

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	2022
Non-current		
Investments in equity instruments at FVTOCI	\$ 138,191	\$ 116,705

- Investments in equity instruments at FVTOCI

	December 31	
	2023	2022
Non-current		
Domestic listed shares and emerging market shares		
Shin Kong Financial Holding Co., Ltd. Preferred Stock B	\$ 57,300	\$ 71,800
Domestic unlisted shares		
OMVO TECHNOLOGY INC.	2,390	8,053
Foreign unlisted shares		
T-E Pharma Holding Inc.	32,240	36,852
T-E Meds Holding Inc.	46,261	-
	\$ 138,191	\$ 116,705

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected 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 Group's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
Current		
Domestic investments		
Time deposits with original maturities of more than 3 months	\$ 214,935	\$ 110,000

The market rates of financial assets at amortized cost at the end of the reporting period were as follows:

	December 31	
	2023	2022
Time deposits with original maturities of more than 3 months	5.25%-5.40%	1.07%

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2023	2022
Notes receivable		
At amortized cost		
Gross carrying amount	\$ 766	\$ -
Less: Allowance for impairment loss	-	-
	\$ 766	\$ -

(Continued)

	December 31	
	2023	2022
Trade receivables		
At amortized cost		
Gross carrying amount	\$ 412,481	\$ 406,658
Less: Allowance for impairment loss	(34,431)	(34,431)
	\$ 378,050	\$ 372,227
		(Concluded)

At amortized cost

The Group's credit period for the sale of goods to major customers is 60 to 120 days, and no interest is charged on trade receivables. The Group uses other publicly available financial information or its own trading records to rate its major customers. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base. Therefore, the Group uses provision matrixes based on the expected credit loss rate by reference to the past due days of accounts receivable.

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

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

December 31, 2023

Up to 60 Days	60 Days or More	
Credit Classification	Credit Classification	Total

Expected credit loss rate	0.51%-100%	100%	
Gross carrying amount	\$ 404,250	\$ 8,231	\$ 412,481
Loss allowance (Lifetime ECLs)	(26,200)	(8,231)	(34,431)
Amortized cost	\$ 378,050	\$ -	\$ 378,050

December 31, 2022

	<u>Up to 60 Days</u> <u>Credit</u> <u>Classification</u>	<u>60 Days or</u> <u>More</u> <u>Credit</u> <u>Classification</u>	<u>Total</u>
Expected credit loss rate	0.16%-44.85%	100%	
Gross carrying amount	\$ 387,701	\$ 18,957	\$ 406,658
Loss allowance (Lifetime ECLs)	(15,474)	(18,957)	(34,431)
Amortized cost	\$ 372,227	\$ -	\$ 372,227

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

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 34,431	\$ 34,431
Add: Net remeasurement of loss allowance	-	-
Balance at December 31	\$ 34,431	\$ 34,431

11. INVENTORIES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Raw materials	\$ 196,073	\$ 178,321
Materials	8,533	12,493
Semi-finished goods	223,301	127,055
Finished goods	30,663	53,198
	\$ 458,570	\$ 371,067

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 amounted to \$1,819,608 thousand and \$1,775,365 thousand, respectively.

The cost of goods sold included reversals of inventory write-downs of \$637 thousand and \$10,403 thousand for the years ended December 31, 2023 and 2022, respectively.

12. SUBSIDIARIES

- Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership December 31		Remark
			2023	2022	
UBright Optronics Corporation	Rise Concept Enterprises Limited	Investment	100.00%	100.00%	a.
Rise Concept Enterprises Limited	Suzhou UBright Optronics	Brightness enhancement film cutting	100.00%	100.00%	a.

- a. Its financial statements have been audited.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Other Equipment	Property under Construction	Total
Cost								
Balance at January 1, 2023	\$ 60,920	\$ 894,407	\$ 1,714,793	\$ 39,936	\$ 17,311	\$ 58,180	\$ 6,783	\$ 2,792,330
Additions	-	2,803	25,739	-	535	98	19,961	49,136
Disposals	-	-	(490)	-	-	(158)	-	(648)
Reclassifications	-	4,314	2,056	940	667	3,568	(13,160)	(1,615)
Balance at December 31, 2023	\$ 60,920	\$ 901,524	\$ 1,742,098	\$ 40,876	\$ 18,513	\$ 61,688	\$ 13,584	\$ 2,839,203
Accumulated depreciation								
Balance at January 1, 2023	\$ -	\$ 676,344	\$ 1,619,269	\$ 36,911	\$ 16,153	\$ 46,620	\$ -	\$ 2,395,297
Disposals	-	-	(490)	-	-	(158)	-	(648)
Depreciation expense	-	53,765	31,155	1,748	450	8,573	-	95,691
Balance at December 31, 2023	\$ -	\$ 730,109	\$ 1,649,934	\$ 38,659	\$ 16,603	\$ 55,035	\$ -	\$ 2,490,340
Carrying amount at December 31, 2023	\$ 60,920	\$ 171,415	\$ 92,164	\$ 2,217	\$ 1,910	\$ 6,653	\$ 13,584	\$ 348,863
Cost								
Balance at January 1, 2022	\$ 85,420	\$ 902,698	\$ 1,720,442	\$ 39,746	\$ 18,787	\$ 46,565	\$ 7,674	\$ 2,821,332
Additions	-	2,041	26,539	-	1,020	-	21,775	51,375
Disposals	(24,500)	(14,402)	(23,067)	(470)	(2,496)	-	-	(64,935)
Reclassifications	-	4,070	(9,121)	660	-	11,615	(22,666)	(15,442)
Balance at December 31, 2022	\$ 60,920	\$ 894,407	\$ 1,714,793	\$ 39,936	\$ 17,311	\$ 58,180	\$ 6,783	\$ 2,792,330
Accumulated depreciation								
Balance at January 1, 2022	\$ -	\$ 625,933	\$ 1,611,476	\$ 36,012	\$ 17,883	\$ 40,233	\$ -	\$ 2,331,537
Disposals	-	(10,699)	(23,067)	(470)	(2,413)	-	-	(36,649)
Depreciation expense	-	61,110	30,860	1,369	683	6,387	-	100,409
Balance at December 31, 2022	\$ -	\$ 676,344	\$ 1,619,269	\$ 36,911	\$ 16,153	\$ 46,620	\$ -	\$ 2,395,297
Carrying amount at December 31, 2022	\$ 60,920	\$ 218,063	\$ 95,524	\$ 3,025	\$ 1,158	\$ 11,560	\$ 6,783	\$ 397,033

No impairment assessment was performed for the years ended December 31, 2023 and 2022 as there was no indication of impairment.

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

Buildings	1-43.67 years
Machinery equipment	1-9 years
Transportation equipment	1-7 years
Office equipment	1-10 years
Other equipment	1-6 years

The material components of buildings primarily include the main plant, air-conditioning equipment, engineering and fire protection engineering equipment, which are depreciated on a straight-line basis over their estimated useful lives of 11 to 43.67 years, 2.5 to 9 years and 6 years, respectively.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amount		
Land	\$ 302,777	\$ 334,899
Buildings	561	883
Machinery	112	170
Transportation equipment	1,543	-
Office equipment	566	42
	\$ 305,559	\$ 335,994
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	\$ 2,231	\$ 938
Depreciation charge for right-of-use assets		
Land	\$ 27,956	\$ 28,302
Buildings	310	1,110
Machinery	58	58
Transportation equipment	26	-
Office equipment	138	193
	\$ 28,488	\$ 29,663

b. Lease liabilities

	December 31	
	2023	2022
Carrying amount		
Current	\$ 27,157	\$ 25,742
Non-current	\$ 300,480	\$ 329,859

Range of discount rate for lease liabilities was as follows:

	December 31	
	2023	2022
Land	1.00%	1.00%
Buildings	4.35%	1.00%-4.35%
Machinery	1.00%	1.00%
Transportation equipment	1.00%	-
Office equipment	1.00%	1.00%

c. Material lease activities and terms (the Group is lessee)

The Group leases certain machinery and office equipment for the use of operating activities with lease terms of 5 to 6 years. The Group does not have bargain purchase options to acquire the leasehold equipment at the end of the lease terms.

The Group also leases land and buildings for the use of plants and offices with lease terms of 3 to 20 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	\$ 5,538	\$ 3,733
Total cash outflow for leases	\$ 34,964	\$ 33,262

15. OTHER INTANGIBLE ASSETS

	Computer Software Cost	Patents	Technology Licensing	Total
Cost				
Balance at January 1, 2023	\$ 2,373	\$ 7,660	\$ 1,750	\$ 11,783
Additions	3,638	-	-	3,638
Disposals	-	(7,660)	(1,750)	(9,410)
Balance at December 31, 2023	\$ 6,011	\$ -	\$ -	\$ 6,011
Accumulated amortization and impairment				
Balance at January 1, 2023	\$ 905	\$ 7,660	\$ 1,750	\$ 10,315
Amortization expenses	1,338	-	-	1,338
Disposals	-	(7,660)	(1,750)	(9,410)
Balance at December 31, 2023	\$ 2,243	\$ -	\$ -	\$ 2,243
Carrying amount at December 31, 2023	\$ 3,768	\$ -	\$ -	\$ 3,768
Cost				
Balance at January 1, 2022	\$ 12,662	\$ 7,660	\$ 1,750	\$ 22,072
Additions	781	-	-	781
Disposals	(11,070)	-	-	(11,070)
Balance at December 31, 2022	\$ 2,373	\$ 7,660	\$ 1,750	\$ 11,783
Accumulated amortization and impairment				
Balance at January 1, 2022	\$ 11,351	\$ 7,660	\$ 1,750	\$ 20,761
Amortization expenses	624	-	-	624
Disposals	(11,070)	-	-	(11,070)
Balance at December 31, 2022	\$ 905	\$ 7,660	\$ 1,750	\$ 10,315
Carrying amount at December 31, 2022	\$ 1,468	\$ -	\$ -	\$ 1,468
				(Concluded)

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Patents	5 years
Computer software	1-5 years
Technology licensing	10 years

16. TRADE PAYABLES

	December 31	
	2023	2022
Trade payables		
Operating	\$ 168,795	\$ 83,587

The average credit period on purchases of raw material and material was one month. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

17. OTHER LIABILITIES

	December 31	
	2023	2022
Current		
Payables for salaries	\$ 138,435	\$ 108,304
Others	62,053	49,186
	\$ 200,488	\$ 157,490
Other liabilities		
Refund liabilities (Note 20)	\$ 209,952	\$ 249,437
Others	5,859	4,292
	\$ 215,811	\$ 253,729

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plan

The defined benefit plans adopted by the Group in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Group contributes amounts equal to 6% 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 Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that

should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the “Bureau”); the Group has no right to influence the investment policy and strategy.

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

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ -	\$ -
Fair value of plan assets	(2,780)	(2,693)
Retained contributions	(2,780)	(2,693)
Net defined benefit liabilities	\$ (2,780)	\$ (2,693)

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	\$ 426	\$ (2,571)	\$ (2,145)
Interest expense (income)	1	(11)	(10)
Recognized in profit or loss	1	(11)	(10)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(192)	(192)
Actuarial (gain) loss			
Experience adjustments	(22)	-	(22)
Recognized in other comprehensive income	(22)	(192)	(214)
Contributions from the employer	-	(324)	(324)
Benefits paid	(405)	405	-
Balance at December 31, 2022	-	(2,693)	(2,693)

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Remeasurement			
Actuarial gain			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ (59)	\$ (59)
Actuarial (gain) loss			
Changes in financial assumptions	16	-	16
Experience adjustments	120	-	120
Recognized in other comprehensive income	136	(59)	77
Contributions from the employer	-	(164)	(164)
Balance at December 31, 2023	\$ 136	\$ (2,916)	\$ (2,780) (Concluded)

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

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

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

	December 31	
	2023	2022
Discount rate(s)	1.4436%	-
Expected rate(s) of salary increase	2.00%	-
Average duration of the defined benefit obligation	24.75years	-

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

	December 31	
	2023	2022
Discount rate		
0.25% increase	<u>\$ (8)</u>	<u>\$ -</u>
0.25% decrease	<u>\$ 9</u>	<u>\$ -</u>
Expected rate of salary increase/decrease		
0.25% increase	<u>\$ 8</u>	<u>\$ -</u>
0.25% decrease	<u>\$ (8)</u>	<u>\$ -</u>

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

19. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2023	2022
Shares authorized (in thousands of shares)	150,000	150,000
Shares authorized (in thousands of dollars)	\$ 1,500,000	\$ 1,500,000
Shares issued and fully paid (in thousands of shares)	80,992	80,178
Shares issued and fully paid (in thousands of dollars)	\$ 809,917	\$ 801,777

For the year ended December 31, 2022, the Group's authorized shares include 233 thousand shares, which are allocated for the exercise of employee share options.

For the year ended December 31, 2023, the Group's authorized shares increased by 814 thousand shares, which were exercised from the employee share options. Among the 599 thousand shares, the company has not yet registered with the Ministry of Economic Affairs before the date the consolidated financial statements were authorized for issue.

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares (3)	\$ 858,469	\$ 840,910
Capital surplus - expired employee share options	151,622	151,622
Donations	1	1

(Continued)

	December 31	
	2023	2022
May be used to offset a deficit only		
Changes in percentage of ownership interests in subsidiaries (2)	\$ 209	\$ 209
May not be used for any purpose		
Employee share options	12,017	11,642
	\$ 1,022,318	\$ 1,004,384 (Concluded)

- 1) 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).
- 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.
- 3) For the years ended December 31, 2023 and 2022, the number of ordinary shares issued was 11,349 thousand and 2,864 thousand, respectively, and the number of ordinary shares reclassified to capital surplus - employee share options was 6,210 thousand and 1,140 thousand, respectively.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended 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 legal reserve 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. The aforementioned distribution of dividends and bonuses from the legal reserve or capital surplus shall be authorized by the board of directors in their meeting attended by at least two-thirds of all directors and resolved by more than half of the directors present, and reported to the shareholders in their meeting.

For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to employees' compensation and remuneration of directors and supervisors in Note 21-h.

The Company's Articles also stipulate a dividend policy whereby the issuance of stock dividends takes precedence over the payment of cash dividends. In principle, cash dividends are limited to 10% of the total

dividends distributed.

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

When a special reserve is appropriated for cumulative net debit balance reserves from the prior period, the special reserve is only appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2022 and 2021 were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2022	2021
Legal reserve	\$ 28,762	\$ 29,183
Special reserve	\$ 24,945	\$ (3,037)
Cash dividends	\$ 233,918	\$ 265,736
Cash dividends per share (NT\$)	\$ 2.9175	\$ 3.324

The above appropriations for cash dividends were resolved by the Company's board of directors on March 9, 2023 and March 14, 2022; the other proposed appropriations were resolved by the shareholders in their meetings on June 7, 2023 and June 6, 2022.

The appropriation of earnings for 2023, which were proposed by the Company's board of directors on February 21, 2024, were as follows:

	For the Year Ended December 31, 2022
Legal reserve	\$ 33,948
Special reserve	\$ 45,380
Cash dividends	\$ 242,975
Cash dividends per share (NT\$)	\$ 3

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on June 3, 2024.

d.Special reserve

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 2,477	\$ 5,514
Appropriation in respect of:		
Debit to other equity items	24,945	-
Reversals:		
Reversal of the debits to other equity items	-	(3,037)
Balance at December 31	\$ 27,422	\$ 2,477

20. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 2,498,270	\$ 2,292,251

a. Contract information

The Group's customary business practice allows major customers to return the goods purchased or offer a discount on the goods. The amount of returns and allowances is estimated using the most likely amount, taking into account the transaction records with the customers in the past and the Group's historical records. The refund liability is recorded accordingly. Refer to Note 17 for the related information.

b. Contract balances

	December 31	
	2023	2022
Trade receivables (Note 10)	\$ 378,816	\$ 372,227

c. Disaggregation of contract revenue

	Reportable Segments	
	Electronic Equipment - Direct Sales	Total
<u>For the year ended December 31, 2023</u>		
Type of goods or services		
Sale of goods	\$ 2,498,270	\$ 2,498,270
<u>For the year ended December 31, 2022</u>		
Type of goods or services		
Sale of goods	\$ 2,292,251	\$ 2,292,251

21. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	\$ 74,956	\$ 14,486
Financial assets at FVTPL	15,405	11,808
Others	59	38
	\$ 90,420	\$ 26,332

b. Other income

	For the Year Ended December 31	
	2023	2022
Dividends	\$ -	\$ 3,600
Others	7,251	3,649
	\$ 7,251	\$ 7,249

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Net foreign exchange gains (losses)	\$ (4,400)	\$ 97,315
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	10,173	(11,542)
Gain on disposal of property, plant and equipment	-	7,256
Others	(126)	(189)
	\$ 5,647	\$ 92,840

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on lease liabilities	\$ 3,409	\$ 3,663
Other finance costs	82	30
	\$ 3,491	\$ 3,693

There was no capitalized interest for the years ended December 31, 2023 and 2022.

e. Reversals of (losses) impairment

	For the Year Ended December 31	
	2023	2022
Inventories (included in operating costs)	\$ 637	\$ 10,403

f. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 95,691	\$ 100,409
Right-of-use assets	28,488	29,663
Other intangible assets	1,338	624
	\$ 125,517	\$ 130,696
An analysis of depreciation by function		
Operating costs	\$ 110,387	\$ 116,152
Operating expenses	13,792	13,920
	\$ 124,179	\$ 130,072
An analysis of amortization by function		
Operating costs	\$ 338	\$ 146
Operating expenses	1,000	478
	\$ 1,338	\$ 624

g. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Short-term benefits	\$ 456,873	\$ 400,224
Post-employment benefits (Note 18)		
Defined contribution plans	15,198	15,195
Defined benefit plans	-	(10)
	15,198	15,185
Share-based payments		
Equity-settled (Note 24)	6,585	7,991
Total employee benefits expense	\$ 478,656	\$ 423,400
An analysis of employee benefits expense by function		
Operating costs	\$ 356,210	\$ 329,405
Operating expenses	122,446	93,995
	\$ 478,656	\$ 423,400

h. Employees' compensation and remuneration of directors and supervisors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2023 and 2022 which were approved by the Company's board of directors on February 21, 2024 and March 9, 2023, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2023	2022
Employees' compensation	1.00%	1.00%
Remuneration of directors	0.069%	0.054%

Amount

	For the Year Ended December 31	
	2023	2022
	Cash	Cash
Employees' compensation	\$ 3,979	\$ 3,385
Remuneration of directors	275	180

If there is a change in the amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

The compensation of employees and remuneration of directors paid for 2022 and 2021 differed from the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021, respectively. The differences were adjusted to profit and loss for the years ended December 31, 2023 and 2022, respectively.

	For the Year Ended December 31			
	2022		2021	
	Compensation of Employees	Remuneration of Directors and Supervisors	Compensation of Employees	Remuneration of Directors and Supervisors
Amounts approved in the board of directors' meeting	\$ 3,385	\$ 180	\$ 3,599	\$ 275
Amounts recognized in the annual consolidated financial statements	\$ 3,385	\$ 180	\$ 3,599	\$ -

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2024 and 2023 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2023	2022
Foreign exchange (losses) gains	\$ (4,400)	\$ 97,315

22. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 84,842	\$ 47,845
Income tax on unappropriated earnings	-	-
Adjustments for prior years	(22,578)	(19,557)
	62,264	28,288
Deferred tax		
In respect of the current year	(7,213)	18,656
Adjustments for prior years	(692)	730
	(7,905)	19,386
Income tax expense recognized in profit or loss	\$ 54,359	\$ 47,674

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

	For the Year Ended December 31	
	2023	2022
Profit before tax from continuing operations	\$ 393,903	\$ 335,126
Income tax expense calculated at the statutory rate	\$ 79,443	\$ 67,025
Nondeductible expenses in determining taxable income	10	23
Tax-exempt income	(752)	(500)
Unrecognized deductible temporary differences	(1,072)	1
Gain on disposals of offshore fund	-	(48)
Adjustments for prior years' tax	(22,578)	(19,557)
Adjustments for prior years' deferred tax	(692)	730
Income tax expense recognized in profit or loss	\$ 54,359	\$ 47,674

b. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax liabilities		
Income tax payable	\$ 61,692	\$ 29,875

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Offshore fund liabilities	\$ 32,824	\$ (5,716)	\$ -	\$ 27,108
Unrealized loss on foreign currency exchange loss	-	5,744	-	5,744
Unrealized loss on write-down of inventories	28,640	(128)	-	28,512
Fair value changes of financial assets	2,490	(546)	-	1,944
Allowance for impairment loss of receivables	<u>6,073</u>	<u>(79)</u>	<u>-</u>	<u>5,994</u>
	<u>\$ 70,027</u>	<u>\$ (725)</u>	<u>\$ -</u>	<u>\$ 69,302</u>
				(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized gain on foreign currency exchange gain	\$ 8,630	\$ (8,630)	\$ -	\$ -
Defined benefit obligation	<u>41</u>	<u>-</u>	<u>(16)</u>	<u>25</u>
	<u>\$ 8,671</u>	<u>\$ (8,630)</u>	<u>\$ (16)</u>	<u>\$ 25</u> (Concluded)

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Deferred liabilities	\$ 40,795	\$ (7,971)	\$ -	\$ 32,824
Defined benefit obligation	2	-	(2)	-
Unrealized loss on foreign currency exchange loss	3,210	(3,210)	-	-
Unrealized loss on write-down of inventories	30,720	(2,080)	-	28,640
Fair value changes of financial assets	182	2,308	-	2,490
Allowance for impairment loss of receivables	<u>5,912</u>	<u>161</u>	<u>-</u>	<u>6,073</u>
	<u>\$ 80,821</u>	<u>\$ (10,792)</u>	<u>\$ (2)</u>	<u>\$ 70,027</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized gain on foreign currency exchange gain	\$ -	\$ 8,630	\$ -	\$ 8,630
Defined benefit obligation	-	-	41	41
Fair value changes of financial assets	<u>36</u>	<u>(36)</u>	<u>-</u>	<u>-</u>
	<u>\$ 36</u>	<u>\$ 8,594</u>	<u>\$ 41</u>	<u>\$ 8,671</u>

d. Deductible temporary differences for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2023	2022
Deductible temporary differences		
Share of loss of associates	\$ 3,945	\$ 5,997

e. Income tax assessments

The Company's tax returns 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 per share		
from continuing operations	<u>\$ 4.22</u>	<u>\$ 3.59</u>
Diluted earnings per share		
from continuing operations	<u>\$ 4.16</u>	<u>\$ 3.57</u>

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

Net Profit for the Year

	For the Year Ended December 31	
	2023	2022
Earnings used in the computation of basic earnings per share	<u>\$ 339,544</u>	<u>\$ 287,452</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 339,544</u>	<u>\$ 287,452</u>

Weighted Average Number of Ordinary Shares Outstanding

Unit: In Thousands of Shares

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	80,437	80,069
Effect of potentially dilutive ordinary shares:		
Employees' compensation and share options	<u>1,156</u>	<u>540</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>81,593</u>	<u>80,609</u>

Since the Group offered to settle compensation or bonuses paid to employees in cash or shares, the Group assumed the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

24. SHARE-BASED PAYMENT ARRANGEMENTS

Qualified employees of the Company were granted 2,050 options in October 2021 and 880 options in January 2020. Each option entitles the holder to subscribe for one thousand ordinary shares of the Company. The options granted are valid for 5 years and exercisable at certain percentages after the second year from the grant date. The options were granted at an exercise price equal to the closing price of the Company's ordinary shares listed on the grant date. For any subsequent changes in the Company's capital surplus, the exercise price is adjusted accordingly.

Information on employee share options was as follows:

	The Plan of October 2021			
	2023		2022	
	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)
Balance at January 1	2,050	\$ 28.20	2,050	\$ 31.15
Options granted	-	-	-	-
Options forfeited	-	-	-	-
Options exercised	537	25.90	-	-
Options expired	-	-	-	-
Balance at December 31	<u>1,513</u>	25.90	<u>2,050</u>	28.20
Options exercisable, end of period	<u>488</u>	25.90	<u>-</u>	-
Weighted-average fair value of options granted (\$)	<u>\$ -</u>		<u>\$ -</u>	

The Plan of January 2020				
2023			2022	
	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)
Balance at January 1	647	\$ 20.80	880	\$ 23.00
Options granted	-	-	-	-
Options forfeited	-	-	-	-
Options exercised	(171)	20.80	(158)	23.00
Options exercised	(106)	19.10	(75)	20.80
Options expired	-	-	-	-
Balance at December 31	<u>370</u>	19.10	<u>647</u>	20.80
Options exercisable, end of period	<u>18</u>	19.10	<u>31</u>	20.80
Weighted-average fair value of options granted (\$)	<u>\$ -</u>		<u>\$ -</u>	

Information on outstanding options as of December 31, 2023 and 2022 is as follows:

	December 31	
	2023	2022
Range of exercise price (NT\$)	\$19.10-\$25.90	\$20.80-\$28.20
Weighted-average remaining contractual life (in years)	1.02-2.8 years	2.02-3.8 years

Options granted in January 2020 and October 2021 were priced using the binomial option pricing model and the inputs to the model are as follows:

	October 2021	January 2020
Grant-date share price (\$)	\$31.15	\$25.50
Exercise price (\$)	\$31.15	\$25.50
Expected volatility	35.36%	34.08%
Expected life (in years)	5 years	5 years
Risk-free interest rate	0.3947%	0.5526%

Expected volatility was based on the historical share price volatility over the past year. To allow for the effects of early exercise, the Company assumed that employees would exercise their options after the vesting date when the share price was higher than the exercise price.

Compensation costs recognized were \$6,585 thousand and \$7,991 thousand for the years ended December 31, 2023 and 2022, respectively.

25. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Group (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

Key management personnel of the Group review the capital structure on an annual basis. As part of this review, the key Management personnel consider the cost of capital and the risk associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

26. FINANCIAL INSTRUMENTS

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

Except for the financial instruments measured at fair value, the management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements which are not measured at fair value approximate their fair values.

b. Fair value of financial instruments measured at fair value

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 23,642	\$ -	\$ -	\$ 23,642
Domestic corporate bonds	128,474	-	-	128,474
Foreign corporate bonds	<u>292,477</u>	<u>-</u>	<u>-</u>	<u>292,477</u>
	<u>\$ 444,593</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 444,593</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic investments - listed shares and emerging market shares	\$ 57,300	\$ -	\$ -	\$ 57,300
Domestic investments - unlisted shares	-	2,390	-	2,390
Foreign investments - unlisted share	<u>-</u>	<u>78,501</u>	<u>-</u>	<u>78,501</u>
	<u>\$ 57,300</u>	<u>\$ 80,891</u>	<u>\$ -</u>	<u>\$ 138,191</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 74,950	\$ -	\$ -	\$ 74,950
Domestic corporate bonds	125,964	-	-	125,964
Foreign corporate bonds	<u>82,091</u>	<u>-</u>	<u>-</u>	<u>82,091</u>
	<u>\$ 283,005</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 283,005</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic investments - listed shares and emerging market shares	\$ 71,800	\$ -	\$ -	\$ 71,800
Domestic investments - unlisted shares	-	8,053	-	8,053
Foreign investments - unlisted share	<u>-</u>	<u>36,852</u>	<u>-</u>	<u>36,852</u>
	<u>\$ 71,800</u>	<u>\$ 44,905</u>	<u>\$ -</u>	<u>\$ 116,705</u>

There were no transfers between Levels 1 and 2 in the current and prior years.

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

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Unlisted equity securities	Based on market observations, economic trends and industry characteristics, value multipliers that are highly relevant to the target are used as inputs for fair value calculation.

c.Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 444,593	\$ 283,005
Financial assets at amortized cost (1)	2,537,748	2,582,160
Financial assets at FVTOCI		
Equity instruments	138,191	116,705
<u>Financial liabilities</u>		
Amortized cost (2)	558,440	488,325

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, debt investments, notes receivable and trade receivables, refundable deposits and restricted asset.
- 2) The balances include financial liabilities measured at amortized cost, which comprise notes payable, trade payables, other payables and lease liabilities.

d.Financial risk management objectives and policies

The Group's major financial instruments included trade receivables and trade payables. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and other price risk), credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and other prices (see (b) below).

The Group engages in various derivative financial instruments to manage its exposure to foreign currency exchange rate and interest rate risks, including forward foreign exchange contracts to hedge exchange rate risks arising from the export of commodities to other place or the receipt of foreign currencies.

There has been no change to the Group's exposure to market risk or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing foreign exchange forward contracts.

The Group uses foreign exchange forward contracts to reduce foreign currency risk. It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities are set out in Note 31.

Sensitivity analysis

The Group is mainly exposed to the USD.

The following table details the Group's sensitivity to a 10% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 10%. A positive (negative) number indicates an increase (decrease) in pre-tax profit associated with the New Taiwan dollar weakening (strengthening) 10% against the relevant foreign currencies. Conversely, there would be an equal and opposite impact on pre-tax profit for a 10% strengthening (weakening) of the New Taiwan dollar against the relevant foreign currencies.

	USD Impact	
	For the Year Ended December 31	
	2023	2022
Profit or loss	\$ 211,061	\$ 160,825

* This was mainly attributable to the exposure on outstanding USD bank deposits, and receivables and payables which were not hedged at the end of the reporting period.

b) Other price risk

The Group was exposed to equity price risk and commodity price risk through its investments in equity securities and mutual funds. The Group manages this exposure by maintaining a portfolio of investments with different risks.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 10% higher/lower, pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$44,459 thousand and \$28,301 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have increased/decreased by \$13,819 thousand and \$11,671 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Group's sensitivity to investments in equity securities has not changed significantly from the prior year.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of the following:

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- b) The amount of contingent liabilities arising from the financial guarantee provided by the Group.

The Group adopts a policy of only dealing with creditworthy objects and obtaining sufficient guarantees where necessary to mitigate the risk of financial loss due to default. The Group uses publicly available financial information and transaction records to rate key customers. The Group continues to monitor the credit risk and the credit rating of the counterparty, and distributes the total transaction amount to customers with qualified credit ratings, and controls the credit risk through the annual review and approval of the credit limit of the counterparty.

In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance has been made for irrecoverable amounts.

Ongoing credit evaluation is performed on the financial condition of trade receivables. Credit insurance will be purchased if necessary.

Apart from Company A, the largest customer, the Group did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The Group's credit risk was mainly concentrated on their largest customer, Customer A. As of December 31, 2023 and 2022, the proportion of total trade receivables - non-related parties from Customer A was 28% and 34%, respectively.

3) Liquidity risk

The Group manages liquidity risk by maintaining an adequate level of cash and cash equivalents and continuously monitoring forecasted and actual cash flows as well as matching the maturity profiles of financial assets and liabilities.

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

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years
<u>non-derivative financial liabilities</u>					
non-interest bearing liabilities	\$ 141,610	\$ 89,193	\$ -	\$ -	\$ -
interest-bearing liabilities	<u>2,239</u>	<u>4,483</u>	<u>20,435</u>	<u>115,365</u>	<u>185,115</u>
	<u>\$ 143,849</u>	<u>\$ 93,676</u>	<u>\$ 20,435</u>	<u>\$ 115,365</u>	<u>\$ 185,115</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
ase liabilities	\$ 27,157	\$ 115,365	\$ 136,014	\$ 42,363	\$ 6,738
<u>December 31, 2022</u>					

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years
on-derivative <u>financial liabilities</u>					
on-interest bearing liabilities	\$ 71,403	\$ 61,321	\$ -	\$ -	\$ -
ase liabilities	<u>2,160</u>	<u>4,190</u>	<u>19,392</u>	<u>111,398</u>	<u>218,461</u>
	<u>\$ 73,563</u>	<u>\$ 65,511</u>	<u>\$ 19,392</u>	<u>\$ 111,398</u>	<u>\$ 218,461</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
ase liabilities	\$ 25,742	\$ 111,398	\$ 153,744	\$ 51,307	\$ 13,410

27. TRANSACTIONS WITH RELATED PARTIES

The Group's parent is Shinkong Synthetic Fibers Corporation, which held 56.4% and 56.49% of the ordinary shares of the Group at December 31, 2023 and 2022, respectively. The Group's ultimate parent and ultimate controlling party is Shinkong Synthetic Fibers Corporation.

Details of transactions between the Company and other related parties are disclosed below.

a. Related party name and category

Related Party Name	Related Party Category
Shinkong Synthetic Fibers Corporation	The Company's parent
Shinkong Polyester Film Corp., Ltd.	Related party in substance
Tac Bright Optronics Corp.	Related party in substance
Shinkong International Securities Co., Ltd.	Related party in substance

Taipei Star Bank	Related party in substance
Shin Kong International Leasing Corp.	Related party in substance
Shin Kong Textile Co., Ltd.	Other related party
Shin Kong Life Insurance Co., Ltd	Other related party
Shin Kong Insurance Co., Ltd.	Other related party

b.Sales of goods

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Sales	Related party in substance/others	\$ <u>454</u>	\$ <u>308</u>

The Group's pricing strategy for the sale of goods to related parties is to set the selling prices at rates comparable to market rates. The period of collection of trade receivables from the related parties is 60 days.

c.Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Related party in substance/Shinkong Polyester Film Corp., Ltd.	\$ 44,797	\$ 33,476
Related party in substance/others	4,558	11,674
Other related party/Others	<u>115</u>	<u>108</u>
	\$ <u>49,470</u>	\$ <u>45,258</u>

Related party in substance: Prices are determined through negotiations with reference to the market prices, and the payment term is the 20th of the following month after delivery.

d.Other income

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Related party in substance/others	\$ <u>65</u>	\$ <u>796</u>

e.Operating expenses

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
The Company's parent/Shinkong Synthetic Fibers Corporation	\$ 203	\$ 751
Related party in substance/others	<u>840</u>	<u>840</u>
	\$ <u>1,043</u>	\$ <u>1,591</u>

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

Line Item	Related Party Category/Name	December 31	
		2023	2022
Trade payables	Related party in substance/others	\$ <u>5,121</u>	\$ <u>6,017</u>

The outstanding trade payables to related parties are unsecured.

g. Disposal of property, plant and equipment

Related Party Category/Name	Proceeds		Gain (Loss) on Disposal	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2023	2022	2023	2022
The Company's parent/Shinkong Synthetic Fibers Corporation	\$ <u>-</u>	\$ <u>36,150</u>	\$ <u>-</u>	\$ <u>7,256</u>

h. Lease agreements - the Group is lessee

Line Item	Related Party Category/Name	December 31	
		2023	2022
Acquisition of right-of-use assets	Related party in substance/others	\$ <u>1,569</u>	\$ <u>-</u>
Lease liabilities	Other related party/Shin Kong Textile Co., Ltd.	\$ <u>224,704</u>	\$ <u>248,653</u>
For the Year Ended December 31		2023	2022
Related Party Category/Name		2023	2022
Interest expense			
Other related party/Shin Kong Textile Co., Ltd.		\$ 2,343	\$ 2,571
Related party in substance/Others		<u>1</u>	<u>-</u>
		\$ <u>2,344</u>	\$ <u>2,571</u>
Lease expense			
Related party in substance/others		\$ <u>1,515</u>	\$ <u>1,540</u>

i. Others

Related Party Category/Name	December 31	
	2023	2022
Bank deposits		
Related party in substance/Taipei Star Bank	\$ 186,851	\$ 70,883
Refundable deposits		
Other related party/Shin Kong Textile Co., Ltd.	4,010	4,010
Other payables		
The Company's parent/Shinkong Synthetic Fibers Corporation	198	312
Related party in substance/others	140	140

j. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 13,203	\$ 16,345
Share-based payments	<u>-</u>	<u>-</u>
	<u>\$ 13,203</u>	<u>\$ 16,345</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets have been provided as collateral for financing loans and customs duty guarantees for imported raw materials for the Ministry of Economic Affairs:

	December 31	
	2023	2022
Pledged time deposits (presented in other current liabilities)	<u>\$ 7,300</u>	<u>\$ 7,300</u>

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2023 and 2022 were as follows:

Letters of credit

Outstanding letters of credit not reflected in the accompanying consolidated financial statements as of December 31, 2023 and 2022 were as follows:

	December 31	
	2023	2022
USD	\$ 1,864	\$ 570

30. OTHER ITEMS

The Group considers the possible impact of situation of international political and economic environment implications, and assessed that these did not have a significant impact on the Group's ability to continue as a going concern, financial asset impairment and financing risk.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 72,954	30.705 (USD:NTD)	<u>\$ 2,240,043</u>
<u>Financial liabilities</u>			
Monetary items			
USD	4,215	30.705 (USD:NTD)	<u>\$ 129,429</u>

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 61,794	30.71 (USD:NTD)	\$ 1,897,680
JPY	108,997	0.2324 (JPY:NTD)	<u>25,331</u>
			<u>\$ 1,923,011</u>

Financial liabilities

Monetary items			
USD	9,425	30.71 (USD:NTD)	<u>\$ 289,432</u>

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange (losses) gains were \$(4,400) thousand and \$97,315 thousand, respectively. It is impractical to disclose net foreign exchange gains and losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies.

32. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (None)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 2)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 3)
- 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 (None)
- 9) Trading in derivative instruments (None)
- 10) Intercompany relationships and significant intercompany transactions (Table 4)

b.Information on investees (Table 5)

c.Information on investments in mainland China

- 1) Information on any investee Group in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 6)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 7)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.

d.Information of major shareholders:

List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 8)

33. SEGMENT INFORMATION

a.Segment revenue and results

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the operating activities of the Group are related to the manufacturing and trading of brightness enhancement film, and the operating income of such operating activities accounts for more than 90% of the total revenue of the Group, so the Group is managed and allocated resources by a single operating segment.

b.Revenue from major products

The Group's revenue from continuing operations is derived from sales of its single product - Brightness enhancement film.

c.Geographical information

The Group has no foreign operations.

d.Information about major customers

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

	For the Year Ended December 31	
	2023	2022
Customer A	\$ 658,879	\$ 637,507
Customer B	<u>276,276</u>	<u>265,922</u>
	<u>\$ 935,155</u>	<u>\$ 903,429</u>

UBRIGHT OPTRONICS CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
0	UBright Optronics Corporation	Rise Concept Enterprises Limited	Other receivables from related parties	Yes	\$ 107,468	\$ 107,468	\$ 92,115	0.8	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	Note A	Note B	

Note A: Financing limit for each borrower is 20% of the net value of the lender = \$3,374,173 thousand x 20% = \$674,835 thousand.

Note B: Aggregate financing limit is 40% of the net value of the financing company = \$3,374,173 thousand x 40% = \$1,349,669 thousand.

UBRIGHT OPTRONICS CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated 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	Percentage of Ownership (%)	Fair Value	
UBright Optronics Corp.	Mutual funds							
	Nomura Funds Ireland plc - Global Dynamic Bond Fund Class TD USD	None	Financial assets at FVTPL - current	10,201	\$ 23,642	-	\$ 23,642	None
	Domestic corporate bonds							
	Cathay Life Insurance subordinated debenture	None	Financial assets at FVTPL - current	50,000	50,074	-	50,074	None
	Taipei Star Bank Subordinated Perpetual Bonds	Related party in substance	Financial assets at FVTPL - current	80,000	78,400	-	78,400	None
	Foreign corporate bonds							
	Standard Chartered (a)	None	Financial assets at FVTPL - current	200,000	6,022	-	6,022	None
	BNP Paribas (a)	None	Financial assets at FVTPL - current	400,000	12,086	-	12,086	None
	BNP Paribas (b)	None	Financial assets at FVTPL - current	450,000	13,596	-	13,596	None
	Standard Chartered (b)	None	Financial assets at FVTPL - current	430,000	12,952	-	12,952	None
	ABN AMRO	None	Financial assets at FVTPL - current	840,000	25,483	-	25,483	None
	Standard Chartered (c)	None	Financial assets at FVTPL - current	430,000	12,952	-	12,952	None
	TSMC Arizona USD corporate bonds	None	Financial assets at FVTPL - current	1,750,000	49,919	-	49,919	None
	Morgan Chase USD corporate bonds	None	Financial assets at FVTPL - current	1,750,000	54,056	-	54,056	None
	UBS Group AG USD corporate bonds	None	Financial assets at FVTPL - current	1,750,000	53,358	-	53,358	None
	Mizuho Financial USD corporate bonds (a)	None	Financial assets at FVTPL - current	1,000,000	29,876	-	29,876	None
	Mizuho Financial USD corporate bonds (b)	None	Financial assets at FVTPL - current	750,000	22,177	-	22,177	None
	Shares							
	Shin Kong Financial Holding Co., Ltd. Preferred Stock B	Related party of the Company's chairman	Financial assets at FVTOCI - non-current	2,000,000	57,300	-	57,300	None
	OMVO TECHNOLOGY INC.	None	Financial assets at FVTOCI - non-current	5,430,746	2,390	11.56	2,390	None
Rise Concept Enterprises Limited	T-E Pharma Holding, Inc.	None	Financial assets at FVTOCI - non-current	3,750,000	32,240	1.41	32,240	None
	T-E Meds Holding, Inc.	None	Financial assets at FVTOCI - non-current	1,500,000	46,261	0.70	46,261	None

UBRIGHT OPTRONICS CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2023

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

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty (Note A)	Relationship (Note A)	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Rise Concept Enterprises Limited	T-E Meds Holding, Inc. - ordinary shares	Financial assets at FVTOCI - non-current	-	-	-	\$ -	1,500,000	\$ 46,862	-	\$ -	\$ -	\$ -	1,500,000	\$ 46,862

Note A: Marketable securities recognized as investments accounted for using the equity method are required to be disclosed in column 2 of the above table.

Note B: The amount of the ending balance includes the amount of unrealized gains and losses.

UBRIGHT OPTRONICS CORPORATION AND SUBSIDIARIES

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

No. (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transactions Details			% of Total Sales or Assets (Note C)
				Financial Statement Account	Amount	Payment Terms	
0	<u>For the year ended December 31, 2023</u>						
	UBright Optronics Corporation	Rise Concept Enterprises Limited	1	Other receivable	\$ 92,682	General	2
		Rise Concept Enterprises Limited	1	Interest income	628	General	-
		Suzhou UBright Optronics Corp.	1	Other expense	10,437	General	-

Note A: The intercompany transactions between each company are identified and numbered as follows:

1. Parent company: 0.
2. Subsidiaries are numbered starting from 1.

Note B: The types of transactions between related parties are as follows:

1. From parent company to subsidiary.
2. From subsidiary to parent company.
3. Between subsidiaries.

Note C: The percentage to total assets or sales is the ratio of the ending balance to consolidated assets or the cumulative income amount to consolidated revenue.

UBRIGHT OPTRONICS CORPORATION AND SUBSIDIARIES

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
UBright Optronics Corporation	Rise Concept Enterprises Limited	Hong Kong	Investment	\$ 7,695	\$ 7,695	(Note)	100	\$ (10,005)	\$ 2,052	\$ 2,052	

Note: This is a limited company, the proportion of ownership is calculated based on the amount of capital contribution.

UBRIGHT OPTRONICS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, In Thousands of Foreign Currencies)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note E)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outflow	Inflow							
Suzhou UBright Optronics Corp.	Brightness enhancement film cutting process	RMB1 million	Investments through subsidiary Rise Concept Enterprises Ltd.	\$ 4,471 (RMB 1,000)	\$ -	\$ -	\$ 4,471 (RMB 1,000)	\$ 2,647	100	\$ 2,647	\$ 1,897	\$ -	

Note: Suzhou UBright Optronics Corp. was established by Rise Concept Enterprises Limited.

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2023	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
\$ 4,471	\$ 4,471	\$ 2,024,504

UBRIGHT OPTRONICS CORPORATION AND SUBSIDIARIES

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

Investee Company	Relationship	Transaction Type	Amount	Transaction Details			Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
				Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
UBright Optronics Corporation Suzhou UBright Optronics Corporation	Substantive related party	Professional service fee	\$ 10,437	Note A	Note A	Note A	\$ -	-	\$ -	

Note A: Professional service fee: According to the specifications set by both parties in the contract, the current estimated processing amount is prepaid on a quarterly basis, and then offset against the actual processing cost at the end of the month.

Note B: Financing provided to an investee company in mainland China, either directly or indirectly through a third party: None.

TABLE 8

UBRIGHT OPTRONICS CORPORATION AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS

DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Shinkong Synthetic Fibers Corporation	45,679,828	56.40

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
UBright Optronics Corporation

Opinion

We have audited the accompanying financial statements of UBright Optronics Corporation (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company's financial statements for the year ended December 31, 2023 is as follows:

Occurrence of Operating Revenues from Specific Customers

For the year ended December 31, 2023, the amount of sales revenue increased compared with the previous year. Given that auditing standards presume that there is significant risk in revenue and the sales revenue from specific customers increased significantly compared with the previous year, we identified sales revenue from these specific customers as the key audit matter.

For other relevant disclosures, refer to Notes 4 and 20.

We performed the audit procedures regarding the key audit matter as follows:

1. We obtained an understanding of the design and implementation of internal controls for the recognition of sales revenue.
2. We reviewed the original documents related to the recognition of sales revenue and the collection by audit sampling.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Wen-Hsiang Chen

and Wen-Yea Shyu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 21, 2024

Notice to Readers

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

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

UBRIGHT OPTRONICS CORPORATION

BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6, 26 and 27)	\$ 1,926,375	44	\$ 2,082,438	50
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 26)	444,593	10	283,005	7
Financial assets at amortized cost - current (Notes 4, 9 and 26)	214,935	5	110,000	3
Notes receivable, net (Notes 4, 10, 20 and 26)	766	-	-	-
Trade receivables, net (Notes 4, 10, 20 and 26)	378,050	9	372,227	9
Other receivables (Notes 4, 10, 26 and 27)	111,578	3	52,598	1
Inventories (Notes 4 and 11)	458,570	11	371,067	9
Other current assets (Notes 26 and 28)	16,330	-	20,222	-
Total current assets	3,551,197	82	3,291,557	79
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 26)	59,690	1	79,853	2
Investments accounted for using the equity method (Notes 4 and 12)	-	-	-	-
Property, plant and equipment (Notes 4, 13 and 27)	348,863	8	397,033	9
Right-of-use assets (Notes 4, 14 and 27)	304,998	7	335,111	8
Other intangible assets (Notes 4 and 15)	3,768	-	1,468	-
Deferred tax assets (Notes 4 and 22)	69,302	2	70,027	2
refundable deposits (Notes 26 and 27)	4,251	-	4,251	-
Other non-current assets (Notes 4 and 18)	14,075	-	2,811	-
Total non-current assets	804,947	18	890,554	21
TOTAL	\$ 4,356,144	100	\$ 4,182,111	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade payables to unrelated parties (Notes 16 and 26)	\$ 163,674	4	\$ 77,570	2
Trade payables to related parties (Notes 16, 26 and 27)	5,121	-	6,017	-
Other payables (Notes 17, 26 and 27)	198,581	5	156,068	4
Current tax liabilities (Notes 4 and 22)	61,692	1	29,875	1
Lease liabilities - current (Notes 4, 14, 26 and 27)	26,848	1	25,441	-
Current refund liabilities - current (Notes 4, 17 and 20)	209,952	5	249,437	6
Other current liabilities (Note 17)	5,859	-	4,292	-
Total current liabilities	671,727	16	548,700	13
NON-CURRENT LIABILITIES				
Lease liabilities - non-current (Notes 4, 14, 26 and 27)	300,214	7	329,301	8
Deferred tax liabilities (Notes 4 and 22)	25	-	8,671	-
Other non-current liabilities (Notes 12 and 17)	10,005	-	7,525	-
Total non-current liabilities	310,244	7	345,497	8
Total liabilities	981,971	23	894,197	21
EQUITY (Notes 19 and 24)				
Share capital				
Ordinary shares	809,917	19	801,777	19
Capital surplus	1,022,318	23	1,004,384	24
Retained earnings				
Legal reserve	351,536	8	322,774	8
Special reserve	27,422	1	2,477	-
Appropriated earnings	1,235,782	28	1,183,924	28
Other equity				
Change differences on translation of the financial statements of foreign operations	(298)	-	(352)	-
Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	(72,504)	(2)	(27,070)	-
Total equity	3,374,173	77	3,287,914	79
TOTAL	\$ 4,356,144	100	\$ 4,182,111	100

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

UBRIGHT OPTRONICS CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 20 and 27)	\$ 2,498,270	100	\$ 2,292,251	100
OPERATING COSTS (Notes 11, 21 and 27)	<u>1,811,016</u>	<u>72</u>	<u>1,767,907</u>	<u>77</u>
GROSS PROFIT	<u>687,254</u>	<u>28</u>	<u>524,344</u>	<u>23</u>
OPERATING EXPENSES (Notes 4, 18, 21 and 27)				
Selling and marketing expenses	83,909	3	85,724	4
General and administrative expenses	120,711	5	92,589	4
Research and development expenses	<u>188,116</u>	<u>8</u>	<u>133,778</u>	<u>6</u>
Total operating expenses	<u>392,736</u>	<u>16</u>	<u>312,091</u>	<u>14</u>
PROFIT FROM OPERATIONS	<u>294,518</u>	<u>12</u>	<u>212,253</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 21 and 27)				
Interest revenue	91,040	4	26,705	1
Other income	4,188	-	7,159	-
Finance costs	(3,435)	-	(3,687)	-
Other gains and losses	5,540	-	92,834	4
Share of profit of subsidiaries	<u>2,052</u>	<u>-</u>	<u>(138)</u>	<u>-</u>
Total non-operating income and expenses	<u>99,385</u>	<u>4</u>	<u>122,873</u>	<u>5</u>
NET PROFIT BEFORE INCOME TAX	393,903	16	335,126	14
INCOME TAX EXPENSE (Notes 4 and 22)	<u>54,359</u>	<u>2</u>	<u>47,674</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>339,544</u>	<u>14</u>	<u>287,452</u>	<u>12</u>
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 18)	(77)	-	214	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(40,848)	(2)	(13,900)	(1)

(Continued)

UBRIGHT OPTRONICS CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
Share of other comprehensive income of subsidiaries accounted for using the equity method	\$ (4,586)	-	\$ (11,136)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 22)	<u>16</u> <u>(45,495)</u>	<u>-</u> <u>(2)</u>	<u>(43)</u> <u>(24,865)</u>	<u>-</u> <u>(1)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>54</u>	<u>-</u>	<u>91</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(45,441)</u>	<u>(2)</u>	<u>(24,774)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 294,103</u>	<u>12</u>	<u>\$ 262,678</u>	<u>11</u>
EARNINGS PER SHARE (Note 23)				
From continuing operations				
Basic	<u>\$ 4.22</u>		<u>\$ 3.59</u>	
Diluted	<u>\$ 4.16</u>		<u>\$ 3.57</u>	

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

(Concluded)

UBRIGHT OPTRONICS CORPORATION

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

	Share Capital	Capital Surplus	Retained Earnings			Other Equity		Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE AT DECEMBER 31, 2022	\$ 799,447	\$ 993,529	\$ 293,591	\$ 5,514	\$ 1,188,183	\$ (443)	\$ (2,034)	\$ 3,277,787
Appropriation of 2021 earnings								
Legal reserve	-	-	29,183	-	(29,183)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(265,736)	-	-	(265,736)
Special reserve reversed	-	-	-	(3,037)	3,037	-	-	-
Other changes in capital surplus								
Employee share options issued by the Company	-	7,991	-	-	-	-	-	7,991
Net profit for the year ended December 31, 2022	-	-	-	-	287,452	-	-	287,452
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>171</u>	<u>91</u>	<u>(25,036)</u>	<u>(24,774)</u>
Total comprehensive income (loss) for the year ended December 31, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>287,623</u>	<u>91</u>	<u>(25,036)</u>	<u>262,678</u>
Issuance of ordinary shares under employee share options	<u>2,330</u>	<u>2,864</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,194</u>
BALANCE AT DECEMBER 31, 2022	801,777	1,004,384	322,774	2,477	1,183,924	(352)	(27,070)	3,287,914
Appropriation of 2022 earnings								
Legal reserve	-	-	28,762	-	(28,762)	-	-	-
Special reserve	-	-	-	24,945	(24,945)	-	-	-
Cash dividends distributed	-	-	-	-	(233,918)	-	-	(233,918)
Other changes in capital surplus								
Employee share options issued by the Company	-	6,585	-	-	-	-	-	6,585
Net profit for the year ended December 31, 2023	-	-	-	-	339,544	-	-	339,544
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(61)</u>	<u>54</u>	<u>(45,434)</u>	<u>(45,441)</u>
Total comprehensive income (loss) for the year ended December 31, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>339,483</u>	<u>54</u>	<u>(45,434)</u>	<u>294,103</u>
Issuance of ordinary shares under employee share options	<u>8,140</u>	<u>11,349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,489</u>
BALANCE AT DECEMBER 31, 2023	<u>\$ 809,917</u>	<u>\$ 1,022,318</u>	<u>\$ 351,536</u>	<u>\$ 27,422</u>	<u>\$ 1,235,782</u>	<u>\$ (298)</u>	<u>\$ (72,504)</u>	<u>\$ 3,374,173</u>

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

UBRIGHT OPTRONICS CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 393,903	\$ 335,126
Adjustments to:		
Depreciation expenses	123,869	130,019
Amortization expense	1,338	624
Net (gain) loss on fair value changes of financial assets at fair value through profit or loss	(10,173)	11,542
Finance costs	3,435	3,687
Interest income	(91,040)	(26,705)
Dividend income	-	(3,600)
Compensation cost of employee share options	6,585	7,991
Share of (profit) loss of subsidiaries	(2,052)	138
Gain on disposal of property, plant and equipment	-	(7,256)
Property, plant and equipment transferred to expenses	1,615	15,442
Write-down of inventories and reversal of write-down of inventories	(637)	(10,403)
Unrealized loss (gain) on foreign currency exchange	13,871	(88,464)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	-	181
Notes receivable	(766)	17
Trade receivables	(20,738)	75,590
Other receivables	8	(3,618)
Inventories	(86,866)	104,760
Other current assets	3,892	(1,126)
Other items of operating activities	(164)	(334)
Trade payables	89,076	(89,005)
Other payables	42,513	(15,381)
Other current liabilities	1,567	145
Current refund liabilities	(39,485)	18,528
Cash generated from operations	429,751	457,898
Interest received	78,102	23,828
Dividends received	-	3,600
Interest paid	(3,435)	(3,687)
Income tax paid	(30,447)	(66,454)
Net cash generated from operating activities	473,971	415,185
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(20,685)	(8,053)
Purchase of financial assets at amortized cost	(104,935)	-
Purchase of financial assets at fair value through profit or loss	(205,173)	-
Proceeds from sale of financial assets at fair value through profit or loss	53,758	2,734
Payments for property, plant and equipment	(49,136)	(51,375)

(Continued)

UBRIGHT OPTRONICS CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	2023	2022
Proceeds from disposal of property, plant and equipment	\$ -	\$ 35,542
Decrease in refundable deposits	-	1,239
Increase in other receivables from related parties	(45,569)	-
Payments for intangible assets	(3,638)	(781)
Increase in prepayments for equipment	<u>(11,177)</u>	<u>(118)</u>
Net cash used in investing activities	<u>(386,555)</u>	<u>(20,812)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	(25,745)	(25,789)
Dividends paid to owners of the Company	(233,918)	(265,736)
Exercise of employee share options	<u>19,489</u>	<u>5,194</u>
Net cash used in financing activities	<u>(240,174)</u>	<u>(286,331)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(3,305)</u>	<u>92,733</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(156,063)	200,775
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,082,438</u>	<u>1,881,663</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,926,375</u>	<u>\$ 2,082,438</u>

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

(Concluded)

UBRIGHT OPTRONICS CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1. GENERAL INFORMATION

UBright Optronics Corporation (the “Company”) was established by Shinkong Synthetic Fibers Corporation, Po Ruei Corporation and others in the Republic of China (ROC) on January 6, 2004. The Company is mainly engaged in the manufacture and sale of precision chemical materials and wholesale of molds.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since July 2011.

The financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s board of directors on February 21, 2024.

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

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

Except for the following, the initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies:

1) Amendments to IAS 1 “Disclosure of Accounting Policies”

When applying the amendments, the Company refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Moreover:

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

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

- a) The Company changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Company chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Company is required to make significant judgments or assumptions in applying an accounting policy, and the Company discloses those judgments or assumptions; or
- e) The accounting is complex, and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

Refer to Note 4 for related accounting policy information.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

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

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

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

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

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

As of the date the financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company’s financial position and financial performance.

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

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

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the Company uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

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

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

When preparing these parent company only financial statements, the Company used the equity method to account for its investment in subsidiaries, associates and joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owner of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, associates and joint ventures, the share of other comprehensive income of subsidiaries, associates and joint ventures and the related equity items, as appropriate, in these parent company only financial statements.

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

Current assets include:

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

Current liabilities include:

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

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

d. Foreign currencies

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

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

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

e. Inventories

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

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity (including structured entities) that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary 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 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 financial statements of the invested company as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes the 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 this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions are eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. 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.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

The 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.

h. Intangible assets

1) Intangible assets acquired separately

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

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.

i. Impairment of property, plant and equipment, right-of-use assets, and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets, to determine whether there is any indication that those assets have suffered any 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 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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

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

When an impairment loss is subsequently reversed, the carrying amount of the 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 for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 26.

ii. Financial assets at amortized cost

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

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

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

A financial asset is credit impaired when significant financial difficulty of the issuer or the borrower; Breach of contract, such as a default; It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or the disappearance of an active market for that financial asset because of financial difficulties.

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default:

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 60 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

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

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

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at FVTPL.

k. Revenue recognition

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

For contracts where the period between the date on which the Company transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Company does not adjust the promised amount of consideration for the effects of a significant financing component.

Revenue from the sale of goods

Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

I. Leases

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

The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

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

m. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

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.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. 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.

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

o.Share-based payment arrangements (employee share options)

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately.

At the end of each reporting period, the Company revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

p.Taxation

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

1) Current tax

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

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets

are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

3) Current and deferred taxes for the year

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

When developing material accounting estimates, the Company considers the possible impact of the economic environment implications of the international political and economic situation on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 150	\$ 150
Checking accounts and demand deposits	439,231	717,438
Cash equivalents (investments with original maturities not exceeding 3 months)		
Time deposits	<u>1,486,994</u>	<u>1,364,850</u>
	<u>\$ 1,926,375</u>	<u>\$ 2,082,438</u>

The market rate intervals of bank deposits and commercial papers at the end of the reporting period were as follows:

	December 31	
	2023	2022
Time deposits	1.13%-5.5%	0.43%-4.88%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
<u>Financial liabilities at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	\$ 23,642	74,950
Bonds	<u>420,951</u>	<u>208,055</u>
	<u>\$ 444,593</u>	<u>283,005</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	2022
<u>Non-current</u>		
Investments in equity instruments at FVTOCI	<u>\$ 59,690</u>	<u>\$ 79,853</u>

Investments in equity instruments at FVTOCI

	December 31	
	2023	2022
<u>Non-current</u>		
Domestic listed shares and emerging market shares		
Shin Kong Financial Holding Co., Ltd. Preferred Stock B	\$ 57,300	\$ 71,800
Domestic unlisted shares		
OMVO TECHNOLOGY INC.	<u>2,390</u>	<u>8,053</u>
	<u>\$ 59,690</u>	<u>\$ 79,853</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected 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.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
<u>Current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months	<u>\$ 214,935</u>	<u>\$ 110,000</u>

The market rates of financial assets at amortized cost at the end of the reporting period were as follows:

	December 31	
	2023	2022
Time deposits with original maturities of more than 3 months	5.25%-5.4%	1.07%

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2023	2022
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 766	\$ -
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 766</u>	<u>\$ -</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 412,481	\$ 406,658
Less: Allowance for impairment loss	<u>(34,431)</u>	<u>(34,431)</u>
	<u>\$ 378,050</u>	<u>\$ 372,227</u>
<u>Other receivables</u>		
Other receivables - related parties (Note 27)	\$ 92,682	\$ 46,339
Other	<u>8,896</u>	<u>6,259</u>
	<u>\$ 111,578</u>	<u>\$ 52,598</u>

At amortized cost

The Company's credit period for the sale of goods to major customers is 60 to 120 days, and no interest is charged on trade receivables. The Company uses other publicly available financial information or its own trading records to rate its major customers. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base. Therefore, the Company uses provision matrixes based on the expected credit loss rate by reference to the past due days of accounts receivable.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe

financial difficulty and there is no realistic prospect of recovery, when the debtor has been placed under liquidation, or when the trade receivables are days past due. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

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

December 31, 2023

	<u>Up to 60 Days</u> <u>Credit</u> <u>Classification</u>	<u>60 Days or More</u> <u>Credit</u> <u>Classification</u>	<u>Total</u>
Expected credit loss rate	0.51%-100%	100%	
Gross carrying amount	\$ 404,250	\$ 8,231	\$ 412,481
Loss allowance (Lifetime ECLs)	<u>(26,200)</u>	<u>(8,231)</u>	<u>(34,431)</u>
Amortized cost	<u>\$ 378,050</u>	<u>\$ -</u>	<u>\$ 378,050</u>

December 31, 2022

	<u>Up to 60 Days</u> <u>Credit</u> <u>Classification</u>	<u>60 Days or More</u> <u>Credit</u> <u>Classification</u>	<u>Total</u>
Expected credit loss rate	0.16%-44.85%	100%	
Gross carrying amount	\$ 387,701	\$ 18,957	\$ 406,658
Loss allowance (Lifetime ECLs)	<u>(15,474)</u>	<u>(18,957)</u>	<u>(34,431)</u>
Amortized cost	<u>\$ 372,227</u>	<u>\$ -</u>	<u>\$ 372,227</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 34,431	\$ 34,431
Add: Net remeasurement of loss allowance	<u>-</u>	<u>-</u>
Balance at December 31	<u>\$ 34,431</u>	<u>\$ 34,431</u>

11. INVENTORIES

	December 31	
	2023	2022
Raw materials	\$ 196,073	\$ 178,321
Materials	8,533	12,493
Semi-finished goods	223,301	127,055
Finished goods	<u>30,663</u>	<u>53,198</u>
	<u>\$ 458,570</u>	<u>\$ 371,067</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 amounted to \$1,811,016 thousand and \$1,767,907 thousand, respectively.

The cost of goods sold included reversals of inventory write-downs of \$637 thousand and \$10,403 thousand for the years ended December 31, 2023 and 2022, respectively.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	2022
Investments in subsidiaries	\$ (10,005)	\$ (7,525)
Add: Investments accounted for using the equity method transferred to non-current liabilities	<u>10,005</u>	<u>7,525</u>
	<u>\$ -</u>	<u>\$ -</u>

	December 31	
Name of Subsidiaries	2023	2022
Rise Concept Enterprises Limited	100%	100%

The share of profit or loss and other comprehensive income of the investments accounted for using the equity method was calculated based on the subsidiaries' financial statements which have been audited.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Other Equipment	Property under Constriction	Total
<u>Cost</u>								
Balance at January 1, 2023	\$ 60,920	\$ 894,407	\$ 1,714,793	\$ 39,936	\$ 17,311	\$ 58,180	\$ 6,783	\$ 2,792,330
Additions	-	2,803	25,739	-	535	98	19,961	49,136
Disposals	-	-	(490)	-	-	(158)	-	(648)
Reclassifications	-	4,314	2,056	940	667	3,568	(13,160)	(1,615)
Balance at December 31, 2023	<u>\$ 60,920</u>	<u>\$ 901,524</u>	<u>\$ 1,742,098</u>	<u>\$ 40,876</u>	<u>\$ 18,513</u>	<u>\$ 61,688</u>	<u>\$ 13,584</u>	<u>\$ 2,839,203</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2023	\$ -	\$ 676,344	\$ 1,619,269	\$ 36,911	\$ 16,153	\$ 46,620	\$ -	\$ 2,395,297
Disposals	-	-	(490)	-	-	(158)	-	(648)
Depreciation expense	-	53,765	31,155	1,748	450	8,573	-	95,691
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 730,109</u>	<u>\$ 1,649,934</u>	<u>\$ 38,659</u>	<u>\$ 16,603</u>	<u>\$ 55,035</u>	<u>\$ -</u>	<u>\$ 2,490,340</u>
Carrying amount at December 31, 2023	<u>\$ 60,920</u>	<u>\$ 171,415</u>	<u>\$ 92,164</u>	<u>\$ 2,217</u>	<u>\$ 1,910</u>	<u>\$ 6,653</u>	<u>\$ 13,584</u>	<u>\$ 348,863</u>
<u>Cost</u>								
Balance at January 1, 2022	\$ 85,420	\$ 902,698	\$ 1,720,442	\$ 39,746	\$ 18,787	\$ 46,565	\$ 7,674	\$ 2,821,332
Additions	-	2,041	26,539	-	1,020	-	21,775	51,375
Disposals	(24,500)	(14,402)	(23,067)	(470)	(2,496)	-	-	(64,935)
Reclassifications	-	4,070	(9,121)	660	-	11,615	(22,666)	(15,442)
Balance at December 31, 2022	<u>\$ 60,920</u>	<u>\$ 894,407</u>	<u>\$ 1,714,793</u>	<u>\$ 39,936</u>	<u>\$ 17,311</u>	<u>\$ 58,180</u>	<u>\$ 6,783</u>	<u>\$ 2,792,330</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2022	\$ -	\$ 625,933	\$ 1,611,476	\$ 36,012	\$ 17,883	\$ 40,233	\$ -	\$ 2,331,537
Disposals	-	(10,699)	(23,067)	(470)	(2,413)	-	-	(36,649)
Depreciation expense	-	61,110	30,860	1,369	683	6,387	-	100,409
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 676,344</u>	<u>\$ 1,619,269</u>	<u>\$ 36,911</u>	<u>\$ 16,153</u>	<u>\$ 46,620</u>	<u>\$ -</u>	<u>\$ 2,395,297</u>
Carrying amount at December 31, 2022	<u>\$ 60,920</u>	<u>\$ 218,063</u>	<u>\$ 95,524</u>	<u>\$ 3,025</u>	<u>\$ 1,158</u>	<u>\$ 11,560</u>	<u>\$ 6,783</u>	<u>\$ 397,033</u>

No impairment assessment was performed for the years ended December 31, 2023 and 2022 as there was no indication of impairment.

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

Buildings	1-43.67 years
Machinery equipment	1-9 years
Transportation equipment	1-7 years
Office equipment	1-10 years
Other equipment	1-6 years

The material components of buildings primarily include the main plant, air-conditioning equipment, engineering and fire protection engineering equipment, which are depreciated on a straight-line basis over their estimated useful lives of 11 to 43.67 years, 2.5 to 9 years and 6 years, respectively.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amount</u>		
Land	\$ 302,777	\$ 334,899
Machinery	112	170
Transportation equipment	1,543	-
Office equipment	<u>566</u>	<u>42</u>
	<u>\$ 304,998</u>	<u>\$ 335,111</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 2,231</u>	<u>\$ -</u>
Depreciation charge for right-of-use assets		
Land	\$ 27,956	\$ 28,302
Buildings	-	1,057
Machinery	58	58
Transportation equipment	26	-
Office equipment	<u>138</u>	<u>193</u>
	<u>\$ 28,178</u>	<u>\$ 29,610</u>

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amount</u>		
Current	<u>\$ 26,848</u>	<u>\$ 25,441</u>
Non-current	<u>\$ 300,214</u>	<u>\$ 329,301</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2023	2022
Land	1%	1%
Buildings	-	1%
Machinery	1%	1%
Transportation equipment	1%	-
Office equipment	1%	1%

c. Material lease activities and terms (the Company is lessee)

The Company leases certain machinery and office equipment for the use of operating activities with lease terms of 5 to 6 years. The Company does not have bargain purchase options to acquire the leasehold equipment at the end of the lease terms.

The Company also leases land and buildings for the use of plants and offices with lease terms of 3 to 20 years. The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	<u>\$ 5,538</u>	<u>\$ 3,478</u>
Total cash outflow for leases	<u>\$ 34,662</u>	<u>\$ 32,924</u>

15. OTHER INTANGIBLE ASSETS

	Computer Software	Patents	Total
<u>Cost</u>			
Balance at January 1, 2023	\$ 2,373	\$ 7,660	\$ 10,033
Additions	3,638	-	3,638
Disposals	<u>-</u>	<u>(7,660)</u>	<u>(7,660)</u>
Balance at December 31, 2023	<u>\$ 6,011</u>	<u>\$ -</u>	<u>\$ 6,011</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2023	\$ 905	\$ 7,660	\$ 8,565
Amortization expenses	1,338	-	1,338
Disposals	<u>-</u>	<u>(7,660)</u>	<u>(7,660)</u>
Balance at December 31, 2023	<u>\$ 2,243</u>	<u>\$ -</u>	<u>\$ 2,243</u>
Carrying amount at December 31, 2023	<u>\$ 3,768</u>	<u>\$ -</u>	<u>\$ 3,768</u>

(Continued)

	Computer Software	Patents	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 12,662	\$ 7,660	\$ 20,322
Additions	781	-	781
Disposals	<u>(11,070)</u>	<u>-</u>	<u>(11,070)</u>
Balance at December 31, 2022	<u>\$ 2,373</u>	<u>\$ 7,660</u>	<u>\$ 10,033</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2022	\$ 11,351	\$ 7,660	\$ 19,011
Additions	624	-	624
Disposals	<u>(11,070)</u>	<u>-</u>	<u>(11,070)</u>
Balance at December 31, 2022	<u>\$ 905</u>	<u>\$ 7,660</u>	<u>\$ 8,565</u>
Carrying amount at December 31, 2022	<u>\$ 1,468</u>	<u>\$ -</u>	<u>\$ 1,468</u>
			(Concluded)

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Patents	5 years
Computer software	1-5 years

16. TRADE PAYABLES

	<u>December 31</u>	
	2023	2022
<u>Trade payables</u>		
Operating	<u>\$ 168,795</u>	<u>\$ 83,587</u>

The average credit period on purchases of raw material and material was one month. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

17. OTHER LIABILITIES

	<u>December 31</u>	
	2023	2022
<u>Current</u>		
Payables for salaries	\$ 136,564	\$ 106,956
Others	<u>62,017</u>	<u>49,112</u>
	<u>\$ 198,581</u>	<u>\$ 156,068</u>
		(Continued)

	December 31	
	2023	2022
Other liabilities		
Refund liabilities (Note 20)	\$ 209,952	\$ 249,437
Others	<u>5,859</u>	<u>4,292</u>
	<u>\$ 215,811</u>	<u>\$ 253,729</u>
<u>Non-current</u>		
Investments accounted for using the equity method transferred to non-current liabilities	<u>\$ 10,005</u>	<u>\$ 7,525</u> (Concluded)

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 6% 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 balance sheets in respect of the Company's defined benefit plan were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ -	\$ -
Fair value of plan assets	<u>(2,780)</u>	<u>(2,693)</u>
Retained contributions	<u>(2,780)</u>	<u>(2,693)</u>
Net defined benefit liabilities	<u>\$ (2,780)</u>	<u>\$ (2,693)</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	\$ 426	\$ (2,571)	\$ (2,145)
Interest expense (income)	<u>1</u>	<u>(11)</u>	<u>(10)</u>
Recognized in profit or loss	<u>1</u>	<u>(11)</u>	<u>(10)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(192)	(192)
Actuarial (gain) loss			
Experience adjustments	<u>(22)</u>	<u>-</u>	<u>(22)</u>
Recognized in other comprehensive income	<u>(22)</u>	<u>(192)</u>	<u>(214)</u>
Contributions from the employer	<u>-</u>	<u>(324)</u>	<u>(324)</u>
Benefits paid	<u>(405)</u>	<u>405</u>	<u>-</u>
Balance at December 31, 2022	<u>-</u>	<u>(2,693)</u>	<u>(2,693)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(59)	(59)
Actuarial (gain) loss			
Changes in financial assumptions	16	-	16
Experience adjustments	<u>120</u>	<u>-</u>	<u>120</u>
Recognized in other comprehensive income	<u>136</u>	<u>(59)</u>	<u>77</u>
Contributions from the employer	<u>-</u>	<u>(164)</u>	<u>(164)</u>
Balance at December 31, 2023	<u>\$ 136</u>	<u>\$ (2,916)</u>	<u>\$ (2,780)</u>

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

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

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

	December 31	
	2023	2022
Discount rate(s)	1.4436%	-

Expected rate(s) of salary increase	2%	-
Average duration of the defined benefit obligation	24.75 years	-

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

	December 31	
	2023	2022
Discount rate		
0.25% increase	\$ (8)	\$ -
0.25% decrease	\$ 9	\$ -
Expected rate of salary increase/decrease		
0.25% increase	\$ 8	\$ -
0.25% decrease	\$ (8)	\$ -

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.

19. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2023	2022
Shares authorized (in thousands of shares)	150,000	150,000
Shares authorized (in thousands of dollars)	\$ 1,500,000	\$ 1,500,000
Shares issued and fully paid (in thousands of shares)	80,992	80,178
Shares issued and fully paid (in thousands of dollars)	\$ 809,917	\$ 801,777

For the years ended December 31, 2022, the Company's authorized shares include 233 thousand shares, which are allocated for the exercise of employee share options.

For the years ended December 31, 2023, the Company's authorized shares increased 814 thousand shares, which were exercised from the employee share options. Among of 599 thousand shares, the company has not yet registered with Ministry of Economic Affairs before the date the financial statements were authorized for issue.

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares (3)	\$ 858,469	\$ 840,910
Capital surplus - expired employee share options	151,622	151,622
Donations	1	1

(Continued)

	December 31	
	2023	2022
<u>May be used to offset a deficit only</u>		
Changes in percentage of ownership interests in subsidiaries (2)	\$ 209	\$ 209
<u>May not be used for any purpose</u>		
Employee share options	12,017	11,642
	<u>\$ 1,022,318</u>	<u>\$ 1,004,384</u>
		(Concluded)

- 1) 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).
- 2) Such capital surplus arises from the effect of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.
- 3) For the years ended December 31, 2023 and 2022, the number of ordinary shares issued was 11,349 thousand and 2,864 thousand, respectively, and the number of ordinary shares reclassified to capital surplus - employee share options was 6,210 thousand and 1,140 thousand, respectively.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended 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 legal reserve 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. The aforementioned distribution of dividends and bonuses from the legal reserve or capital surplus shall be authorized by the board of directors in their meeting attended by at least two-thirds of all directors and resolved by more than half of the directors present, and reported to the shareholders in their meeting.

For the policies on the distribution of employees' compensation and remuneration of directors and after the amendment, refer to employees' compensation and remuneration of directors in Note 21-h.

The Company's Articles also stipulate a dividend policy whereby the issuance of stock dividends takes precedence over the payment of cash dividends. In principle, cash dividends are limited to 10% of the total dividends distributed.

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

When a special reserve is appropriated for cumulative net debit balance reserves from the prior period, the special reserve is only appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2022 and 2021 were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2022	2021
Legal reserve	\$ 28,762	\$ 29,183
Special reserve	\$ 24,945	\$ (3,037)
Cash dividends	\$ 233,918	\$ 265,736
Cash dividends per share (NT\$)	\$ 2.9175	\$ 3.324

The above appropriations for cash dividends were resolved by the Company's board of directors on March 9, 2023 and March 14, 2022; the other proposed appropriations were resolved by the shareholders in their meetings on June 7, 2023 and June 6, 2022.

The appropriations of earnings for 2023, which were proposed by the Company's board of directors on February 21, 2024, were as follows:

	For the Year Ended December 31, 2023
Legal reserve	\$ 33,948
Special reserve	\$ 45,380
Cash dividends	\$ 242,975
Cash dividends per share (NT\$)	\$ 3

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on June 3, 2024.

d.Special reserve

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 2,477	\$ 5,514
Appropriation in respect of:		
Debit to other equity items	24,945	-
Reversals:		
Reversal of the debits to other equity items	-	(3,037)
Balance at December 31	\$ 27,422	\$ 2,477

20. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 2,498,270	\$ 2,292,251

a.Contract information

The Company's customary business practices allow major customers to return the goods purchased or offer a discount on the goods. The amount of returns and allowances is estimated using the most likely amount, taking into account the transaction records with the customers in the past and the Company's historical records. The refund liability is recorded accordingly. Refer to Note 17 for the related information.

b.Contract balances

	December 31	
	2023	2022
Trade receivables (Note 10)	\$ 378,816	\$ 372,227

c.Disaggregation of revenue

	Reportable Segments	
	Electronic Equipment - Direct Sales	Total
<u>For the year ended December 31, 2023</u>		
Type of goods or services		
Sale of goods	\$ 2,498,270	\$ 2,498,270
<u>For the year ended December 31, 2022</u>		
Type of goods or services		
Sale of goods	\$ 2,292,251	\$ 2,292,251

21. NET PROFIT FROM CONTINUING OPERATIONS

a.Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	\$ 74,948	\$ 14,463
Financial assets at FVTPL	15,405	11,808
Others	687	434
	\$ 91,040	\$ 26,705

b. Other income

	For the Year Ended December 31	
	2023	2022
Dividends	\$ -	\$ 3,600
Others	<u>4,188</u>	<u>3,559</u>
	<u>\$ 4,188</u>	<u>\$ 7,159</u>

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Net foreign exchange (losses) gains	\$ (4,507)	\$ 97,309
Fair value changes of financial assets and financial liabilities	10,173	(11,542)
Financial assets mandatorily classified as at FVTPL	-	7,256
Gain on disposal of property, plant and equipment	<u>(126)</u>	<u>(189)</u>
Others	<u>\$ 5,540</u>	<u>\$ 92,834</u>

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on lease liabilities	\$ 3,379	\$ 3,657
Other finance costs	<u>56</u>	<u>30</u>
	<u>\$ 3,435</u>	<u>\$ 3,687</u>

There was no capitalized interest for the years ended December 31, 2023 and 2022.

e. Impairment (losses) recognized reversed

	For the Year Ended December 31	
	2023	2022
Inventories (included in operating costs)	<u>\$ 637</u>	<u>\$ 10,403</u>

f. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 95,691	\$ 100,409
Right-of-use assets	28,178	29,610
Other intangible assets	<u>1,338</u>	<u>624</u>
	<u>\$ 125,207</u>	<u>\$ 130,643</u>
An analysis of depreciation by function		
Operating costs	\$ 110,388	\$ 116,152
Operating expenses	<u>13,481</u>	<u>13,867</u>
	<u>\$ 123,869</u>	<u>\$ 130,019</u>
An analysis of amortization by function		
Operating costs	\$ 338	\$ 146
Operating expenses	<u>1,000</u>	<u>478</u>
	<u>\$ 1,338</u>	<u>\$ 624</u>

g. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Short-term benefits	\$ 450,855	\$ 394,459
Post-employment benefits (Note 18)		
Defined contribution plans	14,028	\$ 13,953
Defined benefit plans	-	(10)
	<u>14,028</u>	<u>13,943</u>
Share-based payments		
Equity-settled (Note 24)	<u>6,585</u>	<u>7,991</u>
Total employee benefits expense	<u>\$ 471,468</u>	<u>\$ 416,393</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 350,011	\$ 323,329
Operating expenses	<u>121,457</u>	<u>93,064</u>
	<u>\$ 471,468</u>	<u>\$ 416,393</u>

h. Employees' compensation and remuneration of directors and supervisors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2023 and 2022 which were approved by the Company's board of directors on February 21, 2024 and March 9, 2023, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2023	2022
Employees' compensation	1%	1%
Remuneration of directors	0.069%	0.054%

Amount

	For the Year Ended December 31	
	2023	2022
	Cash	Cash
Employees' compensation	\$ 3,979	\$ 3,385
Remuneration of directors	275	180

If there is a change in the amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

The compensation of employees and remuneration of directors paid for 2022 and 2021 differed from the

amounts recognized in the financial statements for the years ended December 31, 2022 and 2021, respectively. The differences were adjusted to profit and loss for the years ended December 31, 2023 and 2022, respectively.

	For the Year Ended December 31			
	2022		2021	
	Compensation of Employees	Remuneration of Directors and Supervisors	Compensation of Employees	Remuneration of Directors and Supervisors
Amounts approved in the board of directors' meeting	\$ 3,385	\$ 180	\$ 3,599	\$ 275
Amounts recognized in the annual consolidated financial statements	\$ 3,385	\$ 180	\$ 3,599	\$ -

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2024 and 2023 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2023	2022
Foreign exchange (losses) gains	\$ (4,507)	\$ 97,309

22. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 84,842	\$ 47,845
Income tax on unappropriated earnings	-	-
Adjustments for prior years	(22,578)	(19,557)
	<u>62,264</u>	<u>28,288</u>
Deferred tax		
In respect of the current year	(7,213)	18,656
Adjustments for prior years	(692)	730
	<u>(7,905)</u>	<u>19,386</u>
Income tax expense recognized in profit or loss	\$ 54,359	\$ 47,674

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

	For the Year Ended December 31	
	2023	2022
Profit before tax from continuing operations	\$ 393,903	\$ 335,126
Income tax expense calculated at the statutory rate	\$ 78,781	\$ 67,025
Nondeductible expenses in determining taxable income	10	23
Tax-exempt income	(752)	(500)
		(Continued)

	For the Year Ended December 31	
	2023	2022
Unrecognized deductible temporary differences	\$ (410)	\$ 1
Gain on disposals of offshore fund	-	(48)
Adjustments for prior years' tax	(22,578)	(19,557)
Adjustments for prior years' deferred tax	<u>(692)</u>	<u>730</u>
Income tax expense recognized in profit or loss	<u>\$ 54,359</u>	<u>\$ 47,674</u> (Concluded)

b. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax liabilities		
Income tax payable	<u>\$ 61,692</u>	<u>\$ 29,875</u>

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Refund liabilities	\$ 32,824	\$ (5,716)	\$ -	\$ 27,108
Unrealized loss on foreign currency exchange loss	-	5,744	-	5,744
Unrealized loss on write-down of inventories	28,640	(128)	-	28,512
Fair value changes of financial assets	2,490	(546)	-	1,944
Allowance for impairment loss of receivables	<u>6,073</u>	<u>(79)</u>	<u>-</u>	<u>5,994</u>
	<u>\$ 70,027</u>	<u>\$ (725)</u>	<u>\$ -</u>	<u>\$ 69,302</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized gain on foreign currency exchange gain	\$ 8,630	\$ (8,630)	\$ -	\$ -
Defined benefit obligation	<u>41</u>	<u>-</u>	<u>(16)</u>	<u>25</u>
	<u>\$ 8,671</u>	<u>\$ (8,630)</u>	<u>\$ (16)</u>	<u>\$ 25</u>

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Refund liabilities	\$ 40,795	\$ (7,971)	\$ -	\$ 32,824
Defined benefit obligation	2	-	(2)	-
Unrealized loss on foreign currency exchange loss	3,210	(3,210)	-	-
Unrealized loss on write-down of inventories	30,720	(2,080)	-	28,640
Fair value changes of financial assets	182	2,308	-	2,490
Allowance for impairment loss of receivables	<u>5,912</u>	<u>161</u>	<u>-</u>	<u>6,073</u>
	<u>\$ 80,821</u>	<u>\$ (10,792)</u>	<u>\$ (2)</u>	<u>\$ 70,027</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized gain on foreign currency exchange gain	\$ -	\$ 8,630	\$ -	\$ 8,630
Defined benefit obligation	-	-	41	41
Fair value changes of financial assets	<u>36</u>	<u>(36)</u>	<u>-</u>	<u>-</u>
	<u>\$ 36</u>	<u>\$ 8,594</u>	<u>\$ 41</u>	<u>\$ 8,671</u>

d. Deductible temporary differences for which no deferred tax assets have been recognized in the balance sheets

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Deductible temporary differences		
Share of loss of associates	<u>\$ 3,945</u>	<u>\$ 5,997</u>

e. Income tax assessments

The Company's tax returns 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 per share		
From continuing operations	\$ <u>4.22</u>	\$ <u>3.59</u>
Diluted earnings per share		
From continuing operations	\$ <u>4.16</u>	\$ <u>3.57</u>

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

Net Profit for the Year

	For the Year Ended December 31	
	2023	2022
Earnings used in the computation of basic earnings per share	\$ <u>339,544</u>	\$ <u>287,452</u>
Earnings used in the computation of diluted earnings per share	\$ <u>339,544</u>	\$ <u>287,452</u>

Weighted Average Number of Ordinary Shares Outstanding

	Unit: In Thousands of Shares	
	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	80,437	80,069
Effect of potentially dilutive ordinary shares:		
Employees' compensation and share options	<u>1,156</u>	<u>540</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>81,593</u>	<u>80,609</u>

Since the Company offered to settle compensation or bonuses paid to employees in cash or shares, the Company assumed the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

24. SHARE-BASED PAYMENT ARRANGEMENTS

Qualified employees of the Company were granted 2,050 options in October 2021 and 880 options in January 2020. Each option entitles the holder to subscribe for one thousand ordinary shares of the Company. The options granted are valid for 5 years and exercisable at certain percentages after the second year from the grant date. The options were granted at an exercise price equal to the closing price of the

Company's ordinary shares listed on the grant date. For any subsequent changes in the Company's capital surplus, the exercise price is adjusted accordingly.

Information on employee share options was as follows:

The Plan of October 2021				
	2023		2022	
	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)
Balance at January 1	2,050	\$ 28.20	2,050	\$ 31.15
Options granted	-	-	-	-
Options forfeited	-	-	-	-
Options exercised	537	25.90	-	-
Options expired	-	-	-	-
Balance at December 31	<u>1,513</u>	25.90	<u>2,050</u>	28.20
Options exercisable, end of period	<u>488</u>	25.90	<u>-</u>	
Weighted-average fair value of options granted (\$)	<u>\$ -</u>		<u>\$ -</u>	

The Plan of January 2020				
	2023		2022	
	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)
Balance at January 1	647	\$ 20.80	880	\$ 23.00
Options granted	-	-	-	-
Options forfeited	-	-	-	-
Options exercised	(171)	20.80	(158)	23.00
Options exercised	(106)	19.10	(75)	20.80
Options expired	-	-	-	-
Balance at December 31	<u>370</u>	19.10	<u>647</u>	20.80
Options exercisable, end of period	<u>18</u>	19.10	<u>31</u>	20.80
Weighted-average fair value of options granted (\$)	<u>\$ -</u>		<u>\$ -</u>	

Information on outstanding options as of December 31, 2023 and 2022 is as follows:

	December 31	
	2023	2022
Range of exercise price (NT\$)	\$19.1-\$25.9	\$20.8-\$28.2
Weighted-average remaining contractual life (in years)	1.02-2.8 years	2.02-3.8 years

Options granted in October 2021, January 2020, were priced using the binomial option pricing model and the inputs to the model are as follows:

	October 2021	January 2020
Grant-date share price (\$)	\$31.15	\$25.50
Exercise price (\$)	\$31.15	\$25.50
Expected volatility	35.36%	34.08%
Expected life (in years)	5 years	5 years
Risk-free interest rate	0.3947%	0.5526%

Expected volatility was based on the historical share price volatility over the past year. To allow for the effects of early exercise, the Company assumed that employees would exercise their options after the vesting date when the share price was higher than the exercise price.

Compensation costs recognized were \$6,585 thousand and \$7,991 thousand for the years ended December 31, 2023 and 2022, respectively.

25. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Company is not subject to any externally imposed capital requirements.

Key management personnel of the Company review the capital structure on a quarterly basis. As part of this review, the key management personnel consider the cost of capital and the risk associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

26. FINANCIAL INSTRUMENTS

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

Except for financial instruments measured at fair value, the management believes the carrying amounts of financial assets and financial liabilities recognized in the financial statements which are not measured at fair value approximate their fair values.

b. Fair value of financial instruments measured at fair value

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 23,642	\$ -	\$ -	\$ 23,642
Domestic corporate bonds	128,474	-	-	128,474
Foreign corporate bonds	<u>292,477</u>	<u>-</u>	<u>-</u>	<u>292,477</u>
	<u>\$ 444,593</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 444,593</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic investments - listed shares and emerging market shares	\$ 57,300	\$ -	\$ -	\$ 57,300
Domestic investments - unlisted shares	<u>-</u>	<u>2,390</u>	<u>-</u>	<u>2,390</u>
	<u>\$ 57,300</u>	<u>\$ 2,390</u>	<u>\$ -</u>	<u>\$ 59,690</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 74,950	\$ -	\$ -	\$ 74,950
Domestic corporate bonds	125,964	-	-	125,964
Foreign corporate bonds	<u>82,091</u>	<u>-</u>	<u>-</u>	<u>82,091</u>
	<u>\$ 283,005</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 283,005</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic investments - listed shares and emerging market shares	\$ 71,800	\$ -	\$ -	\$ 71,800
Domestic investments - unlisted shares	<u>-</u>	<u>8,053</u>	<u>-</u>	<u>8,053</u>
	<u>\$ 71,800</u>	<u>\$ 8,053</u>	<u>\$ -</u>	<u>\$ 79,853</u>

There were no transfers between Levels 1 and 2 in the current and prior years.

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

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Unlisted equity securities - ROC	Based on market observations, economic trends and industry characteristics, value multipliers that are highly relevant to the target are used as inputs for fair value calculation.

c. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 444,593	\$ 283,005
Financial assets at amortized cost (1)	2,531,677	2,576,216
Financial assets at FVTOCI		
Equity instruments	59,690	79,853
<u>Financial liabilities</u>		
Amortized cost (2)	557,874	487,441

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, debt investments, notes receivable and trade receivables, refundable deposits and restricted asset.
- 2) The balances include financial liabilities measured at amortized cost, which comprise notes payable, and trade payables, other payables and lease liabilities.

d. Financial risk management objectives and policies

The Company's major financial instruments include trade receivables and trade payables. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and other prices (see (b) below).

The Company entered into a variety of derivative financial instruments to manage its exposure to foreign currency and interest rate risk, including foreign exchange forward contracts to hedge the exchange rate risks arising from the export of commodities to other place or the receipt of foreign currencies.

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing foreign exchange forward contracts.

The Company uses foreign exchange forward contracts to reduce foreign currency risk. It is the Company's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities are set out in Note 31.

Sensitivity analysis

The Company is mainly exposed to the USD.

The following table details the Company's sensitivity to a 10% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 10%. A positive (negative) number indicates an increase (decrease) in pre-tax profit associated with the New Taiwan dollar weakening (strengthening) 10% against the relevant foreign currencies. Conversely, there would be an equal and opposite impact on pre-tax profit for a 10% strengthening (weakening) of the New Taiwan dollar against the relevant foreign currencies.

	USD Impact	
	For the Year Ended December 31	
	2023	2022
Profit or loss	<u>\$ 220,328</u>	<u>\$ 165,431</u>

* This was mainly attributable to the exposure on outstanding USD bank deposits, and receivables and payables which were not hedged at the end of the reporting period.

b) Other price risk

The Company was exposed to equity price risk and commodity price risk through its investments in equity securities and mutual funds. The Company manages this exposure by maintaining a portfolio of investments with different risks.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 10% higher/lower, pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$44,459 thousand and \$28,301 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have increased/decreased by \$5,969 thousand and \$7,985 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Company's sensitivity to investments in equity securities has not changed significantly from the prior year.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Company, could be equal to the total of the following:

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- b) The amount of contingent liabilities arising from the financial guarantee provided by the Company.

The Company adopts a policy of only dealing with creditworthy objects and obtaining sufficient guarantees where necessary to mitigate the risk of financial loss due to default. The Company uses publicly available financial information and transaction records to rate key customers. The Company continues to monitor the credit risk and the credit rating of the counterparty, and distributes the total transaction amount to customers with qualified credit ratings, and controls the credit risk through the annual review and approval of the credit limit of the counterparty.

In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance has been made for irrecoverable amounts.

Ongoing credit evaluation is performed on the financial condition of trade receivables. Credit insurance will be purchased if necessary.

Apart from Company A, the largest customer, the Company did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The Company's credit risk was mainly concentrated on their largest customer, Customer A. As of December 31, 2023 and 2022, the proportion of total trade receivables - non-related parties from Customer A was 28% and 34%, respectively.

3) Liquidity risk

The Company manages liquidity risk by maintaining an adequate level of cash and cash equivalents and continuously monitoring forecasted and actual cash flows as well as matching the maturity profiles of financial assets and liabilities.

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

The following tables detail the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. Specifically, the maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years
Non-derivative <u>financial liabilities</u>					
Non-interest bearing liabilities	\$ 141,610	\$ 89,202	\$ -	\$ -	\$ -
Lease liabilities	<u>2,213</u>	<u>4,432</u>	<u>20,203</u>	<u>115,099</u>	<u>185,115</u>
	<u>\$ 143,823</u>	<u>\$ 93,634</u>	<u>\$ 20,203</u>	<u>\$ 115,099</u>	<u>\$ 185,115</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Lease liabilities	<u>\$ 26,848</u>	<u>\$ 115,099</u>	<u>\$ 136,014</u>	<u>\$ 42,363</u>	<u>\$ 6,738</u>

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years
Non-derivative <u>financial liabilities</u>					
Non-interest bearing liabilities	\$ 71,403	\$ 61,296	\$ -	\$ -	\$ -
Lease liabilities	<u>2,086</u>	<u>4,190</u>	<u>19,165</u>	<u>110,840</u>	<u>218,461</u>
	<u>\$ 73,489</u>	<u>\$ 65,486</u>	<u>\$ 19,165</u>	<u>\$ 110,840</u>	<u>\$ 218,461</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Lease liabilities	<u>\$ 25,441</u>	<u>\$ 110,840</u>	<u>\$ 153,744</u>	<u>\$ 51,307</u>	<u>\$ 13,410</u>

27. TRANSACTIONS WITH RELATED PARTIES

The Company's parent is Shinkong Synthetic Fibers Corporation, which held 56.4% and 56.49% of the ordinary shares of the Company at December 31, 2023 and 2022, respectively. The Company's ultimate parent and ultimate controlling party is Shinkong Synthetic Fibers Corporation.

Details of transactions between the Company and other related parties are disclosed below.

a. Related party name and category

Related Party Name	Related Party Category
Shinkong Synthetic Fibers Corporation	The Company's parent
Shinkong Materials Technology Co., Ltd	Related party in substance
Tac Bright Optronics Corp.	Related party in substance
Shinkong International Securities Co., Ltd.	Related party in substance
Taipei Star Bank	Related party in substance
Shin Kong International Leasing Corp.	Related party in substance
Shin Kong Textile Co., Ltd.	Other related party
Shin Kong Life Insurance Co., Ltd	Other related party
Shin Kong Insurance Co., Ltd.	Other related party
Rise Concept Enterprises Limited	Subsidiary
Suzhou UBright Optronics Corp.	Subsidiary

b. Sales of goods

Line Items	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Sales	Related party in substance/others	\$ 454	\$ 308

The Company's pricing strategy for the sale of goods to related parties is to set the selling prices at rates comparable to market rates. The period of collection of trade receivables from the related parties is 60 days.

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Related party in substance/Shinkong Materials Technology Co., Ltd	\$ 44,797	\$ 33,476
Related party in substance/others	4,558	11,674
Other related party/others	<u>115</u>	<u>108</u>
	<u>\$ 49,470</u>	<u>\$ 45,258</u>

Related party in substance: Prices are determined through negotiations with reference to the market prices, and the payment term is the 20th of the following month after delivery.

d. Other income

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Related party in substance/others	\$ <u>65</u>	\$ <u>796</u>

e. Operating expenses

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
The Company's parent/Shinkong Synthetic Fibers Corporation	\$ 203	\$ 751
Subsidiary/others	10,437	10,376
Related party in substance/others	<u>840</u>	<u>840</u>
	\$ <u>11,480</u>	\$ <u>11,967</u>

f. Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Other receivables	Subsidiary/others	\$ <u>567</u>	\$ <u>274</u>

The outstanding other receivables from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment loss was recognized on trade receivables from related parties.

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

Line Item	Related Party Category/Name	December 31	
		2023	2022
Trade payables	Related party in substance/others	\$ <u>5,121</u>	\$ <u>6,017</u>

The outstanding trade payables to related parties are unsecured.

h. Disposal of property, plant and equipment

Related Party Category/Name	Proceeds		Gain (Loss) on Disposal	
	For the Year Ended		For the Year Ended	
	2023	2022	2023	2022
The Company's parent/ Shinkong Synthetic Fibers Corporation	\$ <u>-</u>	\$ <u>36,150</u>	\$ <u>-</u>	\$ <u>7,256</u>

i. Lease agreements - the Company is lessee

Line Items	Related Party Categories/Name	December 31	
		2023	2022
Acquisition of right-of-use assets	Related party in substance/others	\$ 1,569	\$ -
Lease liabilities	Other related party/Shin Kong Textile Co., Ltd.	\$ 224,704	\$ 248,653

Related Party Categories/Name		For the Year Ended December 31	
		2023	2022
Interest expense			
Other related party/Shin Kong Textile Co., Ltd.		\$ 2,343	\$ 2,571
Related party in substance/others		<u>1</u>	<u>-</u>
		\$ 2,344	\$ 2,571
Lease expense			
Related party in substance/others		\$ 1,515	\$ 1,540

j. Loans to related parties

Related Party Category/Name	December 31	
	2023	2022
Subsidiary/Rise Concept Enterprises Limited	\$ 92,115	\$ 46,065

Related Party Category/Name		For the Year Ended December 31	
		2023	2022
Interest revenue			
Subsidiary/Rise Concept Enterprises Limited.		\$ 628	\$ 403

k. Others

Related Party Category/Name	December 31	
	2023	2022
Bank deposits		
Related party in substance/Taipei Star Bank	\$ 186,851	\$ 70,883
Prepayment		
Subsidiary/others	-	2,598
Refundable deposits		
Other related party/Shin Kong Textile Co., Ltd.	4,010	4,010
Other payables		
The Company's parent/Shinkong Synthetic Fibers Corporation	198	312
Related party in substance/others	140	140

l. Remuneration of key management personnel

For the Year Ended December 31

	2023	2022
Short-term employee benefits	\$ 13,203	\$ 16,345
Share-based payments	<u>-</u>	<u>-</u>
	<u>\$ 13,203</u>	<u>\$ 16,345</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets have been provided as collateral for financing loans, customs duty guarantees for imported raw materials and performance guarantees for the Ministry of Economic Affairs:

	December 31	
	2023	2022
Pledged time deposits (presented in other current assets)	<u>\$ 7,300</u>	<u>\$ 7,300</u>

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of December 31, 2023 and 2022 were as follows:

Letters of credit

Outstanding letters of credit not reflected in the accompanying consolidated financial statements as of December 31, 2023 and 2022 were as follows:

	December 31	
	2023	2022
USD	\$ 1,864	\$ 570

30. OTHER ITEMS

The Company considers the possible impact of international political economy situation to its economic environment implications, and assessed that these did not have a significant impact on the Company's ability to continue as a going concern, financial asset impairment and financing risk.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies (aggregated by the foreign currencies) other than functional currencies and the related exchange rates between the

foreign currencies and the respective functional currencies were as follows:

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items USD	\$ 75,972	30.705 (USD:NTD)	<u>\$ 2,332,713</u>
<u>Financial liabilities</u>			
Monetary items USD	4,215	30.705 (USD:NTD)	<u>\$ 129,429</u>

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items USD	\$ 63,294	30.71 (USD:NTD)	\$ 1,943,745
JPY	108,997	0.2324 (JPY:NTD)	<u>25,331</u>
			<u>\$ 1,969,076</u>
<u>Financial liabilities</u>			
Monetary items USD	9,425	30.71 (USD:NTD)	<u>\$ 289,432</u>

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange (losses) gains were \$(4,507) thousand and \$97,309 thousand, respectively. It is impractical to disclose net foreign exchange gains and losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies.

32. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (None)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 2)

- 4) Marketable securities acquired or disposed of at costs or prices of 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 (None)
- 9) Trading in derivative instruments (None)
- 10) Information on investees (Tables 3,4 and 5)

b.Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 6)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses. (Table 7)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial

position, such as the rendering or receipt of services.

c. Information of major shareholders:

List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (Table 8)

TABLE 1

UBRIGHT OPTRONICS CORPORATION

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
0	UBright Optronics Corporation	Subsidiary: Rise Concept Enterprises Limited	Other receivables from related parties	Yes	\$ 107,468	\$ 107,468	\$ 92,115	0.8	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	Note A	Note B	

Note A: Financing limit for each borrower is 20% of the net value of the lender = \$3,374,173 thousand x 20% = \$674,835 thousand.

Note B: Aggregate financing limit is 40% of the net value of the financing company = \$3,374,173 thousand x 40% = \$1,349,669 thousand.

UBRIGHT OPTRONICS CORPORATION

MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated 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	Percentage of Ownership (%)	Fair Value	
UBright Optronics Corp.	Mutual funds	None	Financial assets at FVTPL - current	10,201	\$ 23,642	-	\$ 23,642	None
	Nomura Funds Ireland plc - Global Dynamic Bond Fund Class TD USD							
	Domestic corporate bonds							
	Cathay Life Insurance subordinated debenture	None	Financial assets at FVTPL - current	50,000	50,074	-	50,074	None
	Taipei Star Bank Subordinated Perpetual Bonds	Related party in substance	Financial assets at FVTPL - current	80,000	78,400	-	78,400	None
	Foreign corporate bonds	None	Financial assets at FVTPL - current	200,000	6,022	-	6,022	None
	Standard Chartered (a)							
	BNP Paribas (a)							
	BNP Paribas (b)							
	Standard Chartered (b)							
	ABN AMRO							
	Standard Chartered (c)							
	TSMC Arizona USD corporate bonds							
	Morgan Chase USD corporate bonds							
	UBS Group AG USD corporate bonds							
	Mizuho Financial USD corporate bonds (a)							
	Mizuho Financial USD corporate bonds (b)							
	Shares	Related party of the Company's chairman	Financial assets at FVTOCI - non-current	2,000,000	57,300	-	57,300	None
	Shin Kong Financial Holding Co., Ltd. Preferred Stock B							
	OMVO TECHNOLOGY INC.	None	Financial assets at FVTOCI - non-current	5,430,746	2,390	11.56	2,390	None

UBRIGHT OPTRONICS CORPORATION

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
UBright Optronics Corporation	Rise Concept Enterprises Limited	Hong Kong	Investment	\$ 7,695	\$ 7,695	Note	100	\$ (10,005)	\$ 2,052	\$ 2,052	

Note: This is a limited company, the proportion of ownership is calculated based on the amount of capital contribution.

UBRIGHT OPTRONICS CORPORATION

MARKETABLE SECURITIES HELD BY THE INVESTEEs OVER WHICH THE COMPANY HAS CONTROL
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Rise Concept Enterprises Limited	Shares	None	Financial assets at FVTOCI - non-current	3,750,000	\$ 32,240	1.41	\$ 32,240	None
	T-E Pharma Holding, Inc. T-E Meds Holding, Inc.	None	Financial assets at FVTOCI - non-current	1,500,000	46,261	0.70	46,261	None

UBRIGHT OPTRONICS CORPORATION

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty (Note A)	Relationship (Note B)	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Rise Concept Enterprises Limited	T-E Meds Holding, Inc. ordinary shares	Financial assets at FVTOCI - non-current	-	-	-	\$ -	1,500,000	\$ 46,862	-	\$ -	\$ -	\$ -	1,500,000	\$ 46,862

Note A: Investors whose securities are accounted using the equity method are required to complete these two columns, and the rest can be left blank.

Note B: The amount of ending balance includes the amount of unrealized gains and losses.

UBRIGHT OPTRONICS CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, In Thousands of Foreign Currencies)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note E)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outflow	Inflow							
Suzhou UBright Optronics Corp.	Brightness enhancement film cutting process	RMB1 million	Investments through subsidiary Rise Concept Enterprises Ltd.	\$ 4,471 (RMB 1,000)	\$ -	\$ -	\$ 4,471 (RMB 1,000)	\$ 2,647	100.00	\$ 2,647	\$ 1,897	\$ -	

Note: Suzhou UBright Optronics Corp. was established by Rise Concept Enterprises Limited.

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2023	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
\$4,471	\$4,471	\$2,024,504

UBRIGHT OPTRONICS CORPORATION

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

Investee Company	Relationship	Transaction Type	Amount	Transaction Details			Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss
				Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	%	
Ubright Optronics Corporation Suzhou Ubright Optronics Corporation	Substantive related party	Professional service fee	\$ 10,437	Note A	Note A	Note A	\$ -	-	\$ -

Note A: Professional service fee: According to the specifications set by both parties in the contract, the current estimated processing amount is prepaid on a quarterly basis, and then offset against the actual processing cost at the end of the month.

Note B: Financing provided to an investee company in mainland China, either directly or indirectly through a third party: None.

TABLE 8

UBRIGHT OPTRONICS CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS

DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Shinkong Synthetic Fibers Corporation	45,679,828	56.40

Ubright Optronics Corp.

Chairperson: WU, HSIN-CHIEH