Common Stock Code: 3141

Ultra Chip, Inc.

2023 Annual Report

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Information Reporting Website specified by Securities & Futures Institute:

https://sii.twse.com.tw

Printed on March 31, 2024

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Name of transaction location for overseas marketable stock listing transaction and method for inquiring the information of such overseas marketable stock: None

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One: Report to shareholders

Dear Shareholders：

Here are our report of 2023perating results and future company prospect.

I.2023 operating results

1. Planned implementation results for operating Unit: NT$ 1,000

Accounting items	2022	2023	Difference in amount	Growth rate %
Operating revenue	2,516,131	1,852,883	(663,248)	(26.36)
Gross profit	1,082,024	639,855	(442,169)	(40.86)
Net amount after tax (excluding non-controlling interests)	517,286	84,169	(433,117)	(83.73)

In the post-pandemic era after 2023, the overall global economy is still affected by many uncertain factors such as high inflation and geopolitics, which have slowed down the demand in the end market and the buying interest in the consumer market. System manufacturers of the semiconductor supply chain have faced excessive inventory levels due to the weak end demand and the slow de-stocking of the supply chain, although sporadic short orders and urgent orders were already seen in the second half of 2023, it was still difficult to reverse the decline caused by the sluggish economy in the first half of the year. In 2023, the consolidated revenue declined by 26.36% from the level in 2022, and the operating gross profit and net profit after tax were significantly lower than 2022 due to the falling product prices, and the provision for the loss of obsolescence of inventory.

2. Analysis of financial revenue and expenditure as well as profitability

Items		2022	2023
Financial structure	Percentage of liabilities to assets (%)	40.22	28.90
	Percentage of long-term funds to fixed assets (%)	540.48	596.68
Solvency	Current ratio (%)	185.12	244.35
	Quick ratio (%)	93.51	123.56
Profitability	Return on assets (%)	14.05	2.97
	Return on shareholders' equity (%)	24.72	4.15
	Net profit margin (%)	22.95	5.41
	Earnings per share (NT$)	7.01	1.13

3. Research and development status

In terms of research and development, NT$ 336,337 thousand was paid for research and development in 2023, accounting for about 17% of the turnover of NT$ 1,852,883 thousand. In the future, the Company will continue to invest in the development of new display technologies in addition to continuously optimizing existing products to expand new application fields. It is estimated that the investment and expenses on research and development of new products and technologies will maintain 15%~20% of the total turnover in the future.

4. Budget performance

The Company only set internal budget targets for 2023 and did not disclose financial forecasts to the public. The overall revenue and profit were affected by changes in the industry and market competition. As a result, the achievement rate of internal budget in 2023 was lower than expected, but the Company was still profitable for the whole year, and the earnings per share reached NTD 1.13.

II. Business Plan Summary for 2024

1.Impacts of External Competition, Regulatory, and Overall Business Environment

Looking forward to 2023, the global industry will continue to be affected by the Russia-Ukraine war, the intensification of inflation and the US-China trade competition. In the future, the growth momentum of the semiconductor market will be stimulated by emerging applications replenishing inventory. In the post-epidemic period when the economic prospect looks poor, enterprises need to be more flexible in the allocation of production capacity, manpower and funds. The Company will re-examine the allocation of production capacity in each process, effectively improve product quality and reduce production costs, so as to achieve the most efficient production combination.

2. Business guidelines and goals:

In view of the high inventory caused by reduced demand in the terminal electronics market, the Company will strengthen market promotion and accelerate destocking in line with customers' shipment plans; at the same time, the Company will actively invest in the research and development of new products and technologies, enhance the competitiveness of products, and stabilize the R&D personnel, to ensure to achieve sales volume of this year in the future(please see the Annual Report P81), to hope to achieve new success in revenue and profit when the global economy recovers in the future.

3.Future company development strategy and the important policy of phurase and sell

The Company's electronic paper products are mainly used as electronic shelf labels, especially during the epidemic period, which can effectively reduce contact among personnel in physical stores, improve the automation of retail services, and conform to the global trend of energy saving and carbon reduction. It is expected that the sales volume will continue to grow year by year after the demand in the terminal market recovers and in the mass production of new products. The Company will continue to develop driver IC with higher resolution and lower power consumption in the future, improve the efficacy of product and conform to the global trend of green energy saving and target of Net Zero Emissions. The Company is committed to promoting the diversification of terminal product applications, maintaining stable expansion of production capacity and optimizing cost structure, so as to keep the market competitiveness of electronic-paper driver IC. After combining the original touch technology, the sales volume of STN products in new application fields, such as smart home appliances, smart meters and vehicle meters, have grown steadily. In the future, the Company will continue to enhance marketing and strive for a stable supply of production capacity, to meet the customer's demand.

Looking forward to 2024, enterprises need to be more flexible in the allocation of production capacity, manpower and funds. The Company will re-examine the allocation of production capacity in each process, effectively improve product quality and reduce production costs, so as to achieve the most efficient production combination. At the same time, the Company will actively invest in the research and development of new products and technologies, enhance the competitiveness of products, and stabilize the R&D personnel, to hope to achieve new success in revenue and profit when the global economy recovers in the future. Under the rapidly changing global economy, the sustainable management is still our goal. The Company will actively invest in the research and development of new display technologies, and pursue the driver IC with higher quality and saving energy and electricity, to hope to create maximum benefits for all shareholders!

Chairman Yu-Tung Hsu

Two. Company Profile

I. Establishment Date: August 14, 1999

II. Company History:

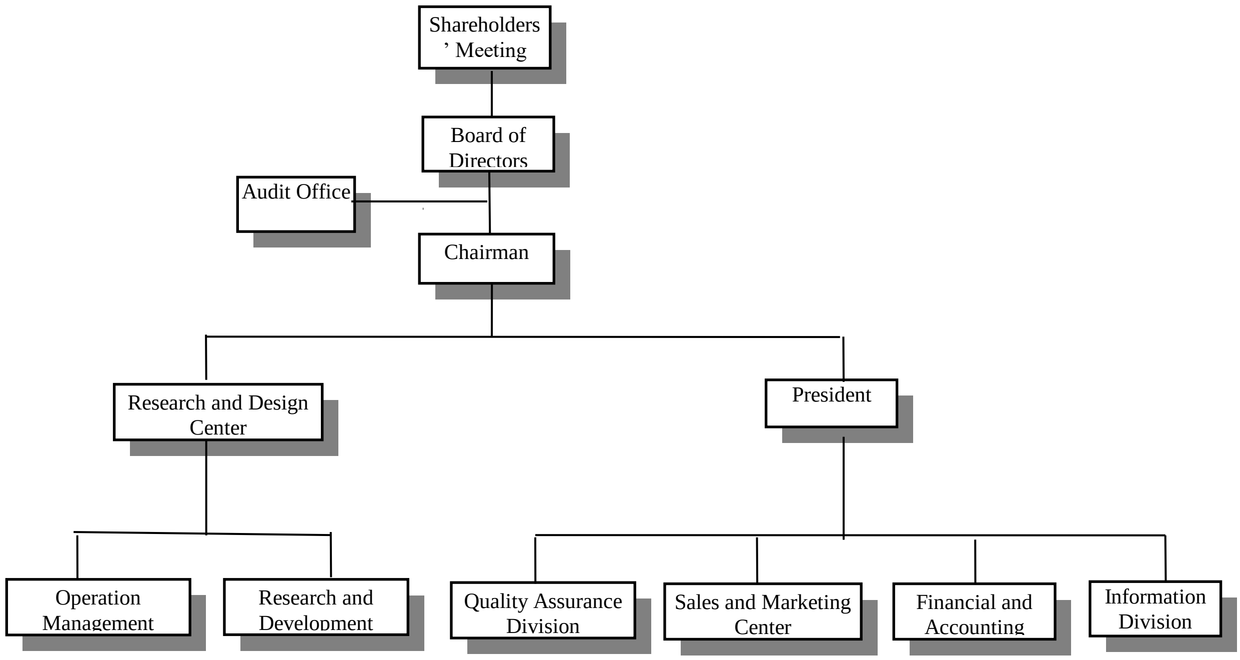
Year	Key Milestones
1999	˙ Established Ultra Chip, Inc., registered capital of NT$1 million, specialized in the main business of research, development, manufacturing and sales of LCD display driver IC. ˙ To ensure product technology source, resolution was reached to invest in JPS Group Holding Ltd. for the amount of NT$105,000 thousand and shareholding percentage of 50%.
2001	˙ Increased the investment in JPS Group Holding Ltd. for NT$120,000 thousand and acquired all equity of JPS Group Holding Ltd. ˙ Invested in "Jinghong Electronics (Shanghai) Inc." in China via subsidiary JPS Group Holding Ltd. ˙ Completed gray-scale driver IC product design. ˙ Black and white driver IC product entered mass production officially. ˙ Completed color driver IC product design. ˙ Approved by Securities and Exchange Commission for public offering of the Company's stocks.
2003	˙ Company's stocks registered at emerging market for public trading.
2004	˙ Obtained the assessment opinion of "Technology Enterprise and Product or Technology Development Success with Marketability" issued by the Technology Enterprise Review Committee, Industrial Development Bureau. ˙ Original Chairman resigned due to busy business schedule, and the Board of Directors elected Yu-Tung Hsu to be the new Chairman.
2005	˙ Obtained the Taiwan patent "Semiconductor Apparatus with Protrusion".
2008	˙ Completed touch panel control IC product design. ˙ Completed TFT-LCD driver IC product design. ˙ Obtained the Taiwan patent "Semiconductor Apparatus for Isostatic Protrusion Interleaving Detection".
2009	˙ Completed touch key control IC product design. ˙ Completed the 5-line multi-point resistive touch panel control IC product design. ˙ Completed resistive pressure sensing IC product design. ˙ Completed the analogue matrix resistive (AMR) touch panel control IC product design. ˙ Completed the small size (<5") self-capacitance touch panel control IC product design.
2010	˙ Completed the 8-bit microprocessor product design ˙ Completed the electronic book driver IC product design. ˙ Completed the 5-line multi-point resistive touch panel control single-chip product design. ˙ Completed automotive display driver IC AEC-Q100 certification. ˙ Completed the medium and large size (~11") self-capacitance touch panel control single-chip product design.
2011	˙ Officially entered automotive display driver IC factory-installed product market, and automotive IC entered mass production and delivery. ˙ Electronic book driver IC verified by overseas end customer completely and mass production and delivery started in May. ˙ Completed the medium and large size (~11") mutual-capacitance touch panel control IC product design. ˙ Completed the EPD SOC driver IC(96 Channel Segment) product design. ˙ Completed the development of true multi-touch algorithm. ˙ Invested in "Dongguan Ultrachip Inc." in China via subsidiary JPS Group Holding Ltd.

Year	Key Milestones
2012	˙ Completed the technology development and verification for System In Package (SiP). ˙ Completed the medium and large size (~11”) mutual-capacitance touch panel system chip product development. ˙ Automotive display driver IC received certification from German giant auto manufacturer completely. ˙Collaborated with Industrial Technology Research Institute (ITRI) in the development of leading new product “Color Electronic Label Control Chip”.
2013	˙ Obtained the assessment opinion of “Technology Enterprise and Product Development Success with Marketability” issued by the Technology Enterprise Review Committee, Industrial Development Bureau. ˙ Completed the Ultra-D touch position processing technology verification. ˙ Completed the E-ink supporting tri-color electronic paper driver IC product design. ˙ Obtained the leading new product design approval letter subsidy from Industrial Development Bureau, MOEA. ˙ Obtained the letter for approval of public trading at TPEx.
2014	˙ Company’s stocks publicly listed at TPEx for trading. ˙ Obtained Windows 8.1 Touch Device logo certification for analogue matrix resistive (AMR) IC. ˙ Completed the STN display and control IC product design. ˙ Completed the design of leading new product “Color Electronic Label Control Chip” collaboratively developed with ITRI.
2016	˙ Completed the high-speed brushless DC motor PWM driver IC design.
2018	˙ Completed the color sensor IC design.
2019	˙ Completed the two-in-one LCD display driver IC design for automotive grey-scale segment code integrated high-voltage light valve driver. ˙ Completed the smart electric meter LCD driver IC design complying with State Grid Standard. ˙ Successfully developed and implemented 12” wafer production capacity. ˙ Accumulated total shipment volume of electronic labels reached 100 million units.
2020	˙ Issued the first domestic secured convertible corporate bonds. ˙ Successfully introduced the automotive stroke segment VA product to the brand of new energy giant auto manufacturer. ˙ Accumulated total shipment volume of automotive black and white dot matrix chips reached 40 million units.
2021	Issued the second domestic unsecured convertible corporate bonds. ˙ Introduced the smart electric meter LCD Driver IC into various branch meter manufacturers. ˙ 600V IGBT Intelligent Power Module(IPM) IC entered mass production and sales successfully.
2022	˙ Automotive products entered India motorcycle dashboard market. ˙ Successfully developed and paired with E Ink Spectra 3100 four color electronic label IC, and actively introduced it to end customers. ˙ The new product is put into production with the 80nm high-voltage Cu manufacturing process to expand production capacity and design advantages.
2023	˙Successfully developed in-vehicle TDDI product and introduced it to the mass production stage. ˙Successfully developed dedicated driver IC for cholesteric liquid crystal and further expanded new markets. ˙Used with E Ink Spectra, the four-color electronic label IC successfully passed certification and was introduced to customers. ˙The four-color electronic label IC with MTP design improved product competitive advantages. ˙Successfully introduced AI server cooling solution to the water pump control IC of the condensation cooling system.

Three. Corporate Governance Report

I. Company Organization

(I) Organizational Structure Diagram



(II) Responsibilities of Main Segments:

Segment	Responsibilities and Duties
Audit Office	＊Implementation of operation and audit of various systems.
Information Division	＊Information system management planning and maintenance.
Quality Assurance Division	＊Mass production product quality management and system management. ＊Finished product incoming inspection and product shipping quality verification. ＊New processing product and packaging reliability verification. ＊Process improvement engineering assessment and reliability confirmation.
Operation Management Division	＊Assessment of various technologies and production support. ＊Outsourced production factory management. ＊Outsourced processing resource with introduction of evaluation and subsequent production management. ＊Purchase of raw materials and general administrative supplies.
Research and Development Center	＊New product planning. ＊Support new product development and sample testing. ＊IC planning, design and system plan, research and development, and application. ＊Develop mask DATA BASE layout design necessary for converting IC design circuit into production.
Sales and Marketing Center	＊Responsible for the promotion of global IC sales, customer development and order operation. ＊Market information collection and utilization. ＊Planning of customer service and marketing strategy. ＊Handling of customer complaints and product failure analysis. ＊Verification of all products (IC LCM) ＊Product function establishment and preparation of DATA SHEET ＊Product development, promotion, marketing and customer complaint handling ＊New product specification definition and progress control
Financial and Accounting Administrative Division	＊General ledger, sales cost, inventory account and taxation management. ＊Human resource and salary system planning. ＊Organizational structure, management rules and general affairs operation. ＊Capital movement and financial management.

II. Information of Directors, Supervisors, President, Vice Presidents, Associate Vice Presidents, Managers of Departments and Branches

(I) 1. Directors and Supervisors Information

March 31, 2024

Title	Nationality or place of registration	Name	Gender Age	Date of election (appointment) date	Term of office	Date of first election	Shareholding when elected		Number of shares currently held		Current shareholding of spouse and minor children		Shareholding by nominee arrangement		Main experience (educational background)	Current adjunct positions at the Company and other companies	Other managers, directors or supervisors with relationship of spouse or within second degree of kinship			Remarks
							Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relationship	
Chairman-cum-President	R.O.C.	Yu-Tung Hsu	Male 60-65 years old	2022.5.12	3 years	2004.04.26	1,421,273	1.90%	1,701,273	2.27%	369	0.0005%	0	0.00%	Master of Management Science, University of Massachusetts, USA Marketing Manager of Intel Corporation, Sales Manager of Vanguard International Semiconductor Corporation, Sales and Marketing Assistant Vice President of Elite Semiconductor Memory Technology Inc., Sales and Marketing Vice President of SmartASIC, Technology Inc.	Chairman and President of Ultra Chip Inc., Chairman of Ultradisplay Inc., Chairman of Ultra Capteur Co., Ltd.	None	None	None	(Note1)
Director	R.O.C.	Hsueh-Jen Chien	Male 70-75 years old	2022.5.12	3 years	2006.06.14 (Notr 2)	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master of Chemical Engineering, Massachusetts Institute of Technology, USA Chairman of Vanguard International Semiconductor Corporation	Chairman of Fu-Chu Investment Co., Ltd., Chairman of Fu-Chu General Contractor Co., Ltd., Director of Yong Cheng Construction Co., Ltd., Director of NEUCHIPS Corporation, Supervisor of Zhu Jian Enterprise Co., Ltd., Independent Director of Wistron Corporation, Independent Director of Nan Ya Printed Circuit Board Corporation	None	None	None	None
Director	R.O.C.	Chih-Cheng Chou	Male 66-70 years old	2022.5.12	3 years	2004.11.19 (Notr 3)	0	0.00%	0	0.00%	0	0.00%	0	0.00%	PhD. of Accountancy, Shanghai University of Finance and Economics Partner Accountant and Director of Taipei Branch of WeTec International CPAs, Chairman of CPA Associations ROC (Taiwan)	Partner Accountant of WeTec International CPAs, Independent Director of Leader Electronics Inc., Director of Medical Imaging Corporation, The natural person performing juristic person director duties of Ancang Construction Co., Ltd.	None	None	None	None
Independent Director	R.O.C.	Chiu-Yung Huang	Male 66-70 years old	2022.5.12	3 years	2013.04.18	0	0.00%	0	0.00%	0	0.00%	0	0.00%	EMBA Program of National Taiwan University Chairman of Ichia Technologies Co., Ltd.	Corporate Director Representative of Ichia Technologies Co., Ltd., Chairman of Ferrari Investment Co., Ltd., Chairman of Creative Investment Co., Ltd.,	None	None	None	None
Independent Director	R.O.C.	Chien-Hua Hsu	Male 60-65 years old	2022.5.12	3 years	2016.05.27	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master of Chemical Engineering, National Cheng Kung University Manager, Factory Director, Senior Vice President of UNITED MICROELECTRONICS CORP. General Manager and Chairman of He-Jian Technology (Suzhou) Co., Ltd.	Chairman and CEO of Episil Holding Inc., Chairman of Episil Technologies Inc., Chairman of Episil-Precision Inc., Chairman and President of Wellknown Holding Company Ltd., Chairman of Wei Yun Investment Management Consulting Co., Ltd., Chairman and President of Taiwan Hi-Tech Corp., Independent Director and Remuneration Committee Member of uPI Semiconductor Corp.	None	None	None	None
Independent Director	U.S.A.	Jonathan Ross	Male 55-60 years old	2022.5.12	3 years	2010.06.04	0	0.00%	0	0.00%	0	0.00%	0	0.00%	MBA, Harvard University U.S.A. Asian Pacific Region Semiconductor Chief Analyst of The Goldman Sachs Group, Inc.	Director of Nitronix International Holdings Limited.	None	None	None	None
Independent Director	R.O.C.	He-Wei Wang	Male 50-55 years old	2022.5.12	3 years	2015.09.30	0	0.00%	0	0.00%	0	0.00%	0	0.00%	PhD. of Healthcare Services Management Institute, National Taiwan University President of Optoelectronics Division, TrendForce Corp.	Vice General Manager of Yu-Tsai Technology Co., Ltd.	None	None	None	None

(Note1) Where the Company's Chairman and President or equivalent job position (highest managerial officer) refer to the same individual, or being spouse or first-degree relative of each other, it is necessary to explain the reason and relevant information on the reasonability, necessary and responsive measures (such as the method of increase of independent director seats, a majority of directors without concurrent job position of employee or managerial officer etc.): The Chairman of the Company also concurrently acts as the President for the purpose of improving the decision making execution and operation efficiency. However, to enhance the independence of the board of directors, the Company has further added one more seat of independent director (more than half of all directors are independent director), and more than half of all directors are not concurrently acting as employees or managerial officers, in order to improve the competency of the board and to enhance the supervision function.

(Note 2) From April 18, 2013 to May 11, 2022, he/she did not serve as a director or independent director of the Company.

(Note 3) From May 27, 2016 to June 10, 2019, he/she did not serve as a director or independent director of the Company.

2.Major shareholders of corporate shareholders: None

3.Major shareholders of aforementioned corporate shareholders as the major shareholders: None

4.Disclosure of professional qualification of directors and supervisors and independence of independent directors:

Criteria / Name	Professional qualification and experience	Independence status	Number of companies for adjunct independent directors of other public offering companies
Yu-Tung Hsu	Master of Management Science, University of Massachusetts, USA Marketing Manager of Intel Corporation, Sales Manager of Vanguard International Semiconductor Corporation, Sales and Marketing Assistant Vice President of Elite Semiconductor Memory Technology Inc., Sales and Marketing Vice President of SmartASIC, Technology Inc. Chairman and President of Ultra Chip Inc., Chairman of Ultradisplay Inc., Chairman of Ultra Capteur Co., Ltd.	(1) Not an employee of the Company or any of its affiliates. (2) Not a director or supervisor of the Company or any of its affiliates. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.) (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranking in the top ten in holdings. (4)Not a manager in preceding subparagraph (1) or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding subparagraph (2) and (3). (5) The chairperson, president, or a person holding an equivalent position of the Company is not a director (or governor), supervisor, or employee of other company or institution, or are spouses. (Not applicable in cases where the person is an independent director ofthe Company, its parent company, or any subsidiary as appointed in ccordance with the Act or with the laws of the country of the parent or subsidiary.) (6) Not a director (or governor), supervisor, manager, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (Not applicable in cases where the specified company or institution holds at least twenty percent	None

Criteria / Name	Professional qualification and experience	Independence status	Number of companies for adjunct independent directors of other public offering companies
Hsueh-Jen Chien	Master of Chemical Engineering, Massachusetts Institute of Technology, USA Chairman of Vanguard International Semiconductor Corporation Chairman of Fu-Chu Investment Co., Ltd., Chairman of Fu-Chu General Contractor Co., Ltd., Director of Yong Cheng Construction Co., Ltd., Director of NEUCHIPS Corporation, Supervisor of Zhu Jian Enterprise Co., Ltd., Independent Director of Wistron Corporation, Independent Director of Nan Ya Printed Circuit Board Corporation	but not exceeding fifty percent of the total number of issued shares of the Company, and the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.) (7) Not a professional, sole proprietorship, partnership, business owner of a company or institution, partner, director, supervisor, manager, and the spouse thereof that provides audit or business, legal, financial, accounting, or other related services for which the cumulative amount of remuneration received in the last two years is less than NT$ 500,000 for the Company or its affiliated companies. However, this shall not apply to the members of the Remuneration Committee, the Public Tender Offer Review Committee or the Special Committee on Mergers and Acquisitions who perform their functions and responsibilities in accordance with relevant provisions of the Securities and Exchange Act or the Business Mergers and Acquisitions Act. (8)Not a spouse of or a relative within the second degree of kinship with other directors. (9)There is no situations listed in Article 30 of the Company Act	2 companies (Note 1)
Chih-Cheng Chou	PhD. of Accountancy, Shanghai University of Finance and Economics Partner Accountant and Director of Taipei Branch of WeTec International CPAs, Chairman of CPA Associations ROC (Taiwan) Partner Accountant of WeTec International CPAs, Independent Director of Leader Electronics Inc., Director of Medical Imaging Corporation, The natural person performing juristic person director duties of Ancang Construction Co., Ltd.		1 companies (Note 2)

Criteria / Name	Professional qualification and experience	Independence status	Number of companies for adjunct independent directors of other public offering companies
Chiu-Yung Huang	EMBA Program of National Taiwan University Chairman of Ichia Technologies Co., Ltd. Corporate Director Representative of Ichia Technologies Co., Ltd., Chairman of Ferrari Investment Co., Ltd., Chairman of Creative Investment Co., Ltd.	(1) Not an employee of the Company or any of its affiliates. (2) Not a director or supervisor of the Company or any of its affiliates. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.) (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranking in the top ten in holdings. (4)Not a manager in preceding subparagraph (1) or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding subparagraph (2) and (3). (5) Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or designates its representative to serve as a director or supervisor of the Company under Article 27(1) or (2) of the Company Act. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.) (6) Not a director, supervisor or employee of other company such that a majority of the Company's director seats or voting	None

Criteria / Name	Professional qualification and experience	Independence status	Number of companies for adjunct independent directors of other public offering companies
Chien-Hua Hsu	Master of Chemical Engineering, National Cheng Kung University Manager, Factory Director, Senior Vice President of UNITED MICROELECTRONICS CORP. General Manager and Chairman of He-Jian Technology (Suzhou) Co., Ltd. Chairman and CEO of Episil Holding Inc., Chairman of Episil Technologies Inc., Chairman of Episil-Precision Inc., Chairman and President of Wellknown Holding Company Ltd., Chairman of Wei Yun Investment Management Consulting Co., Ltd., Chairman and President of Taiwan Hi-Tech Corp., Independent Director and Remuneration Committee Member of uPI Semiconductor Corp.	shares are controlled by the same person. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country ofthe parent or subsidiary.) (7) The chairperson, president, or a person holding an equivalent position of the Company is not a director (or governor), supervisor, or employee of other company or institution, or are spouses. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.) (8) Not a director (or governor), supervisor, manager, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (Not applicable in cases where the specified company or institution holds at least twenty percent but not exceeding fifty percent of the total number of issued shares of the Company, and the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.) (9) Not a professional, sole proprietorship, partnership, business owner of a company or institution, partner, director, supervisor, manager, and the spouse thereof that provides audit or business, legal, financial, accounting, or other related services for which the cumulative amount of remuneration received in the last two years is less than NT$ 500,000 for the Company or its affiliated companies. However, this shall not apply to the members of the Remuneration Committee, the Public Tender Offer	1 company (Note 3)
Jonathan Ross	MBA, Harvard University U.S.A. Asian Pacific Region Semiconductor Chief Analyst of The Goldman Sachs Group, Inc. Director of Nitronix International Holdings Limited.		None

Criteria / Name	Professional qualification and experience	Independence status	Number of companies for adjunct independent directors of other public offering companies
He-Wei Wang	PhD. of Healthcare Services Management Institute, National Taiwan University President of Optoelectronics Division, TrendForce Corp. Vice General Manager of Yu-Tsai Technology Co., Ltd.	Review Committee or the Special Committee on Mergers and Acquisitions who perform their functions and responsibilities in accordance with relevant provisions of the Securities and Exchange Act or the Business Mergers and Acquisitions Act. (10)Not a spouse of or a relative within the second degree of kinship with other directors. (11)There is no situations listed in Article 30 of the Company Act. (12)Not elected as a director on behalf of the government, a legal person, or the representative thereof under Article 27 of the Company Act.	None

Note 1: Director Hsueh-Jen Chien is also the independent director of Wistron Corporation and Nan Ya Printed Circuit Board Corporation.

Note 2: Director, Chih-Cheng Chou is also the independent director of Wistron Corporation

Note 3: Independent director, Chien-Hua Hsu, is also acts as the independent director of uPI Semiconductor Corp.

5. Diversity policy, goal and achievement status of the board of directors:

In addition to “Articles of Incorporation”, the Company has also established the “Procedures for Election of Directors” to clearly specify the candidate nomination system for the nomination and qualification review of the election of directors. In addition, the directors are also approved through resolution of board of directors’ meeting and submitted to the shareholders’ Meeting for appointment. According to Article 3 of the “Procedures for Election of Directors” of the Company, it explicitly specifies that the composition of the board of directors shall be determined by taking diversity into consideration, and shall establish an appropriate policy on diversity based on the company’s business operations, operating dynamics, and development needs be formulated and include, without being limited to, the standards of the following two main aspects:

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

II. Professional knowledge and skills: professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience, etc.

Each board member shall have the necessary knowledge to perform their duties; the abilities that must be present in the board as a whole are as follows:

1. Operational judgment ability.

2. Accounting and financial analysis ability.

3. Business management ability.

4. Crisis handling ability.

5. Knowledge of the industry.
6. International market perspective.
7. Leadership.
8. Decision-making ability.
9. Risk management knowledge and skills.

The current board of directors of the Company consists of 7 directors, including 4 independent directors and 3 directors. The porpotion of independent directors is 57%.All the board of directors are equipped with extensive experience and expertise in various areas of finance, accounting, risk management and law. In addition, the Company also focuses on the gender equality of the board member composition. The target ratio for female directors is above 20%. Presently, there are 7 directors, and no female directors. The Company will continue to exert effort in reaching the target ratio for female directors. The board member diversity implementation status is as follows:

Diversity item / Director name	Basic composition					Industry experience				Professional ability			
	Nationality	Gender	Concurrent position as employee of the Company	Age	Seniority of independent director	Leadership and decision making	Business management	Knowledge of the industry	International market	Law	Accounting	Marketing management	Risk Management
Chairman - Yu-Tung Hsu	R.O.C.	Male	President	60-65 years old	Not applicable	V	V	V	V	V	V	V	V
Director - Hsueh-Jen Chien	R.O.C.	Male	None	70-75 years old	Not applicable	V	V	V	V		V	V	V
Director - Chih-Cheng Chou	R.O.C.	Male	None	66-70 years old	Not applicable	V	V	V	V	V	V		V
Independent Director - Chiu-Yung Huang	R.O.C.	Male	None	66-70 years old	6 years to 9 years	V	V	V	V	V		V	V
Independent Director - Chien-Hua Hsu	R.O.C.	Male	None	60-65 years old	Less than 3 years	V	V	V	V	V		V	V
Independent Director – Jonathan Ross	U.S.A.	Male	None	55-60 years old	9 years to 12 years	V	V	V	V	V	V		V
Independent Director – He-Wei Wang	R.O.C.	Male	None	50-55 years old	6 years to 9 years	V	V	V	V	V		V	V

(II) Information of President, Vice President, Associate Vice President, Supervisors of Departments and Branches:

March 31, 2024

Title	Nationality	Name	Gender	Election (appointment) date	Shareholding		Shareholdings of spouse and minor children		Shareholding by nominee arrangement		Main experience (educational background)	Current adjunct positions at other companies	Managerial officers with relationship of spouse or within second degree of kinship			Remarks
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relationship	
Chairman-cum-President	R.O.C.	Yu-Tung Hsu	Male	2002.01	1,701,273	2.27%	369	0.0005%	0	0.00%	Master of Management Science, University of Massachusetts, USA Marketing Manager of Intel Corporation, Sales Manager of Vanguard International Semiconductor Corporation, Sales and Marketing Assistant Vice President of Elite Semiconductor Memory Technology Inc., Sales and Marketing Vice President of SmartASIC, Technology Inc.	Chairman and President of Ultra Chip Inc., Chairman of Ultradisplay Inc., Chairman of Ultra Capteur Co., Ltd.	None	None	None	(Note)
President	R.O.C.	Cheng-Hsin Chang	Male	2004.11	303,340	0.40%	0	0.00%	0	0.00%	Master of Electronics Engineering, Columbia University, USA Senior Engineer of IC-Media Inc., Sony	President of Ultra Capteur Co., Ltd.	None	None	None	None
Vice President	R.O.C.	Chien-Ting Chen	Male	2014.09	120,000	0.16%	0	0.00%	0	0.00%	Master of Electrical Engineering, National Cheng Kung University Supervisor of ELAN Microelectronics Corp., Chief Engineer of FocalTech Electronics Co., Ltd.	None	None	None	None	None
Assistant Vice President	R.O.C.	Yung-Teng Lai	Male	2006.11	64,948	0.09%	0	0.00%	0	0.00%	Master of Industrial Engineering, Tsinghua University Engineer of Macronix International Co., Ltd., Novatek Microelectronics Corp.	None	None	None	None	None
Assistant Vice President	R.O.C.	Sheng-Fang Wang	Female	2013.03	271,414	0.36%	0	0.00%	0	0.00%	Bachelor of Department of Accounting, Ming Chuan University Ernst & Young Global Limited	None	None	None	None	None

(Note) Where the Company’s Chairman and President or equivalent job position (highest managerial officer) refer to the same individual, or being spouse or first-degree relative of each other, it is necessary to explain the reason and relevant information on the reasonability, necessary and responsive measures (such as the method of increase of independent director seats, a majority of directors without concurrent job position of employee or managerial officer etc.): The Chairman of the Company also concurrently acts as the President for the purpose of improving the decision making execution and operation efficiency. However, to enhance the independence of the board of directors, the Company has further added one more seat of independent director (more than half of all directors are independent director), and more than half of all directors are not concurrently acting as employees or managerial officers, in order to improve the competency of the board and to enhance the supervision function.

III. Remuneration Paid to Directors, Supervisors, President and Vice Presidents in the Most Recent Fiscal Year.

(1) Remuneration of Directors and Independent Directors

December 31, 2023 Unit: NT$ thousand / thousand shares

Title	Name	Remuneration of directors								Total of four items of A+B+C+D as a percentage of net income after tax (%)		Remuneration received for serving as an employee concurrently								Total of seven items of A+B+C+D+E+F+G as a percentage of net income after tax		Whether compensation from investees other than subsidiaries is received
		Remuneration (A)		Severance and pension (B)		Remuneration of directors (C)		Business execution expenses (D)				Remuneration, bonus, and allowance (E)		Severance and pension (F)		Employee remuneration (G)						
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
																Cash amount	Stock amount	Cash amount	Stock amount			
Director	Yu-Tung Hsu(1) Representative of Gains Investment Corporation Ching-Chen Huang(2)(Note) Hsueh-Jen Chien(3) Chih-Cheng Chou(4)	0	0	0	0	2,583	2,583	0	0	2,583 3.07%	2,583 3.07%	10,420	10,420	0	0	6,452	0	6,452	0	19,455 23.11%	19,455 23.11%	None
Independent Director	Chiu-Yung Huang(5) Chien-Hua Hsu(6) Jonathan Ross(7) He-Wei Wang(8)	960	960	0	0	1,879	1,879	0	0	2,839 3.37%	2,839 3.37%	0	0	0	0	0	0	0	0	2,839 3.37%	2,839 3.37%	None

Note: The director has resigned on 2022.5.12

Range of Remuneration table

Range of Remunerations to each Director of the Company	Director name			
	Sum of foregoing four items (A+B+C+D)		Sum of foregoing seven items (A+B+C+D+E+F+G)	
	The Company	All companies in the financial statements	The Company	All companies in the financial statements
Under NT$1,000,000	(2)、(3)、(4)、(5)、(6)、(7)、(8)	(2)、(3)、(4)、(5)、(6)、(7)、(8)	(2)、(3)、(4)、(5)、(6)、(7)、(8)	(2)、(3)、(4)、(5)、(6)、(7)、(8)
NT$1,000,000 (inclusive) ~ NT$2,000,000 (exclusive)	(1)	(1)	-	-
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)	-	-	(1)	(1)
NT$30,000,000 (inclusive) ~ NT$50,000,000 (exclusive)	-	-	-	-
NT$50,000,000 (inclusive) ~ NT$100,000,000 (exclusive)	-	-	-	-
Above NT$100,000,000	-	-	-	-
Total	8 persons in total	8 persons in total	8persons in total	8 persons in total

(2) Remuneration of supervisors: Since the Company has established the Audit Committee, the supervisor system is not applicable.

(3)Remuneration of Presidents and Vice Presidents

December 31, 2023Unit: NT$ thousand / thousand shares

Title	Name	Salary (A)		Severance and pension (B) (Note 1)		Bonus and allowance (C)		Employee remuneration (D)				Total of four items of A, B, C and D as a percentage of net income after tax (%)		Compensation from investees other than subsidiaries received
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
Chairman-cum-President	Yu-Tung Hsu(9)	16,668	16,668	216	216	3,859	3,859	9,789	0	9,789	0	30,532 36.27%	30,532 36.27%	None
President	Cheng-Hsin Chang(10)													
Vice President	Chien-Ting Chen(11)													

Note 1: For the defined contribution of pension, the Company appropriates pension fund equivalent to 6% of monthly salary for depositing into the employee personal accounts of the Bureau of Labor Insurance, and the appropriation amount was recognized as current expense. The 2023 current pension expense information is as shown in the table below.

December 31, 2023 Unit: NT$ thousand

	2023	2022
Net pension cost of defined contribution (New pension system)	14,461	13,695

Range of Remuneration table

Range of remunerations to each President and Vice President of the Company	Name of President and Vice President	
	2023	
	The Company	All companies in the financial statements
Under NT$1,000,000	-	-
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)	(11)	(11)
NT$5,000,000 (inclusive) ~ NT$10,000,000 (exclusive)	(10)	(10)
NT$10,000,000 (inclusive) ~ NT$15,000,000 (exclusive)	-	-
NT$15,000,000 (inclusive) ~ NT$30,000,000 (exclusive)	(9)	(9)
NT$30,000,000 (inclusive) ~ NT$50,000,000 (exclusive)	-	-
NT$50,000,000 (inclusive) ~ NT$100,000,000 (exclusive)	-	-
Above NT$100,000,000	-	-
Total	3 persons in total	3 persons in total

(4) Name of Managerial Officers for Distribution of Employees' Remuneration and Distribution Status:

December 31, 2023 Unit: NT$ thousand

	Title	Name	Stock amount	Cash amount	Total	Total as a percentage of net income after tax (%)
Managerial officers	Chairman-cum-President	Yu-Tung Hsu	0	11,328	11,328	13.46%
	President	Cheng-Hsin Chang				
	Vice President	Chien-Ting Chen				
	Assistant Vice President	Yung-Teng Lai				
	Assistant Vice President	Sheng-Fang Wang				

(5) Analyze the total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by the Company and by all companies included in the consolidated financial statements in the most recent two years to directors, supervisors, president, and vice president, and describe remuneration policies, standards and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

1. Analysis of remuneration paid to Directors, Supervisors, Presidents, and Vice Presidents of the Company paid by the Company and companies included in the individual financial statements in proportion to the net income after tax referred to in the financial statements in the most recent two years:

Title	Proportion of the total remuneration of directors, supervisors, general managers and vice general managers of the Company to the after-tax net profits of individual or individual financial reports which are paid in the parent company (%)			
	2023		2022	
	The Company	All companies in the financial statements	The Company	All companies in the financial statements
Director	6.44%	6.44%	1.36%	1.36%
Supervisors	-	-	-	-
Presidents and Vice Presidents	36.27%	36.27%	5.82%	5.82%

2. Policy, standard and combination for payment of remuneration, establishment of procedure of remuneration, and correlation between the business performance and future risk

a. Directors:

Appropriate is made according to the provisions of the Articles of Incorporation, and after the report of the remuneration Committee, it is submitted to the board of directors for approval, followed by submitting to the shareholders' meeting for approval, such that it is distributed according to the number of directors.

b. President and Vice Presidents:

The remuneration of presidents and vice presidents include salary, bonus and employee compensation, which is determined according to the job position, responsibility and level of contribution to the Company. In addition, the remuneration standard adopted in the same industry is considered for the determination of the remuneration.

IV. Corporate Governance Status

(I) Board Meeting Operation Status: In the most recent year, there were 5 board meetings (A), and the attendance status of directors is as follows:

Title	Name	Attendance in person B	Number of attendance by proxy	Actual attendance rate (%) [B / A]	Remarks
Chairman	Yu-Tung Hsu	5	0	100.00%	
Director	Hsueh-Jen Chien	5	0	100.00%	
Director	Chih-Cheng Chou	5	0	100.00%	
Independent Director	Chiu-Yung Huang	4	1	80.00%	
Independent Director	Chien-Hua Hsu	5	0	100.00%	
Independent Director	Jonathan Ross	5	0	100.00%	
Independent Director	He-Wei Wang	5	0	100.00%	

Additional information:

I. Where the operation of a board meeting is subject to one of the following, the board meeting date, session, proposal content, opinion of all independent directors and Company's handling for the opinions of independent directors shall be described:

(I) Matters specified in Article 14-3 of Securities and Exchange Act: Please refer to the following table for details.

(II) Except for the aforementioned matters, other resolutions of board meetings subject to dissenting opinions or qualified opinions and equipped with records or written statements: None.

II. For the execution status of recusal of directors due to conflicts of interest, the name of directors, proposal content, reasons of recusal and participation in voting shall be described:

(I) On 2023.02.24, the board of directors reviewed the 2022proposal for distribution of remunerations of directors and employees, and all directors were interested parties of this proposal, such that each individual directors actively recused from the discussion and resolution of the proposal. The proposal was approved by all directors according to the content proposed without objections.

(II) On 2023.04.28, the board of directors reviewed proposal for loaning of funds for subsidiary of Ultradisplay Inc., proposal for Making Endorsements / Guarantees for subsidiary of Ultra Capteur Co., Ltd., proposal for loaning of funds for subsidiary of Ultra Capteur Co., Ltd., and the Chairman Mr. Yu-Tung Hsu of the Company of Ultradisplay Inc. and Ultra Capteur Co., Ltd, recused himself from discussion and voting of the proposal. The proposal was approved by the rest of the attending directors according to the content proposed without objections.

III. Information on the evaluation cycle and period, evaluation scope, method and evaluation content, etc. of the self-evaluation (or peer evaluation) of the board of directors, and the board evaluation execution status: Please refer to the board evaluation implementation status of the Company described in the table below.

IV. Goals (such as establishment of Audit Committee, improvement of information transparency etc.) for establishment of and execution status evaluation on the enhancement of functions of the board of directors for the current year and the most recent year: The Company has established the Audit Committee, and all material proposals are submitted to the board of directors for discussion and are also reported to the Audit Committee according to the nature of each issue in order to inquire the opinions of independent directors and to obtain their consensus and agreement for execution. After a material proposal is approved by the board of directors, it is announced publicly according to relevant laws and requests of competent authority to comply with the information transparency requirements.

Board of Directors Evaluation Implementation Status: On 2020.07.31, the Company has established the "Procedures for Board of Directors Performance Evaluation" through resolution, in order to execute evaluation annually for improving the operation of board of directors and functional committees and to use it as the basis for review and improvement.

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Once annually	2023.01.01~ 2023.12.31	Board of directors performance evaluation, individual board member performance evaluation	Board of Directors internal evaluation	(1) Participation in the operation of the company
				(2) Quality of the board of directors' decision making
				(3) Composition and structure of the board of directors
				(4) Election and continuing education of the directors
				(5) Internal control
			Board member self-evaluation	(1) Alignment of the goals and mission of the company
				(2) Awareness of the duties of a director
				(3) Participation level in the operation of the company
				(4) Management of internal relationship and communication
				(5) Director's professionalism and continuing education
				(6) Internal control
Once annually	2023.01.01~ 2023.12.31	Performance evaluation by Audit Committee and performance evaluation by Remuneration Committee	Internal evaluation by the Audit Committee and the Remuneration Committee	(1) Participation in the operation of the Company
				(2) Awareness of the responsibilities of the Audit Committee and the Remuneration Committee
				(3) Improving the decision-making quality of the Audit Committee and the Remuneration Committee
				(4) Composition and member selection of the Audit Committee and the Remuneration Committee
				(5) Internal control

The Company has completed the performance evaluation of the Board of Directors, the Audit Committee and the Remuneration Committee in 2023, and submitted the report of the Board of Directors on February 23, 2024. The overall average score of the Board of Directors' self-evaluation is 4.29 points (total of 5 points), and the overall average score of individual board members' self-evaluation is 4.22 points (total of 5 points); the overall average performance self-evaluation scores of the Audit Committee and the Remuneration Committee are 4.99 points and 4.67 points (total of 5 points), indicating that the overall Board of Directors and functional committees are functioning well.

Board meeting proposals specified in Article 14-3 of the Securities and Exchange Act:

Board of Directors	Proposal content and subsequent handling	Matters specified in Article 14-3 of Securities and Exchange Act	Dissenting or qualified opinions of independent directors
4th Meeting of 9th Term 2023.02.24	1. Proposal for remuneration of CPAs of the Company	V	None
	2. Proposal for continuous assessment of their independence and retention	V	None
	3. Proposal for amendments to parts of the provisions of the "Operating Regulations for Financial Transactions between Affiliated Enterprises"	V	None
	4. Proposal for amendment to parts of the "Seal Management Regulations"	V	None
	Opinion of independent directors: None.		
	Company's handling for the opinions of independent directors: None.		
	Result of resolution: Approved by all attending directors.		
5th Meeting of 9th Term 2023.03.31	1. Proposal for 2022 distribution of earnings	V	None
	2. proposal of issuing common shares to participate in overseas depositary receipts by increasing cash capital or issuing common shares by increasing cash capital in the way of private placement	V	None
	Opinion of independent directors: None.		
	Company's handling for the opinions of independent directors: None.		
	Result of resolution: Approved by all attending directors.		
6th Meeting of 9th Term 2023.04.28	1. Proposal for loaning of funds for subsidiary of Ultradisplay Inc.	V	None
	2. Proposal for making Endorsements / guarantees for subsidiary of Ultra Capteur Co., Ltd.	V	None
	3. Proposal for loaning of funds for subsidiary of Ultra Capteur Co., Ltd.	V	None
	Opinion of independent directors: None.		
	Company's handling for the opinions of independent directors: None.		
	Result of resolution: Approved by all attending directors.		
7th Meeting of 9th Term 2023.07.28	1. Proposal for amendments to parts of the provisions of the "Procedures for Acquisition or Disposal of Assets"	V	None
	2. Proposal for amendments to parts of the provisions of the "Position deputy system"	V	None
	Opinion of independent directors: None.		
	Company's handling for the opinions of independent directors: None.		
8th Meeting of 9th Term 2023.10.27	1. Proposal for Internal audit implementation rules of subsidiary.	V	None
	Opinion of independent directors: None.		
	Company's handling for the opinions of independent directors: None.		

(II) Audit Committee Implementation Status

There were 5 (A) Audit Committee meetings convened in the most recent year, and the attendance status of the independent directors is as follows:

Title	Name	Attendance in person B	Number of attendance by proxy	Actual attendance rate (%) [B / A]	Remarks
Independent Director	Chiu-Yung Huang	4	1	80.00%	
Independent Director	Chien-Hua Hsu	5	0	100.00%	
Independent Director	Jonathan Ross	5	0	100.00%	
Independent Director	He-Wei Wang	5	0	100.00%	

Additional information:

I. Where the operation of Audit Committee is subject to one of the following, the board meeting date, session, proposal content, dissenting opinion of independent directors, reserved opinions or major recommendation item content, resolution result of the Audit Committee meeting and the Company’s handling with respect to the opinions of the Audit Committee shall be described.

(I) Matters specified in Article 14-5 of Securities and Exchange Act: Please refer to the following table for details.

(II) Except for the aforementioned matter, other resolutions not approved by the Audit Committee but had the consent of more than two-thirds of all directors: None.

II. For the execution status of recusal of independent directors due to conflicts of interest, the name of independent directors, proposal content, reasons of recusal and participation in voting shall be described: None.

III. The communications between the independent directors, the internal auditors, and the independent auditors are listed in the table below (shall include major events, methods and results, etc. communicated in relation to the company’s financial and business status):

(I) The internal audit officer of the Company communicates the audit report result with the Audit Committee members, and internal audit report is also provided during the quarterly Audit Committee meeting. In case of any special condition, it is also reported to the Audit Committee members timely. Up to the printing date of the annual report for the current year, there has been no special conditions mentioned above. The communication status between the Audit Committee of the Company and the internal audit officer is proper.

(II) The CPAs of the Company report the financial statements audit result of the current quarter and other communication matters required by the laws and regulations during the Audit Committee meetings quarterly, and in case of any special conditions, CPAs also report to the Audit Committee timely. Up to the printing date of the annual report for the current year, there has been no special conditions mentioned above. The communication status between the Audit Committee of the Company and the CPAs is proper.

Audit Committee meeting proposals specified in Article 14-5 of the Securities and Exchange Act

Audit Committee Meeting	Proposal content and subsequent handling	Matters specified in Article 14-5 of the Securities and Exchange Act	Resolutions not approved by the Audit Committee but with the consents of more than two-thirds of all directors.
3rd	1. Proposal for 2022 Financial Statements.	V	None

Audit Committee Meeting	Proposal content and subsequent handling	Matters specified in Article 14-5 of the Securities and Exchange Act	Resolutions not approved by the Audit Committee but with the consents of more than two-thirds of all directors.
Meeting of 3rd Term 2023.02.24	2. Proposal for 2022 “Internal Control System Effectiveness Self-Evaluation” and “Statement of Internal Control System”	V	None
	3. Proposal for continuous assessment of their independence and retention	V	None
	4. Proposal for remuneration of CPAs of the Company	V	None
	5. Proposal for amendments to parts of the provisions of the “Operating Regulations for Financial Transactions between Affiliated Enterprises”	V	None
	6. Proposal for amendment to parts of the “Seal Management Regulations”	V	None
	Resolution Result of Audit Committee: Approved by the all Audit Committee members.		
	Company’s Handling for Opinions of Audit Committee: Approved by all attending directors.		
4th Meeting of 3rd Term 2023.03.31	1. Proposal of issuing common shares to participate in overseas depositary receipts by increasing cash capital or issuing common shares by increasing cash capital in the way of private placement	V	None
	Resolution Result of Audit Committee: Approved by the all Audit Committee members.		
	Company’s Handling for Opinions of Audit Committee: Approved by all attending directors.		
5th Meeting of 3rd Term 2023.04.28	1. Proposal for loaning of funds for subsidiary of Ultradisplay Inc.	V	None
	2. Proposal for making endorsements / guarantees for subsidiary of Ultra Capteur Co., Ltd.	V	None
	3. Proposal for loaning of funds for subsidiary of Ultra Capteur Co., Ltd.	V	None
	Resolution Result of Audit Committee: Approved by the all Audit Committee members.		
	Company’s Handling for Opinions of Audit Committee: Approved by all attending directors.		
6th Meeting of 3rd Term 2023.07.28	1. Proposal for 2023 2nd quarter consolidated financial statements	V	None
	2. Proposal for amendments to parts of the provisions of the “Procedures for Acquisition or Disposal of Assets”	V	None
	3. Proposal for amendments to parts of the provisions of the “Position deputy system”	V	None
	Resolution Result of Audit Committee: Approved by the all Audit Committee members.		
	Company’s Handling for Opinions of Audit Committee: Approved by all attending directors.		
7th Meeting of	1. Proposal for Internal audit implementation rules of subsidiary.	V	None

Audit Committee Meeting	Proposal content and subsequent handling	Matters specified in Article 14-5 of the Securities and Exchange Act	Resolutions not approved by the Audit Committee but with the consents of more than two-thirds of all directors.
3rd Term 2023.10.27	Resolution Result of Audit Committee: Approved by the all Audit Committee members.		
	Company's Handling for Opinions of Audit Committee: Approved by all attending directors.		

(III) Corporate Governance Operation Status and Discrepancies with the Corporate Governance Best Practice Principles for TWSE / TPEx Listed Companies and Reasons:

Assessment Item	Implementation Status			Discrepancies from the Corporate Governance Best Practice Principles for TWSE / TPEx Listed Companies and Reasons
	Yes	No	Summary	
I. Has the Company established and disclosed its corporate governance practices according to the “Corporate Governance Best Practice Principles for TWSE / TPEx Listed Companies”?	V		The Company has established the “Corporate Governance Best Practice Principles” and has disclosed these Principles on the Market Observation Post System (MOPS) website and the Company’s website.	No major difference.
II. Company’s ownership structure and shareholders’ equity				
(I) Has the Company established the internal procedures for handling shareholders’ proposals, doubts, disputes, and litigation matters; in addition, have the procedures implemented accordingly?	V		(I) The Company has established the “Internal Control System - Stock Affairs Operation”, and relevant departments have been assigned to be responsible for the handling of shareholders, doubts, disputes and litigation matters. In addition, stock affairs have also been entrusted to professional stock affairs agency institution for handling, and the Company has established the spokesperson system.	No major difference.
(II) Is the Company constantly informed of the identities of its major shareholders and the ultimate controllers?	V		(II) The Company is constantly informed of the identities of its major shareholders and the ultimate controller according to the shareholders’ roster provided by the stock affairs agency institution periodically, and also discloses relevant information of major shareholders according to the regulations to ensure the stability of management right.	No major difference.
(III) Has the company established and implemented risk management practices and firewalls for companies it is affiliated with?	V		(III) The Company has established relevant internal regulations of the “Rules Governing Financial and Business Matters Between Affiliated People”, “Regulations for Supervision of Subsidiaries”, “Procedures for Acquisition and Disposal of Assets”, “Procedures for Making Endorsements / Guarantees” and “Procedures for Loaning Funds to Others”, and implements internal audit periodically. In addition, the Company has also established appropriate risk control mechanism and firewall. Furthermore, the assets and financial management responsibilities among affiliated enterprises are independent from each other.	No major difference.
(IV) Has the Company established internal policies that prevent insiders from trading securities against non-public information?	V		(IV) The Company has established the “Procedures for the Prevention of Insider Trading” and “Procedures for Handling Material Inside Information and Insider Reporting” in order to prevent insiders from trading securities against non-public information. Furthermore, the Company has also specified in the “Corporate Governance Best Practice Principles” that directors and insiders shall not trade their shares thirty days before the public announcement of annual financial report and during the suspension period of fifteen days before the public announcement of quarterly financial report, in order to prevent insider trading.	No major difference.
III. Composition and responsibility of board of directors				
(I) Has the board of directors established diversity policy, specific management goal and has executed properly?	V		(I) 1. According to Article 17 of the Articles of Incorporation of the Company, the directors adopt the “Candidate Nomination System”. All director candidates reviewed for qualification by the board of directors through resolution, followed by submitting to the shareholders’ meeting for election. 2. According to the provision of Paragraph 3 of Article 20 of the “Corporate Governance Best Practice Principles” of the Company, the composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company’s business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards: (1) Basic requirements and values: gender, age, nationality, and culture, etc. (2) Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance or marketing), professional skills, and industry experience, etc. 3. According to Paragraph 4 of Article 20 of the “Corporate Governance Best Practice Principles” of the Company , the board members shall generally possess the knowledge, skills, and quality necessary for performing job duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities: (1) Operational judgment ability, (2) Accounting and financial analysis ability, (3) Business management ability, (4) Crisis handling ability, (5) Industry knowledge, (6) International market perspective, (7) Leadership, and (8) Decision-making ability. 4. The current board of directors of the Company consists of 7 directors, including 4 independent directors and 3 directors. The porpotion of independent directors is 57%.All directors are equipped with extensive experience and expertise in various areas of finance, accounting, risk management and law. The Company also focuses on the gender equality of the board member composition. The target ratio for female directors is above 20%. Presently, there are no female directors. The Company will continue to exert effort in reaching the target ratio for female directors. Please refer to the annual report for the board member diversity implementation status.	No major difference.

Assessment Item	Implementation Status			Discrepancies from the Corporate Governance Best Practice Principles for TWSE / TPEx Listed Companies and Reasons
	Yes	No	Summary	
(II) Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?	V		(II) The Company has established the Remuneration Committee and Audit Committee. The Audit Committee was established by law to assist the supervision of all material financial matters, effective implementation of internal control, relevant regulatory compliance and identification and assessment of risk control of the Company, in order to enhance corporate governance.	No major difference.
(III) Has the Company established a set of policies and assessment tools to evaluate the board's performance? Is performance evaluated regularly at least on an annual basis? In addition, has the result of the performance assessment been submitted to the board of directors' meeting and used as reference for the remuneration and nomination or re-election of individual director?	V		(III) On 2020.07.31, the Company's board of directors has approved the "Procedures for Board of Directors Performance Evaluation" and evaluation method thereof, and performance evaluation is performed annually. The 2023 performance evaluation result has been reported to the board of directors on 2024.02.23. The evaluation result will be used as the basis for the Remuneration Committee to discuss the performance and remuneration of directors and supervisors, which is to be approved by the Remuneration Committee and submitted to the board of directors for discussion and approval.	No major difference.
(IV) Does the Company assess the independence of Certified Public Accountant (CPA) on a regular basis?	V		(IV) The Company regularly reviews the independence of attesting CPAs every year. In addition to requiring the attesting CPAs to provide the Statement of Independence and Audit Quality Indicators (AQIs), the Company also evaluates the independence and 13 AQIs in accordance with the following table. It is confirmed that the audit experience and training hours of the Company's attesting CPAs and their firms are better than the industry average. In the future, we will continue to introduce innovative audit tools and cloud audit platforms to improve the audit quality and efficiency. The evaluation results for the most recent year were approved by the Audit Committee on February 23, 2024, and a resolution was submitted to the Board of Directors, agreeing on the independence and suitability of the CPAs. The rotation of CPA also complies with relevant regulations.	No major difference.
IV. Has the publicly listed company designated a department or personnel that specializes (or is involved) in corporate governance affairs (including but not limited to providing directors / supervisors with the information needed to perform their duties, convention of board meetings and shareholders' meetings according to the law, company registration and changes, preparation of board meeting and shareholders' meeting minutes etc.)?	V		(I) According to the resolution of the board of directors' meeting dated 2020.07.31, the Assistant Vice President of Financial and Accounting Administrative Division, Mr. Wang, was appointed to act as the corporate governance officer to protect the rights and interests of shareholders and to strengthen the functions of the board of directors. Assistant Vice President, Mr. Wang, is equipped with more than three years of experience in the position of officer of financial and accounting administration of public company.	No major difference.
	V		(II) Main responsibilities of corporate governance officer and handling staff are: 1. Handling company registration and change registration. 2. Plan appropriate company system and organizational structure in order to promote the independence of board of directors,to achieve company transparency and legal compliance as well as to implement internal control system. 3. Handle matters relating to board meetings and shareholders meetings according to laws, and assisting the Company to comply with relevant laws for the convention of board meetings and shareholders meetings. 4. Prepare meeting minutes of board meetings and shareholders' meetings. 5. Provide information necessary for business execution of directors and the latest development of laws related to corporate management in order to assist directors to comply with the laws. 6. Report to the Board of Directors the review results on whether the qualifications of independent directors during nomination, election, and office tenure comply with the relevant statutes and regulations. 7. Handle matters related to investor relationship. 8. Other matters specified in the Articles of Incorporation or contracts.	No major difference.
	V		(III) 2023 duty execution status is as follows: 1. Assist independent directors and general directors to perform job duties, provide necessary documents and arrange the training for the directors: 1.1. For the amendment and development of latest laws and regulations in the corporate operation field and corporate governance relevant field, provide periodic notices to members of the board of directors. 1.2. Examine the confidentiality level of relevant information and provide company information necessary for directors, maintain the smoothness of communication and exchange among directors and all business supervisors. 1.3. According to the industrial characteristics of the Company and the educational background and experience of the directors, assist directors to establish the annual continuing training plan and arrange courses. 2. Assist with the legal compliance of board of directors' meeting and shareholders' meeting procedure and resolution:	No major difference.

Assessment Item	Implementation Status			Discrepancies from the Corporate Governance Best Practice Principles for TWSE / TPEx Listed Companies and Reasons
	Yes	No	Summary	
	V		2.1. Determine whether the shareholders' meeting and board of directors' meeting conventions comply with the relevant laws and the corporate governance best practice principles. 2.2 After a board of directors' meeting, responsible for verifying the major information announcement of important resolutions in order to ensure the legality and accuracy of the major information content and to ensure the properness of the investor transaction information, etc. 3. Maintain investor relationship: Arrange exchange and communication with directors and major shareholders, institutional investors or general shareholders depending upon the needs, in order to allow investors to obtain sufficient information to assess and determine the reasonable capital market value of the company and to responsibilities achieve proper maintenance of the interests and rights of shareholders. 4. The draft agenda of the board meeting shall be sent to the board of directors at least seven days in advance, and meeting materials shall be provided in the meeting. Reminders shall be given in advance when there is a conflict of interest in a proposal for recusal, and the board meeting minutes shall be completed within twenty days after the meeting. 5. Handle the shareholders' meeting date preliminary registration, prepare meeting notice, meeting handbook and meeting minutes within the statutory deadlines and handle the registration alternation matters for the amendment of articles of incorporation or the election of directors. (IV) 2023 continuing education status of the corporate governance officer is as shown in the table below:	No major difference.
V. Has the Company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?	V V V		(I) The Company has set up the stakeholders section on the Company's website, and responsible personnel have been assigned to provide response to stakeholders properly, and contact method is also provided. (II) Stakeholders are able to obtain the operation information of the Company timely via the MOPS website or the Company's website. (III) The Company has set up the spokesperson and deputy spokesperson as the external communication channel.	No major difference. No major difference. No major difference.
VI. Has the Company commissioned professional stock agency institution to handle shareholders' meeting affairs?	V		The Company has commissioned the professional stock agency institution - Grand Fortune Securities Co., Ltd. to handle shareholders' meeting related affairs.	No major difference.
VII. Information Disclosure (I) Has the Company established a website that discloses financial, business, and corporate governance-related information? (II) Has the Company adopted other means to disclose information (e.g. English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, broadcasting of investor conferences via the company website)? (III) Has the Company made public announce and report the annual financial statements within a period of two months after the end of each fiscal year, and has the Company also made announcement and provided report of the first, second and third quarter financial statements as well as the monthly business operation status early before the deadline?	 V V V		(I) The Company has set up the website of www.ultrachip.com, to disclose relevant financial business and corporate governance information. (II) 1. The Company has set up responsible personnel to handle public information internet relevant information reporting operation, and has also set up the spokesperson to be responsible for the handling of the external communication of the Company. 2. All historical information of investor conferences of the Company is published on the Company's website, and the meeting processes are also published on the Company's website. (III) The Company makes public announce and reports the annual financial statements within a period of two months after the end of each fiscal year, and also makes announcement and provides quarterly financial reports as well as the monthly business operation status before the time-limit specified.	 No major difference. No major difference. No major difference.
VIII. Does the Company has other important information (including but not limited to employees' benefits and rights, employee care, investor relationship, supplier relationship, rights of stakeholders, educational training status of directors and supervisors, implementation of risk management policy and risk	V V V V		(I) Employee benefits: The Company's employee treatment complies with the Labor Standards Act and relevant laws. (II) Employee care: Establish Employee Welfare Committee to provide various subsidies and to organize activities. (III) Investor relationship: Establish relevant departments to be responsible for handling shareholders' doubts, disputes and litigations, and also maintain proper interaction with shareholders. (IV) Supplier relationship: Maintain proper interaction with suppliers.	No major difference. No major difference. No major difference. No major difference.

Assessment Item	Implementation Status			Discrepancies from the Corporate Governance Best Practice Principles for TWSE / TPEx Listed Companies and Reasons
	Yes	No	Summary	
measurement standards, customer policy implementation status, purchase of liability insurance for directors and supervisors of the Company etc.) helpful to the understanding of the corporate governance operation status of the Company?	V		(V) Rights of stakeholders: Stakeholders may communicate with and recommend to the Company in order to maintain their legitimate rights and benefits.	No major difference.
	V		(VI) Directors' continuing education status: Directors of the Company are equipped with relevant knowledge, directors and supervisors have been planned to receive relevant professional courses and trainings according to relevant regulations of the competent authority. Please refer to the following table for the continuing education status of 2023.	No major difference.
	V		(VII) Implementation of risk management policy and risk measurement standard: The Company has established various internal management rules according to the law, and has also implemented various risk management assessment according to the rules.	No major difference.
	V		(VIII) Customer policy implementation status: The Company maintains stable and proper relationship with customers in order to create profits for the Company.	No major difference.
	V		(IX) The Company has purchased liability insurance with all directors and supervisors, in order to enhance the protection of the rights and interests of shareholders. In addition, relevant information has been published on the MOPS website.	No major difference.

IX. Please provide explanation on the improvement status of the corporate governance evaluation announced by Taiwan Stock Exchange (TWSE) in the most recent year, and provide priority enhancement and measures for matters yet to be improved: The 2023 9th term of corporate governance assessment result of the Company indicated the Company at 21% to 35% among the TPEx listed companies (The 2024 10th term till the printed the day of 2023 Annual Report doesn't annunounced). The list of explanation on the improvement status and the Company will continue to provide priority enhancement and measures for matters yet to be improved.

(I) Improvements for the Tenth Corporate Governance Assessment

1. This company uploads the English version of meeting notification, procedural manual and supplementary information for the meeting 30 days before the regular shareholders meeting is held.
2. The company uploads the English version of the annual report 16 days before the regular shareholders meeting is held.
3. Members of this company's salary and remuneration committee shall attend two or more meetings a year, and discloses information such as policies, systems, standards and structures to regularly review the performance evaluation and salary remuneration of the directors and managers.
4. The company conducts functional committees to perform internal performance evaluations, and disclose the execution progress and evaluation results on the company website or annual report.
5. The company uploads annual financial reports disclosed in English 16 days before the regular shareholder meeting is held.

(II) Priority improvement matters and measures for this year (2024)

1. The company will publish the annual financial report verified and signed-off by the accountants within two months after the end of the fiscal year.
2. The company will announce important messages in both English and Chinese simultaneously.

CPA Independence assessment standard:

Item	Whether the independence criteria are satisfied
1. Up to the most recent certification operation, there is no occurrence of CPA without change for 7 years.	■Yes □No
2. CPA has no material financial interests with the trustor.	■Yes □No
3. CPA prevents to have any inappropriate relationship with the trustor.	■Yes □No
4. CPA shall request its assisting personnel to properly comply with the requirements for integrity, fairness and independence.	■Yes □No
5. The financial statements of the institutions serviced within two years before practice shall not be audited and certified.	■Yes □No
6. The name of CPA shall not be provided to others for use.	■Yes □No
7. CPA does not hold shares of the Company and associates.	■Yes □No
8. CPA does not engage in any loan or borrowing with the Company and associates.	■Yes □No
9. CPA does not engage in any relationship of joint investment or share of profit with the Company and associates.	■Yes □No
10. CPA does not concurrently hold a routine job position at and receive a fixed salary from the Company or associates.	■Yes □No
11. CPA does not involve in the management position or function for decision making of the Company or associates.	■Yes □No
12. CPA does not concurrently operate other business that may cause the loss of his / her independence.	■Yes □No
13. CPA is not in any relationship of spouse, lineal relative by blood or by marriage or relative within second degree of kinship with the management of the Company.	■Yes □No
14. CPA does not collect commission related to any business.	■Yes □No
15. Up to the present day, there has been no sanction or violation of the principle of independence.	■Yes □No

Continuing education status of directors:

Title	Name	Course date	Organizer	Course title	Training Hours
Director	Yu-Tung Hsu	2023/07/21	Taiwan Corporate Governance Association	How do new startups perform equity planning and organizational structural design	3
		2023/11/22	Corporate Operating and Sustainable Development Association	Legal regulations, risk and responsibilities that directors, supervisors and internal workers should know under corporate governance	3
Director	Hsueh-Jen Chien	2023/04/27	Taipei Exchange (TPEx)	Sustainability development action plan promotions for listed companies	3
		2023/06/02	The Chinese National Association of Industry and Commerce (CNAIC)	2023 Taishin Net Zero Summit	3

Title	Name	Course date	Organizer	Course title	Training Hours
Director	Chih-Cheng Chou	2023/03/15	Taiwan Corporate Governance Association	How directors review financial reports	3
		2023/03/15		Corporate governance and securities laws and regulations	3
		2023/04/11	Securities & Futures Institute	Corporate governance and securities laws and regulations	3
		2023/07/13	Corporate Operating and Sustainable Development Association	Analysis on legal regulations and practical cases of insider trading	3
		2023/07/13	Taipei Exchange (TPEx)	Sustainability development action plan promotions for listed companies	3
Independent Director	Chiu-Yung Huang	2023/06/02	The Chinese National Association of Industry and Commerce (CNAIC)	2023 Taishin Net Zero Summit	3
		2023/12/15	Corporate Operating and Sustainable Development Association	Board of Directors compliance practices, legal regulations of directors and supervisors and case studies	3
Independent Director	Chien-Hua Hsu	2023/08/31	Securities & Futures Institute	Insider/short-term case analysis and business judgment rules and case analysis	3
		2023/10/19	Taiwan Corporate Governance Association	Digital technology and artificial intelligence trends and risk management	3
Independent Director	Jonathan Ross	2023/07/21	Corporate Operating and Sustainable Development Association	How do new startups perform equity planning and organizational structural design	3
		2023/08/18		Bid data analysis and fraud detection/protection	3
Independent Director	He-Wei Wang	2023/08/15	Taiwan Corporate Governance Association	Patent layout and litigation practices	3
		2023/10/31		Case analysis on foreign investment voting practices, and international thinking on the responsibilities of the directors and supervisors	3

Personnel	Continuing education institution	Course title	Training Hours
Corporate Governance Officer	Taiwan Corporate Governance Association	Common legal issues in corporate merger and acquisition contracts	3
	Taipei Exchange (TPEx)	TPEx and emerging market listed companies' Insider equity information seminar	3
	Accounting Research and Development Foundation	Common internal control and management flows and practical case analysis in enterprises	6

Corporate governance officer continuing education status:

(IV) If the Company has established the Remuneration Committee, the composition, responsibilities and operations of the Remuneration Committee shall be disclosed:

(1) Information of Remuneration Committee Members March 31, 2024

Identity	Criteria / Name	Professional qualification and experience	Independence status	Number of public companies where the person also holds positions in their remuneration committees
Independent Director	Chiu-Yung Huang	Please refer to Pages 9 to13 Table 1 Relevant Information of Directors		None
Independent Director	Jonathan Ross			None
Independent Director	He-Wei Wang			None

(2) Operation Status of Remuneration Committee

1. The Company's Remuneration Committee consists of 3 members.
2. Term of office of present term of members: May 12, 2022 to May 11, 2025. A total of 2 (A) Remuneration Committee meetings were convened in the most recent year, and committee member qualification and attendance status are as follows:

Title	Name	Attendance in person (B)	Number of attendance by proxy	Actual attendance rate (%) (B / A)	Remarks
Convener	Chiu-Yung Huang	2	0	100.00%	
Committee member	Jonathan Ross	2	0	100.00%	
Committee member	He-Wei Wang	2	0	100.00%	
Additional information: 1. In the event where the 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 agenda, the board's resolution, and how the company had handled the 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 Remuneration Committee): None. 2. In case where any member object or express qualified opinions to the resolution made by the Remuneration Committee, whether on-record or in writing, please describe the date and session of the meeting, details of the agenda, the entire members' opinions, and how their opinions were addressed: None.					

The operation status of the current year is as follows:

Remuneration Committee Meeting	Proposal content and subsequent handling	Resolution result	Company's handling for opinions of Remuneration Committee
3rd Meeting of 4th Term 2023.02.24	1. Proposal for 2022 distribution of remuneration of directors and employees	Proposal approved by all committee members	Submitted to the board of directors' meeting and approved by all attending directors
4th Meeting of 4th Term 2023.10.27	1. Proposal for adjustment of employee salaries and job titles of the Company and subsidiaries	Proposal approved by all committee members	Submitted to the board of directors' meeting and approved by all attending directors

(3) Remuneration Committee's responsibilities and authorities:
Based on the professional and objective approach, establish and periodically review and establish the policy, system, standard and structure for the performance evaluation and salary / remuneration of directors, supervisors and managerial officers, and to submit recommendations to the board of directors as reference for its decision making.

(4) Periodically assess the salary / remuneration of directors and managerial officers, remuneration of directors and managerial officers according to their participation level in the operation of the Company and personal performance contribution, and also implement assessment items specified in the "Procedures for Performance Evaluation of Directors", such as understanding of the Company's objectives and missions, understanding of responsibilities of directors, participation level to the operation of the Company, internal relationship management and communication, professional and continuing education of directors; in addition, the distribution principle recommended by the Remuneration Committee is also considered, which is then submitted to the Chairman for approval according to the business performance.

(V) Deviation of the Company's actual promotion of sustainable development execution status from the Sustainable Development Best Practice Principles for TWSE / TPEx Listed Companies and cause thereof: Please refer to the table below for details.
Company satisfying certain criteria shall also disclose the climate related information: Not applicable

Promotion Item	Execution Status			Deviation from the Sustainable Development Best Practice Principles for TWSE / TPEx Listed Companies and cause thereof
	Yes	No	Summary	
I. Has the Company established the governance structure for promoting the sustainable development, and set up a unit that specializes (or is involved) in the promotion of sustainable development, and does the board of director authorize the senior management for handling such mater, and the supervision status of the board of directors?	V		(I) The Company has established the responsible unit in 2013, and changed the name to - Sustainable Development Promotion Team according to the law in 2021. Its responsibility is to handle the proposal and execution of sustainable development policy, system or relevant management directives and promotion of actual plans. In addition, all unit superiors of the division level act as the responsible person of each team, and the President is appointed as the committee chairperson. In addition to the establishment of the Sustainable Operation Risk Team responsible for the operation of the promotion team, it also assesses the capability Company's risks of operation, environment and society. The Green Production and Sales Supply Chain Team is responsible for the benefits of products for the environment and society, and the quality control among suppliers. The Humanity Care Team is responsible for the internal and external regulatory information and relevant education and training. (II) The promotion team implements the operation, audit and review according to the plan. At the end of each year, all data is provided to the members of each responsible team and the response strategies are assessed. In addition, the project goal for the next year is also established, which is also promoted and executed after the verification by the promotion team chairperson. (III) The sustainable development promotion team reports the sustainable development implementation result once annually, in order to review the operational effectiveness and the issues of relevant stakeholders, and the proposal content includes (1) identification of sustainable issues of the Company, and establish responsive actions; (2) establishment of sustainable development goals and strategies; (3) supervision of the implementation and execution status of sustainable operation. Each director usually puts forward the key points of execution, evaluates, adjusts and gives suggestions on the sustainable management issues that he/she has formulated. The management team is also requested to propose amendments to the Board of Directors at any time during the implementation of the current year if the possibility is low due to changes in practices, so as to urge the completion of the objectives.	No major difference.
II. Has the Company implemented the risk assessment of environmental, social, and corporate governance issues related to corporate operation, and has the Company established relevant risk management policies or strategies based on the principle of materiality?	V		(I) Environmental protection: The Company is mainly in the business operation of IC design, research and development and does not engage in direct manufacturing of products. Nevertheless, the Company understands the importance of environmental sustainability, and not only enhances the environmental protection awareness of employees but also continues to promote relevant internal energy saving and carbon reduction of the Company, in order to increase the recycle use efficiency of various resources. (II) Product liability: Request processing supplier to obtain environmental permit, approval and registration certificates, and to maintain and update such certificates periodically. In addition, the Company also requests suppliers to identify and manage the release of chemicals and other substances that may cause hazards to the environment, in order to ensure that they are safely treated, stored, used, recycled, reused and disposed. (III) Labor-management relationship: The Company establishes manpower demand according to the annual employment plan, and seek outstanding talents complying with the core values of the Compay via diverse recruitment channels. The Company values the retention of talents, and through interviews, employees' reason of resignation is understood objectively. In addition to analysis the improvement, feedbacks are also provided to department supervisors for management. To support local education and community opportunities, the Company planned to collaborate with National Cheng Kung University for industry-university cooperation in 2023, providing students with an opportunity to apply their acquired professional skills and gain practical work experience. Additionally, the Company	No major difference.

Promotion Item	Execution Status			Deviation from the Sustainable Development Best Practice Principles for TWSE / TPEx Listed Companies and cause thereof
	Yes	No	Summary	
			established the plan of summer internships with the Southern Taiwan University of Science and Technology. (IV) Customer privacy: The Company rigorously comply with the non-disclosure of trade secrets, and it is prohibited to seek or collect any trade secrets and intellectual property rights of trademarks and patents of irrelevant suppliers and customers, and it is also prohibited to disclose the non-disclosure agreements of customers and suppliers to others. (V) The Company has established the responsible unit of Ethical Management Promotion Team in order to report the ethical management implementation status to the board of directors, to assist the board of directors to inspect and assess whether the preventive measures of ethical management have been operated effectively. To implement sustainable development responsibility, and to promote the improvement of economy, environment and society, in order to achieve sustainable development goal, the Company has established the “Sustainable Development Best Practice Principles”, “Procedures for Preventing Insider Trading”, “Procedures for Ethical Management and Guidelines for Conduct” and “Procedures for Internal Control System Self-Evaluation” for the implementation of the risk management policy, and their contents have been stipulated according to relevant government laws.	
III. Environmental Issues (I)Has the Company established environmental policies suitable for the Company’s industrial characteristics?	V		(I) The main raw materials of the Company refer to wafers. During the manufacturing process, if there is any defects or scraps, they are discarded and recycled by legitimate disposal company. The Company mainly outsources the processing to contractors, and does not involve in the sustainable manufacturing of products that may cause impact on the environment; therefore, the environment or energy management system certifications of ISO14001, ISO50001 or similar certificates are not applicable. Nevertheless, the Company still establishes the following management regulations: 1. According to the request of customer, registration in the Company’s prohibited substance control list is made in order to implement control. 2. Te Company signs the non-use of prohibited and restricted substance statement with suppliers annually. 3. The Company’s product planning requirements (during design / manufacturing) must be reviewed. 4. The Company’s product hazardous substance risk identification: Suppliers are requested to provide Material Safety Data Sheet (MSDS) / RoHS requirements and SGS / ICP_Report review. 5. The Company’s product hazardous substance reduction plan: In case of misuse of hazardous substance, it is necessary to submit improvement measures (such as change of material / supplier, etc.). 6. Periodic audit / sampling: ISO internal audit / supplier audit / sampling for submission to SGS.	No major difference.
(II)Is the Company committed to achieving efficient use of resources, and using renewable materials that produce less impact on the environment?	V		(II) The Company is dedicated to the use efficiency of various resources, such as: employees are encouraged to bring own ceramic cups in order to reduce the use of paper cups; bring lunch box and eco-friendly chopsticks in order to reduce the use of paper lunch boxes; repetitive use of envelops and kraft paper bags, in order to use them for internal document transmission bags, copy machines and printers use eco-friendly toner, etc	No major difference.
(III) Has the Company evaluated the climate change on the present and future potential risks and opportunities of the corporation, and has the company adopted responsive actions on climate related issues?	V		(III)Due to the rapid climate change, the Company emphasizes economic benefit and recycle use, and also encourages repetitive use of resources for office environment, such as the introduction of electronic invoices, use of government e-document exchange, double-side printing for papers, copy machines and printers with recycled paper zone, in order to reduce unnecessary waste of papers. During summer time, the office air conditioners are set at constant 25 degree Celsius, and lights are turned off for lunch break and non-working hours, in order to save electricity and to mitigate global warming.	No major difference.

Promotion Item	Execution Status			Deviation from the Sustainable Development Best Practice Principles for TWSE / TPEx Listed Companies and cause thereof
	Yes	No	Summary	
(IV) Has the company statistically analyzed the greenhouse gas emission, water usage and waste total weight over the past years, and has the company established policies for energy saving, carbon reduction, greenhouse emission reduction, reduction of water usage or other waste management?	V		(IV)1. The Company is an IC design company and does not own factories. Accordingly, the goal of energy saving and carbon reduction is achieved through the reduction of carbon dioxide emitted due to the use of electricity and water at Category 2 - the business locations. (Category 1 and 2 information contain the Company's business location) 2. The Company actively promotes various energy saving plans, and for each period of 3 years, the company has set the goal of reduction of carbon dioxide emissions by 2% due to the electricity and water consumption of the office for each period. 3. The annual carbon dioxide emissions for the electricity consumption from 2019 to 2023 were calculated to be approximately 323,444、306,253、275,541、272,862 and 356,675kg of CO2 / kWh respectively. The office area is used for the conversion of carbon dioxide emissions per ping. In addition, the results indicate that the Company has reached the targets set for the past years. 4. The annual carbon dioxide emissions for the water consumption from 2019 to 2023 were calculated to be approximately 189、183、301、323 and 393 kg of CO2/kWh respectively. The office area and the number of employees are used for the conversion of carbon dioxide emissions per ping. In addition, the results indicate that the Company has reached the targets set for the past years. 5. The Company is a professional IC design company, and the driven chips are produced and manufactured by OEMs. The abandoned materials generated in the daily operation of the Company are handled by professional and legal manufacturers in accordance with the procedures stipulated by government decrees every year. The Company generated 0.35 tons and 0.35 tons of business waste in 2023 and 2022.	No major difference.
IV. Social Issues (I)Has the Company established relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and International of Human Rights?	V		(I)The Company complies with the internationally accepted human rights standards of the International Bill of Rights and the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization, in order to fulfill corporate social responsibility and to implement human rights protection properly, thus eliminating and preventing any conducts infringing and violating human rights. Accordingly, relevant human rights management policy and procedure established by the Company are as follows: 1. Prohibition on child labor, and any contractors or suppliers subject to child labor are rejected. 2. Respect employees' freedom, and any contractors or suppliers subject to compulsory labor are rejected. 3. Provide safe and healthy working environment, and ensure employee safety and health. 4. Encourage employees to self-organize clubs, and provide comprehensive employee welfare plan. 5. Establish fair working environment, and any form of discriminative actions are prohibited. 6. Respect human rights, protect privacy, and any actions insulting personalities are prohibited. The Company attaches importance to the safety and equal environment of employees, and provides courses related to sexual harassment prevention every year, ensures that employees are not treated differently due to gender, race, religion or age. As of 2023, female employees worldwide accounted for 35% of the total number of employees. In terms of system, the Company has established internal regulations such as "Employee Handbook", "Work Regulations", "Sexual Harassment Prevention", and "Recruitment and Employment Management", which clearly state the rights of employees. with respect to age, working hours, absence from work, and gender to ensure that employees are taken care of properly.	No major difference.
(II) Has the Company developed and implemented reasonable employee welfare measures (including compensation, leave of absence and other benefits), and appropriately reflected business performance or outcome in employees' compensations?			(II)1. The Company implements flexible clock in / out at work, respects self-management, provides job promotion based on annual performance evaluation, salary adjustment and various reward performance systems, and also provides profit sharing and employee bonus systems.	No major difference.

Promotion Item	Execution Status			Deviation from the Sustainable Development Best Practice Principles for TWSE / TPEx Listed Companies and cause thereof
	Yes	No	Summary	
	V		2. The Company provides various labor insurance, health insurance, pension appropriation, group insurance, accident insurance, occupational accident insurance, travel safety insurance, and organizes employee health examination annually. In addition, wedding, childbirth, parking space, funeral subsidies are provided, and birthday, three-holiday bonuses and child education scholarship are offered. 3. The Company respects internal and external professional education and training as well as employee travel. In addition, maternity leave, paternity leave and parental leave are provided according to the laws. 4. The Company provides dinner party of division and desserts for afternoon tea.	
(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	V		(III) 1. The office building entrance / exit of the Company are installed with 24-hour guard or security, and the floor access control is also implemented, in order to ensure personnel and property safety. 2. The office building implements the fire safety inspection and elevator as well as public area electrical and mechanical system inspection annually, in order to ensure the safety of public environment and equipment. 3. The office water drinking machine is maintained periodically, and filter is also replaced timely, in order to ensure the drinking water cleanness and safety for employees. 4. The Company applies for commercial general liability insurance periodically, in order to provide guarantee on the safe environment for employees and visitors. 5. The Company performs building public safety inspection reporting periodically once every three years, and has also obtained the “Autonomous Management Inspection Qualification Mark”. 6. Two times of fire prevention seminar and drill and one time of health examination were organized in 2023. There are no any fire incident in 2023.	No major difference.
(IV) Does the Company have an effective career capacity development training program established for the employees?	V		(IV) All departments of the Company participate in the external training for job contents in order to improve professional competency and development. In addition, daily education and training are also implemented irregularly in order to establish complete and diverse development path.	No major difference.
(IV) Has the Company complied with relevant laws and international standards with respect to customers’ health, safety and privacy, marketing and labeling in all products and services offered, and implemented consumer or customer protection policies and complaint procedures?	V		(V) The Company values opinions of customers, and in addition to field visit in person, the Company also provides product contact window and e-mail address on the Company’s website. In addition, the Company has established the stakeholder section on the Company’s website in order to provide the complaint and recommendation submission channel. The Company upholds the principle of good faith to protect the rights and interests of consumers.	No major difference.
(VI) Has the Company established supplier management policy, requested suppliers to comply with relevant regulations with regards to the issues of the environmental protection, occupational safety and health or labor rights etc. and the implementation status thereof?	V		(VI) The Company has specified the “Quality System Management Competency Evaluation” of suppliers in the Procedures for Supplier Management. Through periodic audit of cooperating suppliers, the Company is able to ensure that suppliers comply with relevant regulations for the environmental protection, safety or health issues, thereby enhancing the corporate social responsibility. In case of violation against the Company’s policies, and any impacts on the environment and society	No major difference.
V. Has the Company stipulated standards or guidelines according to the internationally accepted report, prepared sustainability report and reports for disclosing non-financial information of the Company? Has the aforementioned reports obtained the assurance or guarantee opinions from a third verification unit?	V		V. The Company has not yet prepared such report; however, it will be prepared according to the status of the Company in the future and based on the consideration of the international trend and market change.	No major difference.
VI.If the Company has established its own sustainability development principles in accordance with the “Sustainable Development Best Practice Principles for TWSE / TPEx Listed Companies” please describe its current practices and any discrepancies from the Best Practice Principles: Please refer to the diverse content of above fields for details.				
VII. Other important information to facilitate the understanding of the execution status of promotion of sustainable development: To establish sustainable environment and to implement social responsibility, the Company makes donation to disadvantaged groups and institutions periodically and annually. In 2023, the Company provided donations NTD200,000 to New Taipei City Ling Jiou Mountain Charity Foundation (established according to the approval letter of 83 Bei-Fu-She-III-Zi No. 099267) . The organization has sponsored and donated cloud-based learning platforms and computers to 10 rural schools. In 2023, 10,000 boxes of food supplies were donated to help low-, middle-income families throughout Taichung.				

Implementation on weather related information: Not applicable

Item	Implementation status
1. Describe the supervision and governance of the Board of Directors and the managerial level for risks and opportunities related to the weather.	Not applicable
2. Describe how the risks and opportunities of identified weather will impact the businesses, strategies and finance of the enterprise (short-term, mid-term and long-term).	
3. Describe the financial impacts from extreme climate incidents and transformation actions.	
4. Describe the identification, evaluation and management processes of weather risks, and how to integrate them into the overall risk management system.	
5. If scenario analysis is used to assess the resilience of climate change risks, the scenario, parameters,	
assumptions, analysis factors and main financial impacts used should be described.	
6. If there are transformation plans in response to the management of climate related risks, contents of the plan shall be explained, as well as the indicators and targets used to identify and manage physical risks and transformation risks.	
7. If internal carbon pricing is used as the planning tool, the basis for price setting shall be explained.	
8. If targets related to the weather is set, information such as the activities covered, greenhouse gas emission categories, plan schedule,	
annual achievement progress, etc., shall be explained; if carbon offsets or renewable energy certificates (RECs) are used to achieve the related targets,	
the source and quantity of carbon reduction credits or the quantity of renewable energy certificates (RECs) used for offset shall be stated.	
9. Greenhouse gas inventory, confirmation situation, reduction target, strategies and specific action plans (also fill them in 1-1 and 1-2).	

(1) Greenhouse gas inventory and confirmation situation of the past two years: Not applicable.

1. Greenhouse gas inventory information: Describe the amount of greenhouse gas emissions (tons CO2e), density (tons CO2e/million dollars) and the information coverage range for the last two years.
2. Greenhouse gas confirmation information: Describe the confirmation situation in the last two years until the publication date of the new annual report, including the scope of confirmation, confirmation agency, confirmation standards and confirmation opinions.

(2) Greenhouse gas reduction target, strategy and specific action plan: Describe the greenhouse gas reduction benchmark year and its data, reduction target, strategy, and specific action plans, as well as the achievement of the reduction plan: Not applicable.

(VI) Ethical Corporate Management Practices, and Deviations from Ethical Corporate Management Best Practice Principles for TWSE / TPEx Listed Companies and Reasons:

Assessment Item	Implementation Status			Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies and Reasons
	Yes	No	Summary	
I. Establishment of ethical management policies and plans				
(I) Has the company established ethical management policies approved by the board of directors' meeting and stated in its memorandum or external correspondence about the policies and practices it has to maintain business integrity? Are the board of directors and the management committed in fulfilling this commitment?	V		(I) The board of directors of the Company has approved the establishment of the "Ethical Corporate Management Best Practice Principles" on 2013.1.23, and has been amended according to the laws and approved by the board of directors on 2015.2.13 and 2016.7.29 respectively, which has also been disclosed on the Company's website and the MOPS website. During the execution of job duties, the board of directors and senior management level of the Company uphold the ethical concept for performance and supervision, in order to establish the management environment of sustainable development of the Company.	No major difference.
(II) Has the Company established assessment mechanism for unethical conduct risk, performed periodic analysis and assessed operating activities of relatively higher unethical conduct risk in the scope of business, and has established unethical conduct solution accordingly, and at least covering the preventive measures for the conducts described in each subparagraph of Paragraph 2 of Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies"?	V		(II) The "Procedures for Ethical Management and Guidelines for Conduct" established by the Company explicitly specify that any unethical conducts of bribery action and receipt of bribe, provision or acceptance of illegal benefits, provision of illegal political contribution, any unfair competition action, improper donation or sponsorship, disclosure of trade secrets and damage of rights and interests of stakeholders are prohibited. In addition, preventive measures and educational promotion are also implemented to comply with the Ethical Corporate Management Best Practice Principles.	No major difference.
(III) Has the company defined and enforced operating procedures, behavioral guidelines, penalties and grievance systems as part of its preventive measures against dishonest conducts? Are the above measures reviewed and revised on a regular basis?	V		(III) The Company engages in business activities based on the principles of fairness, honesty, trust and transparency. To implement the ethical management policy, the Company has established and amended the "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" according to relevant laws in order to explicitly specify precautions, operation procedures, disciplinary actions for violation and complaint filing system, etc. for personnel of the Company during execution of job duties. The applicable scope includes the subsidiaries of the Company, any foundation to which the Company's cumulative direct or indirect contribution of funds exceeds 50% of its endowment, and other institutions or juristic persons and group enterprises and organizations that are effectively controlled by the Company, in order to establish the corporate culture of ethical management sound development of the Company.	No major difference.
II. Implementation of ethical management				
(I) Has the Company evaluated the record of the counterparties on business ethics, and explicitly stated business integrity as an integral part of the contracts when entering into agreements with counterparties of trade?	V		(I) The Ethical Corporate Management Best Practice Principles of the Company specify that during the signing of contract with others, it is necessary to sufficiently understand the ethical management status of the other party, and the ethical management shall be included in the contract terms or ethical requirements shall be specified.	No major difference.
(II) Has the Company established a dedicated unit directly under the board of directors and responsible for the promotion of corporate ethical management, and reporting its ethical management policy and proposal for prevention of unethical conducts as well as supervision of implementation status to the board of directors' meeting periodically (at least once annually)?	V		(II) The Company has established the Personnel Evaluation Committee as the responsible unit for the Ethical Corporate Management Best Practice Principles, and it is responsible for assisting the board of directors and the management level to establish and supervise the execution of ethical management policy and preventive plan, in order to ensure the proper implementation of Ethical Corporate Management Best Practice Principles, and to handle the regulations amendment, execution, interpretation, consulting service as well as to report content and registration filing. Furthermore, the unit also reports the implementation status to the board of directors annually.	No major difference
(III) Has the Company established policies to prevent conflicts of interest, provided appropriate methods for stating one's conflicts of interest, and implemented them appropriately?	V		(III) The Company has established "Regulations for Reporting of Illegal and Immoral or Unethical Conducts", in order to prevent conflict of interests, to provide complaint filing channel, to allow the external to file report via the stakeholder window on the Company's website, to allow the internal to file named or anonymous report, and to provide appropriate rewards. The Company has established conflict of interest prevention related clauses for the daily work substitution system and contracts with customers and suppliers.	No major difference.

Assessment Item	Implementation Status			Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies and Reasons
	Yes	No	Summary	
(IV) Has the Company established effective internal accounting and control systems for the implementation of ethical corporate management policies, prepared audit plans according to the evaluation results of dishonesty risks, and have they results audited by internal auditors or CPAs?	V		(IV) To effective control unethical conducts and operation procedures, the Company has established comprehensive and effective control mechanism in the accounting system and the internal system. Auditors include high risk items in the annual audit plan according to the annual risk assessment, and the audit plan implementation status is reported to the board of directors quarterly. In addition, the Company and subsidiaries perform internal control self-evaluation operation annually in order to ensure the effectiveness of the system and design.	No major difference.
(V) Has the Company provided internal and external training on ethical management regularly?	V		(V) The Company implements ethical management policy properly. In 2023, a total 1,164eople-time and a total of 2,700 hours of internal and external education and training on ethical management (including ethical management related laws, accounting and internal system related courses) were organized	No major difference.
III. Implementation of the Company's whistleblowing system (I) Has the Company established a substantive reporting and reward and punishment system and convenient channels for reporting, and appointed designated personnel for handling the targets of reports?	V		(I) The Company has specified reporting system related requirements in the "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct". In addition, the Company has also specified disciplinary action and reward related regulations, and employees are able to file report with the responsible unit via telephone or mail. There were no material reporting matters in 2023.	No major difference.
(II) Has the Company established standard operation procedures for responding to reports and complaints, the measures to be taken after the investigation, and related mechanisms for confidentiality?	V		(II) The Company has established relevant non-disclosure mechanism, and written documents are kept for reporting matters, report acceptance, investigation process and result. For relevant procedure, please refer to the "Regulations for Reporting of Illegal and Immoral or Unethical Conducts" of the Company.	No major difference.
(III) Has the Company taken any measures for the protection of the informants from suffering undue treatment?	V		(III) The Personnel Evaluation Committee of the Company adopts confidentiality measures on the reporting personnel list, and reporting cases are kept confidential and verified via independent channel, in order to protect the reporter, thereby protecting the reporter from any improper treatment due to reporting matters.	No major difference.
IV. Enhancement of information disclosure Has the Company disclosed the content of its Corporate Governance Best Practice Principles and the effectiveness of the implementation of the principles on its website and the MOPS?	V		The Company's website www.ultrachip.com, has established the corporate governance section to disclose ethical management related information.	No major difference.
V. If the Company has established its own ethical corporate management best practice principles according to the "Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies", please specify the difference between its operation and the principles: Please refer to the content of each field above.				
VI. Other important information that is helpful in understanding the corporate ethical management operation of the Company? (Such as, the Company has the corporate ethical management best practice principles amended, etc.): The Company will monitor the development of ethical management related regulations, in order to review and improve the Ethical Corporate Management Best Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct of the Company, thereby improving the ethical management outcome.				

(VII) Where the company establishes corporate governance principles and relevant regulations, the inquiry method thereof shall be disclosed: Please visit the Company's website.

(VIII) Other information material to the understanding of corporate governance within the Company may be disclosed altogether:

1. With regard to the internal material information handling, the Company has established the "Procedures for Prevention of Insider Trading" according to the "Regulations Governing Establishment of Internal Control Systems by Public Companies" and based on the resolution of the board of directors on December 23, 2009. In addition, all employees, managerial officers and directors are informed, in order to prevent any violation and occurrence of insider trading.
2. To cooperate with the amendment of the law, the board of directors of the Company has approved the amendment to the "Procedures for Handling Material Inside Information and Insider Information Reporting" on October 28, 2022.
3. The Company has amended the "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct" and "Sustainable Development Best Practice Principles" according to the laws, in order to implement the Company's principles of fairness, honesty, trust and transparency for business activities, thereby achieving the objective of sustainable development.
4. The Company will further include the items of ethical management and sustainable development practice in the annual supplier review items, in order to implement corporate governance and to protect the social welfare.
5. The training courses participated by the managerial officers of the Company in 2023 were as follows: In the future, the Company will continue to arrange managerial officers and supervising staff to participate in relevant professional training courses.

Personnel	Continuing education institution	Course title	Training Hours
Financial and accounting officer	Taiwan Corporate Governance Association	Common legal issues in corporate merger and acquisition contracts	3
	Taipei Exchange (TPEx)	TPEx and emerging market listed companies' Insider equity information seminar	3
	Accounting Research and Development Foundation	Common internal control and management flows and practical case analysis in enterprises	6
		Accounting supervisor course	12
Financial and accounting deputy supervisor	Accounting Research and Development Foundation	Accounting supervisor course	12
Audit Officer	Internal audit association	Production cycle practice and audit focus	6
		Subsidiary audit practice	6
		Can artificial intelligence be realized in auditing skills and practices & Excel	6

Personnel	Continuing education institution	Course title	Training Hours
Audit Officer	Internal audit association	Interpretation of the 2023 Labor Standard Act and analysis of responses to important labor judgment	3
		Future trends on ESG monetization and valuing and discussion on internal control processes	3
		Looking at the new context of corporate governance from corporate governance 3.0	3
		Discussing the new model of internal auditor ethics through the new version of global internal audit standards	3
		Enterprise technology fraud prevention forum	6
		Change management that should be implemented by enterprises with the coming of the AI era & how enterprises should face the rising geopolitical risks	3
		Relationship between false financial reports, internal control and auditing	3
		Protection and management of business secrets & future control of technology-driven enterprises	6
Audit deputy supervisor	Securities & Futures Institute	Analysis on practical cases of important information disclosure and hollowing out assets of the company	6
		Analysis on corporate governance practices and auditing cases of the company - centered around the Board of Directors and shareholders	6

6. For further information, please view and inquire the Company's corporate governance related item implementation status on the "MOPS" website.

(IX) Internal Control System Execution Status and Required Disclosure:

1. Statement of Internal Control System: P.43
2. If the internal control system was reviewed by CPA, the CPA's review report shall be disclosed: None.

Ultra Chip Inc.
Statement of Internal Control System

Date: February 23, 2024

The Company hereby states the results of the self-evaluation of the internal control system for 2023:

I. The Company acknowledges that the establishment, implementation and maintenance of internal control system is the responsibility of the Board of the Directors and managerial officers, and the Company has already established such an internal control system. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security, etc.), reliable, timely and transparent financial reporting, and regulatory compliance.

II. The internal control system has its inherent limitations, and regardless of how perfect the design is, the effectiveness of the internal control system can only provide reasonable assurance to the achievement of the aforementioned three objectives. In addition, due to the change of the environment and circumstances, the effectiveness of the internal control system may be changed. However, the internal control system of the Company is equipped with a self-monitoring mechanisms, and the Company will take corrective actions once any deficiency is identified.

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

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

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

VI. This statement will form the main content of the Company’s annual report and prospectus and will be made public. Any illegal misrepresentation or non-disclosure in the public statement above is subject to the legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This statement has been approved by the Company’s Board of Directors on February 23, 2024. Among the seven directors present, none of them expressed objections, and all directors agreed with the content of this statement. Therefore, this statement is hereby issued.

Ultra Chip Inc.

Chairman: Yu-Tung Hsu Signature / Seal

President: Yu-Tung Hsu Signature / Seal

(X) Penalties imposed against the Company and its internal personnel for regulatory violation, or penalties imposed by the Company against its employees for violation of internal control policy in the most recent year up till the publication date of this annual report; if the penalty result may have material impact on the shareholders' equity or stock price, it is necessary to describe the penalty content, areas of weakness and improvement status: None.

(XI) Major resolutions made by the Shareholders' Meeting and the Board of Directors during the latest financial year, up till the publication date of this annual report:

1. Major Resolutions of Shareholders' Meeting

Convention date	Meeting type	Important resolution
2023.05.18	Shareholders' Meeting	1.Approved the 2022 financial statements 2.Approved the 2022 rnings distribution proposal 3.Approved the roposal of issuing common shares to participate in overseas depositary receipts by increasing cash capital or issuing common shares by increasing cash capital in the way of private placement.

2. Major Resolutions of the Board of Directors' Meeting

Convention date	Meeting type	Important resolution
2023.02.24	Board of Directors	1. Approved the 2022 inancial statements. 2. Approved the proposal for 2022 stribution of remunerations of directors and employees. 3. Approved the 2023 udget proposal. 4. Approved the proposal for 2022"Internal Control System Effectiveness Self-Evaluation" and "Statement of Internal Control System". 5. Approved the proposal for appointment and remuneration of CPA of the Company. 6. Approved the independence of the accountants of the Company. 7. Proposal for amendment to parts of the "Operating Regulations for Financial Transactions between Affiliated Enterprises". 8. Proposal for amendment to parts of the "Seal Management Regulations". 9. Proposal for specifying matters related to the convention of 2022 general shareholders' meeting of the Company
2023.03.31	Board of Directors	1. Approved the 2022 earnings distribution proposal. 2. Approved the roposal of issuing common shares to participate in overseas depositary receipts by increasing cash capital or issuing common shares by increasing cash capital in the way of private placement. 3. Approved the proposal for addition of the reasons for convention of 2023general shareholders' meeting
2023.04.28	Board of Directors	1. Approved the 2023 1st quarter consolidated financial statements. 2. Proposal for loaning of funds for subsidiary of Ultradisplay Inc. 3. Proposal for making endorsements / guarantees for subsidiary of Ultra Capteur Co., Ltd. 4. Proposal for loaning of funds for subsidiary of Ultra Capteur Co., Ltd.

Convention date	Meeting type	Important resolution
2023.07.28	Board of Directors	1. Approved 2023 2nd quarter consolidated financial statements 2. Proposal for amendments to parts of the provisions of the “Procedures for Acquisition or Disposal of Assets” 3. Proposal for amendments to parts of the provisions of the “Position deputy system.”
2023.10.27	Board of Directors	1. Approved 2023 3rd quarter consolidated financial statements 2. Proposal for adjustment of employee salaries and job titles of the Company and subsidiaries 3. Approved the proposal for 2023 annual audit plans of the Company and subsidiary. 4. Approved the proposal for Internal audit implementation rules of subsidiary. ”
2024.02.23	Board of Directors	1. Approved the 2023 financial statements. 2. Approved the 2024 budget proposal. 3. Approved the proposal for 2023 “Internal Control System Effectiveness Self-Evaluation” and “Statement of Internal Control System” 4. Approved the proposal for appointment and remuneration of CPA of the Company. 5. Approved the independence of the accountants of the Company. 6.Approved the (Non-assurance Services, NAS) of the Company. 7. Proposal for amendment to parts of the “Articles of Incorporation”. 8. Proposal for specifying matters related to the convention of 2024 general shareholders’ meeting of the Company.
2024.03.22	Board of Directors	1.Approved the proposal for 2023 distribution of remunerations of directors and employees. 2.Approved the 2023 earnings distribution proposal. 3. Approved the discontinuation of Private Placement for Common Shares Approved in the 2023 Shareholders’Meeting. 4.Approved the issuance of new restricted employee awards.. 5.Approved the issuance of employee share stock warrants. 6.Approved for issuing common shares to participate in overseas depositary receipts by increasing cash capital or issuing common shares by increasing cash capital in the way of private placement. 7. Approved for the 2024 Annual General Shareholders Meeting.(additionof the reasons for the convening) 8. Approved for issuing the 3th Domestic Unsecured Convertible Corporate Bond.

3. Review of Resolution Implementation Status of Shareholders’ Meetings

Date	Meeting type	Resolution	Implementation status
2023.05.18	Shareholders’ Meeting	1. Approved the 2022 financial statements	Public announcement and report have been made

		2. Approved the 2022 earnings distribution proposal	The date of August 8, 2023 was set to the be dividend distribution base date, and the distribution was completed on August 30, 2023 according to the resolution of the shareholders' meeting. (cash dividend of NT$2.66762779)
		3. Approved the proposal of issuing common shares to participate in overseas depositary receipts by increasing cash capital or issuing common shares by increasing cash capital in the way of private placement	After the resolution of the shareholders' meeting, due to the overall financial considerations of the company, it will not be processed within the expiration date.

(XII) Documented opinions or declarations made by Directors or Supervisors against board resolutions in the most recent year, up till the publication date of this annual report: None.

(XIII) Resignation or dismissal of the Chairman, President, head of accounting, head of finance, chief internal auditor, corporate head of governance or head of R&D in the most recent year up till the publication date of this annual report: None.

V. Information on Independent Auditor's Fee:

Amount Unit: NT$ thousand

Name of Accounting Firm	Name of CPA		CPA's Audit Period	Audit Fees	Non-Audit Fees	Total	Remarks
Deloitte Taiwan	Hai-Yueh Huang	Cheng-Chuan Yu	2023.1.1-2023.12.31	1,620	472	2,092	None

Note: The Non-audit fees mainly refer to the "tax compliance audit" fee, fee for review of "annual report of the Shareholders' Meeting", "salary information of full-time employees of non-supervisor positions" and fee for document handling and various advance payments.

(I) When the accounting firm is changed and the audit fees paid for the financial year in which the change took place are less than those paid for the financial year immediately preceding the change, the amount of the audit fees before and after the change and the reason shall be disclosed: None.

(II) When the audit fees paid for the current financial year are lower than those paid for the immediately preceding financial year by 10 percent or more, the amount and percentage of and reason for the reduction in audit fees: None.

VI. Change of CPA's Information: None.

VII. The auditing firm or its affiliates at which the company's chairman, president, or managers responsible for financial or accounting matters was an employee over the past year, his / her name, position and employment period shall be disclosed: None.

VIII. Transfer or pledge of shares owned by directors, supervisors, managerial officers, shareholders with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

(I) Transfer or pledge of shares owned by directors, supervisors, managerial officers and shareholders with shareholding percentage exceeding 10%:

Title	Name	2023		Up to March 18, 2024	
		Increase (decrease) of shareholding	Increase (decrease) of pledged shares	Increase (decrease) of shareholding	Increase (decrease) of pledged shares
Chairman	Yu-Tung Hsu	0	(37,000)	0	(81,000)
Director	Chih-Cheng Chou	0	0	0	0
Director	Hsueh-Jen Chien	0	0	0	0
President	Yu-Tung Hsu	0	(37,000)	0	(81,000)
President	Cheng-Hsin Chang	0	0	0	0
Vice President	Chien-Ting Chen	(3,000)	0	0	0
Assistant Vice President	Yung-Teng Lai	(11,000)	0	(12,000)	0
Deputy Manager	Kang-Yu Chang	0	0	0	0
Independent Director	Jonathan Ross	0	0	0	0
Independent Director	Chiu-Yung Huang	0	0	0	0
Independent Director	He-Wei Wang	0	0	0	0
Independent Director	Chien-Hua Hsu	0	0	0	0
Financial and accounting officer	Sheng-Fang Wang	0	0	0	0

(II)Where the counterpart of equity transfer or pledge is a related party: None.

IX. Information on shareholders of top ten shareholding percentages for related parties or spouse, relative relationship within second degree of kinship among themselves:

March 18, 2024; Unit: shares; %

Name	Shareholding of the individual		Shareholdings of spouse and minor children		Total shareholding by nominee arrangement		Company name or individual name and relationship of related parties or spouse or kinship within the second degree among the top ten major shareholders.		Remarks
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Name (or individual name)	Relationship	
De-Fu Ciou	2,485,000	3.31%	-	-	-	-	-	-	-
Yu-Tung Hsu	1,701,273	2.27%	369	0.0005%	-	-	-	-	-
Tomy Investment Co., Ltd. Representative: Huang-Jen Cheng	1,379,724	1.84%	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Yuan-Kai Gu	1,258,000	1.68%	-	-	-	-	-	-	-
You Xi Investment Co., Ltd.	948,548	1.26%	-	-	-	-	-	-	-

Name	Shareholding of the individual		Shareholdings of spouse and minor children		Total shareholding by nominee arrangement		Company name or individual name and relationship of related parties or spouse or kinship within the second degree among the top ten major shareholders.		Remarks
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Name (or individual name)	Relationship	
Representative: Hsiao- Hui Chen	-	-	-	-	-	-	-	-	-
Chase Entrusted Van Garde Group Emerging Market Fund Investment Account	946,000	1.26%	-	-	-	-	-	-	-
Shu-Jhen Lin	828,000	1.10%	-	-	-	-	-	-	-
Chase Entrusted Advanced Starlight Total International Equity Index	767,000	1.02%	-	-	-	-	-	-	-
Gains Investment Corporation	656,430	0.87%	-	-	-	-	-	-	-
Representative: Jyun-Huei Wu (representing judicial person-China Steel Corporation)	-	-	-	-	-	-	-	-	-
Ying,Lin	600,000	0.80%	-	-	-	-	-	-	-

X. Number of shares held by the Company, the Company's directors, supervisors, managerial officers and the number of shares invested in a single company which are held by the entities directly or indirectly controlled by the Company, and calculating the consolidated shareholding percentage of the above categories: Unit: thousand shares / March 31, 2024

Investee (Note)	Investment of the Company		Investment by directors, supervisors, managers, or any companies controlled either directly or indirectly by the Company		Consolidated investment	
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage
JPS Group Holdings, Ltd.	Common shares of 1,230,012 Preferred shares of 8	100%	-	-	Common shares of 1,230,012 Preferred shares of 8	100%

Investee (Note)	Investment of the Company		Investment by directors, supervisors, managers, or any companies controlled either directly or indirectly by the Company		Consolidated investment	
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage
Ultrachip HK Limited	-	-	Common shares of 6,800	100%	Common shares 6,800	100%
Ultra Capteur Co, Ltd.	Common shares 14,066	95.75%	-	-	Common shares of 14,066	95.75%
Ultradisplay Inc.	Common shares 7,630	46.928%	-	-	Common shares 7,630	46.928%

Note: It refers to the Company’s long-term investment accounted for under the equity method.

Four. Status on Financing

I. Capital and Shares

(I) Source of Share Capital

1. Share Capital Formation Process

Year / Month	Issued price (NT$)	Authorized capital stock		Paid-in capital		Remarks		
		Number of shares (thousand shares)	Amount (NT$ thousand dollars)	Number of shares (thousand shares)	Amount (NT$ thousand dollars)	Source of share capital	Property other than cash as substitute for share price	Others (Approval Date and Document No.)
1999.08	10	100	1,000	100	1,000	Establishment original investment of NT$1,000 thousand	—	1999.08.14 Jing-(88)-Shang No. 420122
1999.11	10	15,000	150,000	13,800	138,000	Cash capital increase of NT$137,000 thousand	—	1999.11.15 Jing-(88)-Shang No. 141417
2001.03	10	46,000	460,000	39,600	396,000	Cash capital increase of NT$258,000 thousand	—	2001.03.20 Jing-(90)-Shang No. 09001100750
2002.08	15	46,000	460,000	46,000	460,000	Cash capital increase of NT$64,000 thousand	—	2002.08.01 Jing-Shou-Shang-Zi No. 09101308490
2002.11	15	60,000	600,000	54,000	540,000	Cash capital increase of NT$80,000 thousand	—	2002.11.15 Jing-Shou-Shang-Zi No. 09101469100
2003.09	20	80,000	800,000	66,500	665,000	Cash capital increase of NT$125,000 thousand	—	2003.09.25 Jing-Shou-Shang-Zi No. 09201278000
2005.10	10	134,000	1,340,000	77,198	771,980	Capital increase by retained earnings and employee bonuses of NT$103,220 thousand	—	2005.10.17 Jing-Shou-Shang-Zi No. 09401204340
2006.01	10	134,000	1,340,000	77,282	772,820	Execution of employee stock options of NT$840 thousand	—	2006.01.16 Jing-Shou-Shang-Zi No. 09501008200
2006.04	10	134,000	1,340,000	77,348	773,480	Execution of employee stock options of NT$660 thousand	—	2006.04.25 Jing-Shou-Shang-Zi No. 09501075570
2007.01	10	134,000	1,340,000	77,570	775,700	Execution of employee stock options of NT$2,220 thousand	—	2007.01.02 Jing-Shou-Shang-Zi No. 09501290290
2007.12	10	134,000	1,340,000	78,072	780,715	Execution of employee stock options of NT$5,015 thousand	—	2007.12.31 Jing-Shou-Shang-Zi No. 09601320060
2009.09	10	134,000	1,340,000	58,119	581,189	Capital deduction to cover accumulated loss of NT$199,526 thousand	—	2009.09.01 Jing-Shou-Shang-Zi No. 09801198160

Year / Month	Issued price (NT$)	Authorized capital stock		Paid-in capital		Remarks		
		Number of shares (thousand shares)	Amount (NT$ thousand dollars)	Number of shares (thousand shares)	Amount (NT$ thousand dollars)	Source of share capital	Property other than cash as substitute for share price	Others (Approval Date and Document No.)
2010.03	10	134,000	1,340,000	58,220	582,199	Execution of employee stock options of NT$1,010 thousand	—	2010.03.30 Jing-Shou-Shang-Zi No. 09901060440
2010.11	10	134,000	1,340,000	88,220	882,199	Cash capital increase of NT$300,000 thousand	—	2010.11.01 Jing-Shou-Shang-Zi No. 09901244020
2011.05	10	134,000	1,340,000	88,285	882,854	Execution of employee stock options of NT$655 thousand	—	2011.05.04 Jing-Shou-Shang-Zi No. 10001090030
2011.07	10	134,000	1,340,000	88,318	883,184	Execution of employee stock options of NT$330 thousand	—	2011.07.18 Jing-Shou-Shang-Zi No. 10001161750
2014.03	10	134,000	1,340,000	88,105	881,054	Capital reduction with cancellation of treasury shares of NT$2,130 thousand.	—	2014.03.13 Jing-Shou-Shang-Zi No. 10301044370
2014.03	10	134,000	1,340,000	99,145	991,454	Cash capital increase of NT$110,400 thousand	—	2014.03.25 Jing-Shou-Shang-Zi No. 10301050650
2014.04	10	134,000	1,340,000	99,400	994,003	Execution of employee stock options of NT$2,549 thousand	—	2014.04.08 Jing-Shou-Shang-Zi No. 10301061690
2014.08	10	134,000	1,340,000	99,653	996,529	Execution of employee stock options of NT$2,526 thousand	—	2014.08.01 Jing-Shou-Shang-Zi No. 10301156040
2014.11	10	134,000	1,340,000	100,111	1,001,106	Execution of employee stock options of NT$4,577 thousand	—	2014.11.26 Jing-Shou-Shang-Zi No. 10301239210
2015.03	10	134,000	1,340,000	100,456	1,004,565	Execution of employee stock options of NT$3,459 thousand	—	2015.03.30 Jing-Shou-Shang-Zi No. 10401048080
2015.05	10	134,000	1,340,000	100,666	1,006,661	Execution of employee stock options of NT$2,096 thousand	—	2015.05.26 Jing-Shou-Shang-Zi No. 10401048080
2015.07	10	134,000	1,340,000	102,981	1,029,811	Execution of new restricted employee shares of NT$23,150 thousand	—	2015.07.01 Jing-Shou-Shang-Zi No. 10401118210
2015.08	10	134,000	1,340,000	103,110	1,031,099	Execution of employee stock options of NT$1,548 thousand Cancellation of new restricted employee shares of NT$260 thousand	—	2015.08.24 Jing-Shou-Shang-Zi No. 10401176800

Year / Month	Issued price (NT$)	Authorized capital stock		Paid-in capital		Remarks		
		Number of shares (thousand shares)	Amount (NT$ thousand dollars)	Number of shares (thousand shares)	Amount (NT$ thousand dollars)	Source of share capital	Property other than cash as substitute for share price	Others (Approval Date and Document No.)
2015.11	10	134,000	1,340,000	62,435	624,348	Execution of employee stock options of NT$6,362 thousand Cancellation of new employee restricted shares of NT$390 thousand Capital reduction and return of share capital of NT$412,724 thousand	—	2015.11.25 Jing-Shou-Shang-Zi No. 10401250650
2016.03	10	134,000	1,340,000	62,519	625,185	Execution of employee stock options of NT$1,030 thousand Cancellation of new restricted employee shares of NT$193 thousand	—	2016.03.24 Jing-Shou-Shang-Zi No. 10501047200
2016.05	10	134,000	1,340,000	62,849	628,485	Execution of employee stock options of NT$3,475 thousand Cancellation of new restricted employee shares of NT$175 thousand	—	2016.05.20 Jing-Shou-Shang-Zi No. 10501104280
2016.08	10	134,000	1,340,000	62,884	628,837	Execution of employee stock options of NT$3,771 thousand Cancellation of new restricted employee shares of NT$2,636 thousand Cancellation of treasury shares of NT$783 thousand	—	2016.08.31 Jing-Shou-Shang-Zi No. 10501216530
2016.11	10	134,000	1,340,000	63,209	632,087	Execution of employee stock options of NT$3,250 thousand	—	2016.11.29 Jing-Shou-Shang-Zi No. 10501276330
2017.03	10	134,000	1,340,000	63,144	631,435	Execution of employee stock options of NT$880 thousand Cancellation of new restricted employee shares of NT$299 thousand Cancellation of treasury shares of NT$1,234 thousand	—	2017.03.08 Jing-Shou-Shang-Zi No. 10601026790
2017.05	10	134,000	1,340,000	63,196	631,956	Execution of employee stock options of NT$853 thousand Cancellation of new restricted employee shares of NT$332 thousand	—	2017.05.03 Jing-Shou-Shang-Zi No. 10601056550
2017.08	10	134,000	1,340,000	63,166	631,660	Execution of employee stock options of NT$326 thousand Cancellation of new restricted employee shares of NT$622 thousand	—	2017.08.03 Jing-Shou-Shang-Zi No. 10601113070

Year / Month	Issued price (NT$)	Authorized capital stock		Paid-in capital		Remarks		
		Number of shares (thousand shares)	Amount (NT$ thousand dollars)	Number of shares (thousand shares)	Amount (NT$ thousand dollars)	Source of share capital	Property other than cash as substitute for share price	Others (Approval Date and Document No.)
2017.12	10	134,000	1,340,000	63,493	634,927	Execution of employee stock options of NT$3,282 thousand Cancellation of new restricted employee shares of NT$15 thousand	—	2017.12.03 Jing-Shou-Shang-Zi No. 10601166240
2018.02	10	134,000	1,340,000	63,827	638,274	Execution of employee stock options of NT$3,580 thousand Cancellation of new restricted employee shares of NT$232 thousand	—	2018.02.22 Jing-Shou-Shang-Zi No. 10701018230
2018.05	10	134,000	1,340,000	63,951	639,515	Execution of employee stock options of NT$1,240 thousand	—	2018.05.10 Jing-Shou-Shang-Zi No. 10701048210
2018.08	10	134,000	1,340,000	63,417	634,175	Cancellation of new restricted employee shares of NT$5,340 thousand	—	2018.08.17 Jing-Shou-Shang-Zi No. 10701099320
2019.09	10	134,000	1,340,000	63,917	639,175	Execution of new restricted employee shares of NT$5,000 thousand	—	2019.09.18 Jing-Shou-Shang-Zi No. 10801127000
2020.09	10	184,000	1,840,000	65,517	655,175	Capital increase by capital surplus of NT$16,000 thousand	—	2020.09.15 Jing-Shou-Shang-Zi No. 10901166830
2020.11	10	184,000	1,840,000	65,367	653,675	Cancellation of new restricted employee shares of NT$1,500 thousand	—	2020.11.25 Jing-Shou-Shang-Zi No. 10901219920
2021.03	10	184,000	1,840,000	65,359	653,591	Cancellation of new restricted employee shares of NT$84 thousand	—	2021.03.10 Jing-Shou-Shang-Zi No. 11001038370
2021.05	10	184,000	1,840,000	65,530	655,305	Corporate bond conversion of NT$1,714 thousand	—	2021.05.31 Jing-Shou-Shang-Zi No. 11001081260
2021.08	10	184,000	1,840,000	73,603	736,032	Corporate bond conversion of NT$80,727 thousand	—	2021.08.16 Jing-Shou-Shang-Zi No. 11001137080
2021.11	10	184,000	1,840,000	74,449	744,499	Corporate bond conversion of NT$8,468 thousand	—	2021.11.31 Jing-Shou-Shang-Zi No. 11001197280
2022.03	10	184,000	1,840,000	74,786	747,860	Execution of employee stock options of NT$3,361 thousand		2022.03.14 Jing-Shou-Shang-Zi No. 11101031580
2022.09	10	184,000	1,840,000	74,986	749,860	Execution of new restricted employee shares of NT$2,000 thousand		2022.09.06 Jing-Shou-Shang-Zi No. 11101174820

Year / Month	Issued price (NT$)	Authorized capital stock		Paid-in capital		Remarks		
		Number of shares (thousand shares)	Amount (NT$ thousand dollars)	Number of shares (thousand shares)	Amount (NT$ thousand dollars)	Source of share capital	Property other than cash as substitute for share price	Others (Approval Date and Document No.)
2022.11	10	184,000	1,840,000	75,026	750,262	Execution of employee stock options of NT$402 thousand		2022.11.11 Jing-Shou-Shang-Zi No. 11101215290
2023.03	10	184,000	1,840,000	75,089	750,896	Execution of employee stock options of NT$875 thousand Cancellation of new restricted employee shares of NT$240 thousand		2023.03.20 Jing-Shou-Shang-Zi No. 11230037470
2023.05	10	184,000	1,840,000	75,091	750,914	Execution of employee stock options of NT$17 thousand		2023.05.17 Jing-Shou-Shang-Zi No. 11230078900
2023.08	10	184,000	1,840,000	75,097	750,970	Execution of employee stock options of NT$56 thousand		2023.08.16 Jing-Shou-Shang-Zi No. 11230154700
2023.11	10	184,000	1,840,000	75,062	750,615	Execution of employee stock options of NT$86 thousand Cancellation of new restricted employee shares of NT$440 thousand		2023.11.16 Jing-Shou-Shang-Zi No. 11230211990
2024.03	10	184,000	1,840,000	75,065	750,647	Execution of employee stock options of NT$62 thousand Cancellation of new restricted employee shares of NT$30 thousand		2024.03.12 Jing-Shou-Shang-Zi No. 11330034140

2. Share Type

Unit: thousand shares

Share type	Authorized capital stock			Remarks
	Number of outstanding shares	Number of unissued shares	Total	
Registered common shares	75,065	108,935	184,000	Including employee stock options of 15,000 thousand shares

Note: Issued shares refer to TPEx listed shares

(II) Shareholder Structure

Unit: shares / March 18, 2024

Shareholder structure / Number	Government institutions	Financial institutions	Other juridical persons	Foreign institutions and natural persons	Individuals	Total
Number of shareholders	0	3	87	78	30,931	31,199
Number of shares held (shares)	0	1,084,165	4, 878,760	4,620,796	64,485,357	75,069,078
Shareholding percentage (%)	0.00%	1.44%	6.50%	6.16%	85.90%	100.00%

(III) Equity Dispersion Status Unit: shares / March 18, 2024

Shareholding range	Number of shareholders	Number of shares held	Percentage %
1～999	15,593	774,360	1.03%
1,000～5,000	13,620	24,869,066	33.13%
5,001～10,000	1,152	8,953,812	11.93%
10,001～15,000	305	3,922,226	5.23%
15,001～20,000	176	3,224,889	4.30%
20,001～30,000	140	3,615,646	4.82%
30,001～40,000	54	1,953,153	2.60%
40,001～50,000	39	1,804,456	2.40%
50,001～100,000	62	4,576,801	6.10%
100,001～200,000	28	3,421,344	4.56%
200,001～400,000	16	4,551,350	6.06%
400,001～600,000	5	2,432,000	3.24%
600,001～800,000	2	1,423,430	1.89%
800,001～1,000,000	3	2,722,548	3.62%
1,000,001～999,999,999	4	6,823,997	9.09%
Total:	31,199	75,069,078	100.00%

(IV) List of Major Shareholders Unit: shares / March 18, 2024

Name of shareholder	Number of shares held	Shareholding percentage
De-Fu Ciou	2,485,000	3.31%
Yi-Tung Hsu	1,701,273	2.27%
Tomy Investment Co., Ltd.	1,379,724	1.84%
Yuan-Kai Gu	1,258,000	1.68%
You Xi Investment Co., Ltd.	948,548	1.26%
Chase Entrusted Van Garde Group Emerging Market Fund Investment Account	946,000	1.26%
Shu-Jhen Lin	828,000	1.10%
Chase Entrusted Advanced Starlight Total International Equity Index	767,000	1.02%
Gains Investment Corporation	656,430	0.87%
Ying,Lin	600,000	0.80%

(V) Market price, net worth, earnings, dividends per share and relevant information for the most recent two years

Item			2022	2023	Up to 2024.03.31for the current year
Market price per share	Highest		274.00	122.00	100.50
	Lowest		72.00	76.60	75.60
	Average		150.14	103.20	87.54
Net value per share	Before distribution		32.86	31.46	-
	After distribution		30.20	Note 1	-
Earnings Per Share	Weighted average number of shares (thousand shares)		73,765	74,797	-
	Earnings Per Share	Before adjustment	7.01	1.13	-
		After adjustment	4.30	Note 1	-
Dividends per share	Cash dividend		2.66	Note 1	-
	Stock dividends	Stock Dividends Appropriated from Retained Earnings	-	Note 1	-
		Dividends from capital surplus	-	Note 1	-
	Accumulated undistributed dividends		-	-	-
Return on Investment (ROI) analysis	Price-to-Earnings Ratio (PER) (Note 2)		21.41	91.71	-
	Price-to-Dividend Ratio (PDR) (Note 3)		56.42	Note 1	-
	Cash dividend yield (Note 4)		1.77	Note 1	-

Note 1: To be finalized after the resolution of 2024 shareholders' meeting.
Note 2: Price-to-Earnings Ratio (PER) = Average stock closing price of current year / Earnings Per Share (EPS).
Note 3: Price-to-Dividend Ratio (PDR) = Average stock closing price of current year / Cash dividend per share.
Note 4: Dividend yield = Cash dividend per share / Average stock closing price of the current year.

(VI) Dividend Policy and Implementation Status

1. When the Company has no surplus earnings or no retained earnings for the current year, no dividends and bonus may be distributed. After the Company pays all taxes for each fiscal year, during the distribution of earnings, it is necessary to compensate the losses from previous years first, and 10% of the earnings shall be appropriated as the legal reserve. However, if the legal reserve has reached the paid-in capital, such restriction shall not be applicable; in addition, special reserve shall also be appropriated or reversed depending upon the business needs. After the remaining amount is added to the accumulated undistributed earnings, at least 10% of such amount shall be appropriated for the distribution of shareholders' dividends, and the cash dividends shall not be less than 10% of the total dividends distributed. The ratio of the earnings for distributed described in the preceding paragraph may be adjusted depending upon the actual profit, capital budget and fund status of the current year.
2. After the Company has compensated the loss in 2013, cash dividends have been distributed to shareholders every year, and the cash dividend per share for each year has been maintained at an amount above NT$0.2 In the future, the Company will

maintain stable dividend policy, and when the free cash flow is sufficient to satisfy the fund demand of previous dividend distribution standard, increase of the issuance of cash dividend per share will be considered. On March 22, 2024, the board of directors proposed to distribute the cash dividends per share of approximately NT$0.50705826 for the current year, and which will be submitted to the general shareholders' meeting held on May 16, 2024for resolution.

3. Dividend distribution status proposed by the present shareholders' meeting: The 2023 dividends distribution of the Company has been proposed by the board of directors as follows (approved by the board of directors, but not yet approved by the shareholders' meeting):
   A. Total shareholders' cash dividends is NT$38,000,000, and it is proposed to distribute NT$0.50705826 per share, and the distribution of the 2023 earnings shall be made in priority. For the insufficient amount, the distributable amounts from other years may then be used for the distribution.The cash dividend is calculated to the integer dollar value, and the numbers after the decimal places are truncated. For the total amount of the odd numbers less than one dollar, the chairman is authorized to assign specific personnel to make adjustments.
   B. For the present ex-dividend date, issuance date and other relevant mattes, after the approval of the present general shareholders' meeting, the chairman is authorized to specify such dates and matters for the distribution thereof.
   C. After the present distribution, in case of change in the share capital of the Company and the number of outstanding shares is affected such that the shareholders' dividend ratio is changed, the general shareholders' meeting authorizes the chairman to handle such matter with full discretion.
4. Expected major change to the dividend policy: No major change.

(VII) Impact of the distribution of bonus shares proposed in the present shareholders' meeting on the business performance of the Company and earnings per share: There is no proposal for bonus share distribution in the present shareholders' meeting.

(VIII) Remunerations of Employees, Directors and Supervisors:

1. Information on the percentage or range of remunerations of employees, directors and supervisors specified in the Articles of Incorporation
   When there is surplus earnings after the final account of a fiscal year, in addition to the tax payment according to the laws and compensation of losses of previous years, 10% of the earning shall be appropriated as the legal reserve; however, when the legal reserve has reached the paid-in capital of the Company, such restriction shall not be applicable. In addition, special reserve shall also be appropriated or reversed by the Company according to the business needs and regulatory requirements or competent authority's regulations, and the distributable earnings is as follows:
   Remuneration of employees is 5%~18%, and the remuneration of directors is not higher than 5%. If there is still surplus earning, it is combined with the undistributed retained earnings of the current period for submission to the board of directors for proposal on the distribution of earnings, followed by reporting to the shareholders' meeting for resolution on the distribution thereof.
2. The estimation basis for calculation of the remuneration of employees and directors, the share calculation basis for distribution of remuneration of employees in the form of shares and the accounting treatment for any discrepancy between the actual distribution amount and the estimated value.

The requirements specified in the Articles of Incorporate are used as the estimation basis. When there is any difference between the actual distribution amount and the estimated amount, it will be handled according to the accounting estimation change.

3. Information on distribution of employees' remuneration proposal approved by the board of directors' meeting:

   On February 23, 2024, the board of directors of the Company approved the following through resoluton :

   A. Remuneration of employees at an amount of NT$ 6,117,913 is to be disturbed according to the Articles of Incorporation of the Company, and the remuneration of directors at an amount of NT$ 2,012,491 is to be disturbed, which have no major difference from the estimated expenses for the current year.

   B. Remuneration of employees proposed for distribution in shares and the ratio over the entity or individual financial report net profit in the current period and the total amount of remuneration of employees: This is not applicable for the current year.

   C. Earnings per share (EPS) calculated after the proposed distribution of remuneration of employees and remuneration of directors and supervisors:

      Since 2009, the expense treatment of remunerations of employees, directors and supervisors has been implemented. For the 2023 financial statements, the expenses for the remuneration of employees, directors have been estimated and recorded; therefore, the EPS calculated is the same as the EPS after tax indicated in the financial statements.

4. Information on the 2022 earnings for distribution of remuneration of employees, directors resolved by the 2023 shareholders' meeting:

   (1) Distribution of remuneration of employees for an amount of NT$51,334,105, and the distribution of remuneration of directors for an amount of NT$4,717,188.

   (2) Distribution of employee stock compensation of 0 share, accounted for 0% of the capital increase by retained earnings.

   (3) Earnings per share (EPS) calculated after the distribution of remuneration of employees and remuneration of directors is NT$7.01.

   (4) Difference between the actual distribution of the earnings for the remuneration of employees, directors and the distribution originally proposed and approved by the board of directors in 2022:

Item	2022(distribution in 2023)		
	Status of proposed distribution approved by the board of directors	Status of actual distribution	Difference
Remuneration ofemployees	NT$51,334,105	NT$51,334,105	None
Remuneration of directors	NT$4,717,188	NT$4,717,188	None

(IX) Repurchase of the Company's shares (executed)

Item	4th Meeting
Repurchase purpose	Transfer shares to employees
Repurchase period	2020/8/24~2020/10/08
Repurchase interval price	17.50～35.00
Types and number of shares repurchased	Common shares; 1,063,000

Item	4th Meeting
Amount of shares repurchased	NT$30,381,558
Ratio of the number of shares repurchased to the planned number of shares repurchased (%)	53.15
Number of shares cancelled and transferred	939,000
Accumulated holdings of shares of the Company	124,000
Ratio of accumulated holdings of shares of the Company to the total number of issued shares (%)	0.17%

II. Issuance of Corporate Bonds: March 31, 2024

Corporate bond type		Second domestic unsecured convertible corporate bonds
Issuance (processing) date		December 27, 2021
Face value		NT$100,000
Issuance and transaction place		-
Issue price		Issue 101% at face value
Total		NT$808,000,000
interest rate		0%
Maturity		Three years, Maturity date: December 27, 2024
Guarantee institution		-
Trustee		-
Underwriting institution		President Securities Corporation
Certifying attorney		Ya-Wen Chiu
CPA		Hai-Yueh Huang, Wan-Yi Liao
Redemption method		In addition the Company's redemption or repurchase from the over-the-counter market, reverse repurchase or execution of conversion by bond holders, the Company redeems in cash at once at the face value of the Company.
Outstanding principal		NT$30,600,000
Covenants for redemption or early repayment		Please refer to the Issuance and conversion regulations for details
Restrictive covenants		Please refer to the Issuance and conversion regulations for details
Name of credit rating agency, rating date, rating result of corporate bonds		Not applicable
Other rights attached	Converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities as of the printing date of this annual report	NT$0

Corporate bond type		Second domestic unsecured convertible corporate bonds
	Please refer to the Issuance and conversion regulations for details	Please refer to the Issuance and conversion regulations for details
Issuance and conversion, exchange or subscription method, issuing condition dilution on equity and impact on existing shareholders' equity		With regard to the current shareholders' equity, although the company liabilities will be increased before the conversion of the issued convertible bonds, as the corporate bonds are converted into common shares, the liabilities will be decreased, and the shareholder's equity will also be increased. In addition, since the time for conversion requested by creditors, in comparison to the cash capital increase, the financing method of corporate bond conversion is beneficial to postponing the dilution of earnings caused by expansion of share capital, and for the consideration in a long term, it has no significant impact on the shareholders' equity.
Name of transfer agent for the transfer subject matter		Not applicable

Information on corporate bond conversion

Corporate bond type		Second unsecured convertible corporate bonds	
Item / Year		2023	Up to March 31, 2024 for the current year
Market price of the corporate bond	Highest	99.85	99.00
	Lowest	96.00	97.25
	Average	97.42	97.96
Conversion price		NT$274.8 per share	
Issue (transaction) date and conversion price at issuance		December 27, 2021 NT$ 289.9	
Performance of conversion obligation method		Issuance of new shares	

III. Issuance of preferred shares: None.

IV. Issuance of global depository receipts: None.

V. Issuance of employee stock warrants: None.

(I) The Company's employee stock warrants not yet matured: March 31, 2024

Type of employee stock warrants	Seventh time of employee stock warrants
Declaration effective date and total number of units	2018.10.09 1,000,000
Issuance (processing) date	2019.10.01
Number of issued units (each unit may subscribe 1 share)	1,000,000
Number of units available for issuance	0
Ratio of subscribable shares to total issued shares	1.33%
Subscription period	Six years
Exercise method	Issuance of new shares
Period and ratio of subscription restriction	65% for two full years after maturity, 100% for three full years after maturity
Number of shares obtained after exercise of subscription right (thousand shares)	487
Amount of the shares subscribed (NT$ thousand)	10,274
Number of shares not yet subscribed (thousand shares) (after ex-right adjustment)	513
Subscription price per share of the unsubscribed shares	20.2
Ratio of the number of unsubscribed shares to the number of issued and outstanding shares (%)	0.68%
Effect on shareholders' equity	The issuance of employee stock warrants is able to achieve joint benefits for the Company and shareholders, such that it has positive impact on the shareholders' equity

(II) Names, acquisition and subscription status of managerial officers who have obtained employee stock warrants and of employees who rank among the top ten employees in terms of the number of shares to which they have subscription rights through employee stock warrants acquired, cumulative to the printing date of the annual report:

March 31, 2024; Unit; thousand shares; %

<table>
<tr><th rowspan="2"></th><th rowspan="2">Title</th><th rowspan="2">Name</th><th rowspan="2">Number of subscription shares received</th><th rowspan="2">Ratio of the number of subscription share received to the number of issued and outstanding shares (%)</th><th colspan="4">Exercised</th><th colspan="4">Not yet exercised</th></tr>
<tr><th>Number of shares subscribed</th><th>Subscription price</th><th>Subscription amount</th><th>Ratio of the number of subscribed shares to the number of issued and outstanding shares (%)</th><th>Number of shares subscribed</th><th>Subscription price</th><th>Subscription amount</th><th>Ratio of the number of subscribed shares to the number of issued and outstanding shares (%)</th></tr>
<tr><td>Managerial officers</td><td>Assistant Vice President</td><td>Shih-Hsin Juan (Note 1)</td><td rowspan="12">174</td><td rowspan="12">0.23</td><td rowspan="12">162</td><td rowspan="12">20.2-21.29</td><td rowspan="12">3,384</td><td rowspan="12">0.22</td><td rowspan="12">12</td><td rowspan="12">20.2</td><td rowspan="12">240</td><td rowspan="12">0.02</td></tr>
<tr><td rowspan="11">Employees</td><td>Deputy Manager</td><td>Shih-Yi Lin</td></tr>
<tr><td>Manager</td><td>Hsien-Chih Wen</td></tr>
<tr><td>Administrator</td><td>Yu-Hui Li</td></tr>
<tr><td>Engineer</td><td>Chih-Wei Chang</td></tr>
<tr><td>Deputy Manager</td><td>Keng-Liang Kuo</td></tr>
<tr><td>Manager</td><td>Yu-Cheng Liu</td></tr>
<tr><td>Manager</td><td>Meng-Chang Ke</td></tr>
<tr><td>Manager</td><td>Chia-Nan Yeh</td></tr>
<tr><td>Engineer</td><td>Tien-Fu Chen</td></tr>
<tr><td>Deputy Manager</td><td>Hung-Yi Lin (Note 2)</td></tr>
</table>

Note 1: The employee stepped down from his role as manager on 2022/8/1.

Note 2: The employee has resigned.

VI. Issuance of new restricted employees shares:

(I) The Company’s new restricted employee shares not yet reaching the vesting condition in full:

March 31, 2024

<table>
<tr><td>Type of new restricted employee shares</td><td colspan="4">Third time (session) of new restricted employee shares</td></tr>
<tr><td>Declaration effective date and total number of shares</td><td colspan="4">2022.06.07
1,000,000 shares</td></tr>
<tr><td>Date of Issuance</td><td colspan="4">2022.08.31</td></tr>
<tr><td>Number of new restricted employee shares issued</td><td colspan="4">200,000 share</td></tr>
<tr><td>Number of new restricted employee shares available for issuance</td><td colspan="4">800,000 share</td></tr>
<tr><td>Issue price</td><td colspan="4">NT$ 10</td></tr>
<tr><td>New restricted employee shares issued as a percentage of total number of shares issued</td><td colspan="4">0.27%</td></tr>
<tr><td rowspan="6">Vesting Conditions for New Restricted Employee Shares</td><td colspan="4">After an employee subscribes the new restricted employee shares according to these regulations, starting from the capital increase base date, he / she shall still be under employment for the job upon the maturity of the following vesting period, and must not have any records of major faults of violation of the Company’s labor contract, work rules, ethical corporate management best practice principles and code of conduct, and shall also satisfy the overall financial performance of the company and obtain more than 80 points in the most recent employee personal performance evaluation before the vesting period of each year. The respective percentages of shares for satisfying the vesting conditions are as follows:</td></tr>
<tr><td>Maturity period</td><td>Vesting ratio</td><td>Company’s overall financial performance indicator (Note)</td><td>Personal performance indicator</td></tr>
<tr><td>Matured for one year</td><td>25%</td><td>Net income before tax with 5% of growth from last year</td><td rowspan="4">Personal performance score reaches above 90 points (inclusive), it can be exercised according to 100% of the vesting percentage
Personal performance score reaches 80 points (inclusive)~89 points, it can be exercised according to 50% of the vesting percentage
When the personal performance score is below 79 points, it cannot be exercised</td></tr>
<tr><td>Matured for two years</td><td>25%</td><td>Net income before tax with 5% of growth from last year</td></tr>
<tr><td>Matured for three years</td><td>25%</td><td>Net income before tax with 5% of growth from last year</td></tr>
<tr><td>Matured for four years</td><td>25%</td><td>Net income before tax with 5% of growth from last year</td></tr>
</table>

Type of new restricted employee shares	Third time (session) of new restricted employee shares
Restricted Rights of New Restricted Employee Shares	1. Employees assigned with the new restricted employee shares according to these Regulations, prior to satisfying the vesting conditions, all of such shares shall be submitted to the Taiwan Depository & Clearing Corporation or the institution designated by the Company for trust custody, and shall also cooperate to complete all procedures and signing of relevant documents. 2. Prior to the vesting condition described in the preceding article are satisfied, the employees' rights are restricted, including but not limited to the following, and except for inheritance arising from death due to occupational accidents, employees shall not sell, pledge, transfer, provide as a gift, set, or make any disposal via other means on the new restricted employee shares subscribed under these Regulations. 3. The rights and obligations (including participation in allotment of shares, dividends, cash capital increase subscription, shareholders' meeting voting rights and election rights, etc.) of the new restricted employee shares during the vesting period are the same as the ones for the common shares issued by the Company. 4. After the issuance of new restricted employee shares and before the vesting conditions are satisfied, employees shall not request the Company or trustee designated by the Company to return the new restricted employee shares based on any excuse or method.
New Restricted Employee Share Custody Status	Employees assigned with the new restricted employee shares according to these Regulations, prior to satisfying the vesting conditions, all of such shares shall be submitted to the Taiwan Depository & Clearing Corporation or the institution designated by the Company for trust custody, and shall also cooperate to complete all procedures and signing of relevant documents.
Handling method for employees failing to satisfy vesting conditions after new share assignment or subscription	The Company purchased its shares at the original issue price and cancelled them in accordance with the law
Number of new restricted employee shares redeemed or repurchased	71,000 shares
Number of released new restricted employee shares	0 share
Number of unreleased new restricted employee shares	129,00 shares
Unreleased new restricted employee shares as a percentage of total number of shares Issued (%)	0.17%
Effect on shareholders' equity	It has limited effect on the earnings per share dilution of the Company; therefore, there is no major effect on the shareholders' equity.

(II) The name of employees and status of receipt of managerial officers and top ten employees receiving new restricted employees shares accumulated up to the printing date of the annual report:

March 31, 2024 Unit: NT$; %; shares

<table>
<tr><th rowspan="2"></th><th rowspan="2">Title</th><th rowspan="2">Name</th><th rowspan="2">Number of new restricted shares</th><th rowspan="2">New restricted employee shares acquired as a percentage of total number of shares Issued (%)</th><th colspan="4">Released</th><th colspan="4">Unreleased</th></tr>
<tr><th>Number of released restricted shares</th><th>Issue price</th><th>Issue amount</th><th>Released restricted shares as a percentage of total number of shares Issued</th><th>Number of unreleased restricted shares</th><th>Issue price</th><th>Issue amount</th><th>Unreleased restricted shares as a percentage of total number of shares Issued</th></tr>
<tr><td>Managerial Officers</td><td colspan="2">(Note2)</td><td>0</td><td>0</td><td>0</td><td>10</td><td>0</td><td>0</td><td>0</td><td>10</td><td>0</td><td>0</td></tr>
<tr><td rowspan="10">Employees</td><td>Director</td><td>Min-Shan Wu</td><td rowspan="10">140,000</td><td rowspan="10">0.19</td><td rowspan="10">53,000</td><td rowspan="10">10</td><td rowspan="10">530,000</td><td rowspan="10">0.07</td><td rowspan="10">87,000</td><td rowspan="10">10</td><td rowspan="10">870,000</td><td rowspan="10">0.12</td></tr>
<tr><td>Director</td><td>Chia-Nan Yeh</td></tr>
<tr><td>Senior Manager</td><td>Hsien-Chih Wen</td></tr>
<tr><td>Manager</td><td>Wei-Jen Tsai</td></tr>
<tr><td>Manager</td><td>Meng-Chang Ke</td></tr>
<tr><td>Deputy Manager</td><td>Tien-Fu Chen,</td></tr>
<tr><td>Manager</td><td>Bang-Ying An,</td></tr>
<tr><td>Manager</td><td>Cheng-Bin Lin, (Note1)</td></tr>
<tr><td>Manager</td><td>Kuan-Hui Lu (Note1)</td></tr>
<tr><td>Manager</td><td>Yu-Cheng Liu</td></tr>
</table>

Note 1: The employee has resigned.
Note 2: There are no managerial officers in this time.

VII. Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies: None.

VIII. Capital plans and implementation status:

(I) Plan content

Any previous issuances or private placements of securities not yet been completed and those completed in the last three years with project effectiveness not yet revealed: None.

(II) Implementation status and benefit analysis

With regard to the purpose of each plan described in the preceding subparagraph, analysis of the comparison between the implementation status originally expected benefits up to one quarter before the printing date of the annual report item by item: None.

Five. Overview of Operations

I. Business Activities

(I) Business Scope

1. Main content of business operation:
   (1) Electronic Parts and Components Manufacturing.
   (2) Data Storage Media and Processing Equipment Manufacturing.
   (3) Wireless Communication Mechanical Equipment Manufacturing.
   (4) Software Design Services.
   (5) Retail Sale of Computer Software.
   (6) Retail Sale of Electronic Materials.
   (7) Retail Sale of Telecommunication Apparatus .
   (8) Wholesale of Electronic Materials.
   (9) Wholesale of Telecommunication Apparatus.
   (10) Product Designing.
2. Operating revenue percentage

Product item	2023	
	Revenue amount	Revenue weight
Display driver IC	1,736,866	93.74%
Others	116,017	6.26%
Total	1,852,883	100.00%

3. Present product items of the Company
   - Design, production and sales of LCD display related integrated circuits
   - Design, production and sales of bistable related integrated circuits
   - Design, production and sales of touch panel related integrated circuits
   - Design, production and sales of motor control driver IC
4. New products planned for development
   - Quality driver IC of higher resolution, lower power consumption, faster transmission speed
   - Display driver IC for special applications of automotive and industrial medical instruments
   - Ultra-high contrast segment code type of driver IC
   - Automotive and industrial control TFT LCD display driver IC of high resolution, high contrast and narrow bezel
   - Touch control IC and controller for special applications of military and industrial purposes
   - Ultra-low voltage and ultra-low power consumption of LCD display driver IC
   - High applicability matrix electronic label driver single-chip IC
   - Multi-function integrated driver IC for bistable display
   - Bistable display integrated driver IC of advanced process
   - Sensorless sine-wave brushless DC motor PWM driver IC
   - Sensorless three-phase sine-wave FOC fan driver IC

(II) Industry Overview

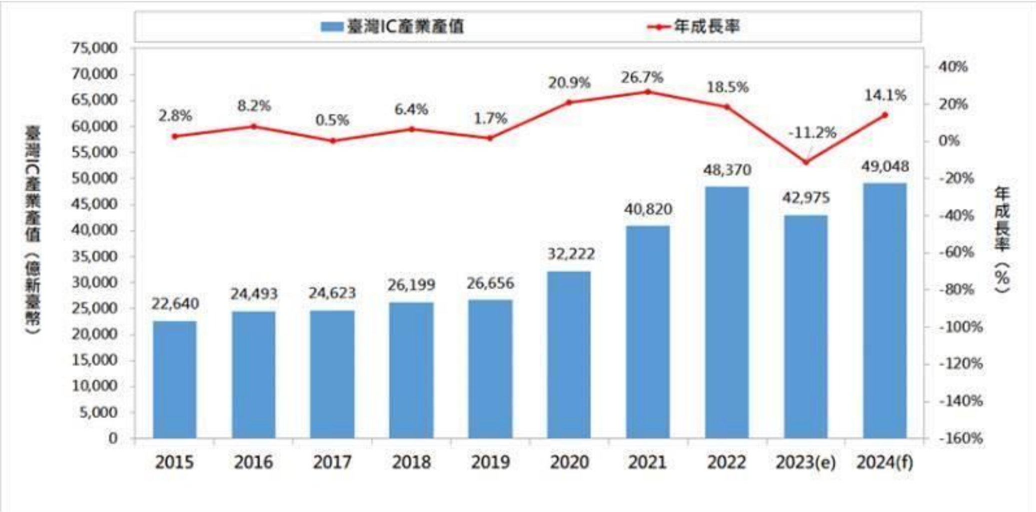
1. Industry Current Status and Development

The Company is in the semiconductor industry and is a professional integrated circuit design company at the upstream of the semiconductor industry. The Company's manufacturing, packaging and testing of products are entrusted to professional OEM factories. For the semiconductor industry, the Company provides explanation on the status of the industry related to the Company and the product development trend in the following:

According to the Industry, Science and Technology International Strategy Center of the Industrial Technology Research Institute, because of the overall weak economy and sluggish endpoint demands in 2023, it resulted in poor buying momentum in the corporate and consumer markets. From endpoint system vendors to semiconductor supply chain companies, they all had high inventory levels and insufficient pull in power. Even though there are sporadic urgent orders for inventory replenishment for panel driver ICs, wafer fabs launched discount strategies to encourage customers to start wafer production earlier. However, due to ongoing macroeconomics and inventory problems, the supply chain's original expectation of peak pull in effect in the second half of the year did not come true.

As major memory companies cut production, controlled discounts and stabilized the price, it is expected to become the main driving force for the growth of the global semiconductor market from 2024-2026. Since the revival and growth of mainstream product markets are uncertain, it is expected that the future growth momentum of the semiconductor market will rely on the stimulation of emerging applications such as emerging information services, energy and environmental protection, and technology integration, etc., especially AI, high performance computation application demands and smart networking; they will become the main grown momentum.

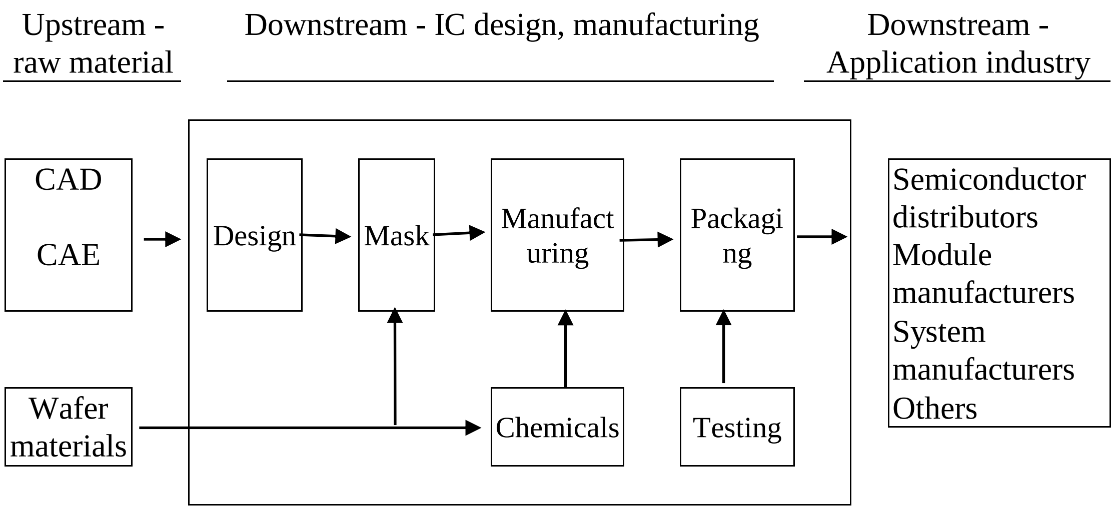
The output value of Taiwan's semiconductor industry in 2023 was NTD $4.29 trillion, and it is estimated that the annual output value will reach NTD $4.9 trillion, with a growth of 14.1%, and wafer foundry will still be the main growth momentum; looking into 2024, the traditional off-season is expected to have better performance than in the same period this year, and it will grow again. As major international memory companies continue to cut production, memory prices have stabilized, and the supply and demand is expected to stabilize as well. There are accumulated automotive and industrial control inventories due to shortage of materials, which lead to the slowdown on demands. After the inventory drops to a healthy level, sporadic inventory replenishment will gradually be restarted. Some of the Taiwan companies benefited from the de-sinicization order transfers, which will gradually increase and pick up slowly.



Source: ITRI, October, 2023

2. Correlation among upstream, midstream and downstream in the industry

The semiconductor IC industry can be divided into the upstream, midstream and downstream. The upstream consists of IC design companies and silicon wafer manufacturers, where the IC design companies design circuit diagrams according to the customer demands, and the wafer manufacturers mostly manufacture silicon wafers with the polysilicon raw material. For the midstream, the IC manufacturers apply the circuit diagrams designed by the IC design company to the wafers of the silicon wafer manufacturers. The completed wafers are then delivered to the IC packaging and testing factories of the downstream to perform packaging and testing. The Company mainly performs IC design and is at the upstream of the semiconductor industry. The manufacturing, packaging and testing of products are entrusted to professional OEM factories for processing. Taiwan demonstrates a role model for the “vertical separation” of IC industry, and for each production stage, there are companies actively invest and specialized in such stage. The vertical disintegration and work allocation are clear, each business operator is specialized in its field. The correlation diagram for the upstream, midstream and downstream of the industry of the Company is shown in the following:



Source of information:: ITIS Program of Electronics Research & Service Organization (ERSO)

3. Various development trends and competition of products

A. Liquid crystal display driver IC

According to the driving mode, liquid crystal displays can be roughly divided into two types: passive matrix driven and active matrix driven. The passive matrix type mainly includes TN (Twisted Nematic; TN) liquid crystal display and STN (Super Twisted Nematic; STN) liquid crystal display, while the active matrix driven liquid crystal display takes TFT (Thin Film Transistor；TFT)TFT LCD as the most important, among which the TN/STN liquid crystal display requires mature process technology, capital investment is relatively low and customisation is easy, while TFTs require higher capital investment and technology. However, they are mainly differentiated by the twisting principle of the liquid crystal molecules in terms of viewing angle, colour, contrast and the level of quality of the animation display, and are mainly used in consumer products.

Nowadays, consumer electronics are adopting TFT panels instead of TN/STN panels, so some TN/STN manufacturers have switched to touch panels or withdrawn from the market. As mobile phone market products have become increasingly mature in recent years, there is limited room for gross margin growth due to the price orientation of the products. Therefore, the Company has actively invested in the research and development of products with stable profits and relatively explosive characteristics, and the current product range covers multiple fields such as industrial control instruments, medical instruments, national smart meters of China, mobile devices, and in-vehicle display devices.

The global automotive display market is expected to grow at a compound annual growth rate of 8.1% from 2021 to 2028, reaching a market size of US$30.1 billion by 2028. The automotive display market is experiencing a shift from traditional dashboards to larger, more interactive displays. It is estimated by Mordor Intelligence that China will be the world's largest electric vehicle (EV) market and that the Chinese EV market will grow at an annual rate of 31% between 2021 and 2026. India will be the second largest market for EV market after China, and the Indian government has pledged that electric vehicles will account for 30% of private vehicles by 2030. It is predicted that the global sales of electric vehicles will be around 80 million units in 2035 by SNE Research of Korea, with penetration expected to reach around 90%. The changing landscape of the electric vehicle market reflects the trend of the entire automotive industry: although electric vehicles still represent only a small part of the overall automotive market, they are already seen as a huge growth opportunity for the industry. In response to this market opportunity, the Company has also successfully entered the automotive market and obtained quality certification from major international manufacturers. At the same time, the Company has developed a variety of liquid crystal display driver with high contrast, large size and high reliability for new energy electric vehicle dashboard applications, and have successfully introduced special automotive grade ICs for automotive segment dashboard displays to major domestic and Indian vehicle manufacturers.

The Chinese government has been planning to promote dot-matrix STN liquid crystal displays to replace the existing segmented displays, in line with the increasing emphasis on the efficiency of the electricity network, the development of smart grids and the need to reduce the cost of meter reading management. The State Grid of China has been developing specifications for smart meters to comprehensively upgrade existing meters. The Company has also developed products with high interference immunity, strong ESD performance, strong driving capability, good high and low temperature display, and ultra-low power consumption for the Chinese smart meter market.

The Company's two main product lines are TN and STN driver ICs. In the future, through direct cooperation with module manufacturers, the Company will introduce products with wide angle VA, high resolution, ultra-low power consumption ICs and high reliability for handheld products, wearable devices, instrumentation, automotive human-machine interaction products and power products to meet market demand. In addition, the use of capacitive touch for human-machine communication has become a trend, showing that the functional integration of driver chips is the mainstream technical development direction at present. In the face of the trend towards higher screen ratios in smartphones, the integration of display driver chips and touch chips can effectively reduce the size of display panel peripheral chips, thus the market penetration of TDDI chips is rapidly increasing, opening up a new battlefield in the display driver chip field. The integration of display driver ICs with touch control ICs not only simplifies circuit design, shortens development time and reduces costs, but also introduces a series of touch key products with fewer external components, high anti-interference capability and touch response to meet the increasing demand for touch. Currently, our products have been successfully introduced into the industrial control and home appliance markets, making our liquid crystal display driver IC products more competitive in the market.

The Company continue to attach importance to this blue ocean market and keep an eye on its development. Based on the Company's long-term experience in STN technology, we have been developing TN/STN LCD driver chips to meet the needs of this market.

B. Electronic paper driver IC

Bistable display technology, also known as e-paper, is a paper-thin, reflective display with bistable characteristics, which causes physical shifts under the action of electric field forces, resulting in different colour gradation of the display medium. With the characteristics of low power consumption, high contrast, wide viewing angles, clear visibility in hot sunlight and free curling, the e-paper uses bistable technology, consuming power only when changing screens and continuing to display screens even when the power source is removed. Common applications include e-book readers, ESL, etc.

The company had successfully developed black and white and tri-color electronic label technology, and continued to develop quad-color e-paper drive technology to improve the quality of the screen. The product has a wide range of applications; it can be applied for bus stop signs, smart shelf labels, conference equipment displays, thermometer and hygrometers, home appliance control panel displays, single word cards and advertisement posters, etc. As colored e-paper continues to have the display performance optimized, there are also significant increase in refresh rates and color displays, making it more suitable to be promoted to diverse application scenarios such as e-book readers with brighter colors and smoother writing; the experience is better when users use e-book readers directly, and it is suitable for reading a variety of content types, such as children's drawing books and art collections, etc. Due to the impact of the pandemic in recent years, there is now the habit of online courses, and the need to use suitable readers with the courses was derived; E-paper readers is the best choice. According to a market research in 2023, the proportion of "E-paper learning readers" has increased from the 0.4% in 2022 to 11.9%, which clearly shoes that the demand for readers is currently changing.

With the smart transformation of large retailers in Europe and the U.S. such as BestBuy and Walmart, it drove significant increase in the need for ESL. According to a market survey report, it is estimated that by 2025, the global need of ESL will reach USD $3 billion dollars. European markets emphasizes on the green, sustainable and renewable concepts, and the American market is full of potentials for development.

This company has deep-plowed in the e-paper industry for over two decades, and we have thorough understanding on the evolution of related technologies, as well as the market demand trends for it. We've developed e-paper shelf labels that have the advantage of energy-saving and low carbon. Under the increasing trend of global digitalization and sustainable development, we quickly penetrated into the consumer, commercial and retail markets, and we have now become the largest manufacturer for ESL-driven ICs. A research institution estimated that from 2023 to 2026, the global e-paper market CAGR will reach 68.9%. Under global inflation, shortage of labor and green policies, retailers around the world have gradually introduced e-paper labels. This company also developed new colored e-paper products for customers, hoping to stimulate the need for "machine replacements", and further open the application market of e-paper driven ICs.

C. Motor driving control IC

Motors, also known as electric motor, are the most common actuators used in industrial and peripheral equipment. There are many different types of motor depending on their structure and power supply method, which must be chosen carefully depending on their inherent characteristics and the load they are intended to drive. All motors have commonalities, the operating principle of the motor is straightforward and easy to understand, but the energizing drive of each motor is the key.

Any motor needs to be powered by a suitable power converter. Depending on the characteristics of the motor's reactance waveform, the coil current of some motors should be square waves, while others are chord waves. Some require switching control and appropriate phase change timing adjustment to match the inductance characteristics of the motor in order to achieve better operating characteristics and conversion efficiency. In the early days it was widely used in industrial equipment and household appliances at constant speed. In recent years, the rapid development of power electronic components and advanced control technology has led to significant advances in AC motor drive control technology, which has surpassed existing DC motors in terms of accuracy, responsiveness and speed range, and has further expanded to variable speed applications.

Brushless DC motor (BLDC) has the advantages of high efficiency, small size and light weight. Under the global trend of energy saving, the energy saving issue has prompted the whole market to move towards the application of brushless DC motor. Grand View Research estimates that the scale of global BLDC motor market will reach USD $22.3 billion dollars by 2025; in order to accelerate sustainable development of the ESG environment, the application fields of BLDC motor will become more diverse, and the range will gradually expand to white appliances such as fans, ceiling fans, extractor fans and electric vehicles. The Intelligent Power Module developed by the Company has been successfully introduced into home appliances and industrial fan ducts, and it will continue to be introduced into the supply chain of various appliance brands.

The Company offer high-efficiency rotary motor control systems and three-phase Hall-less rotary motor control systems in our Motor Control ASIC IC, while offering excellent current protection in Gate Driver IC. With the Company's motor control solutions, we can shorten the development time of motor systems and quickly introduce them into motor applications. Both the motor controller and the new Intelligent Power Module are currently used in the white appliances, electric bicycle and mobile vehicle markets, and have been successfully introduced into the motor controller markets in the US, Europe and China.

(III) Technology and Research and Development Overview

1. Research and development budget invested in most recent year and up to the printing date of the annual report

Unit: NT$ thousand

Contents	2023
R&D budget invested	336,337
Net operating income	1,852,883
Percentage of R&D expense to operating revenue %	18%

2. R&D result in the most recent year

Time	R&D result	Application product
2017 | 2020	3-Phase Sine-Wave PWM Driver IC for Brushless DC Motors	Brushless DC Fan, Electric Tool
	Light Sensor	Smartphone, TV, Lighting, Surveillance, Consumer, Wearable

Time	R&D result	Application product
	Proximity Sensor	Smartphone, Consumer
	Color Sensor	Smartphone, Lighting, Consumer, Wearable
	Health care sensor Proximity sensor +Heart Rate Monitor	Wearable, consumer, TWS
2021	Under display RGB + Proximity + Flicker sensor	Mobile phone with AMOLED display
2022	Health monitoring sensor – Proximity + Heart Rate + SpO2 monitor	Wearable, consumer, TWS
	BLDC IPM product mass production	Electric fan, electric tool
2023	All-in-one e-paper driver for 4 color ESL display	ESL
2024	Skin detection sensor - Senseless BLDC controller -	Wearable, Consumer, TWS Liquid cooling pump

3. Future R&D plan

The R&D expenditure expected to be invested by the Company in 2024 accounts for approximately our total operating revenue 15%~20%. The R&D progress will be adjusted depending upon the global market situation and the actual operational status of the Company. The future primary R&D projects of the Company are summarized in the following:

Project name	Project description	Current progress
Automotive and industrial control TFT LCD display driver IC of high resolution, high contrast and narrow bezel	Develop special application demands for automotive TFT panels of high resolution, high contrast, high reliability, high performance and super-narrow bezel	Development in progress
LCD display driver IC with ultra-low voltage and ultra-low power consumption	Developed ultra-low voltage and ultra-low power consumption energy-saving products to meet the application needs of future low-carbon energy-saving market.	Development in progress
High applicability matrix electronic label driver single-chip IC	To cope with Eink's new electronic label material, develop cooperating driver IC, and further expand the electronic label application scenarios for future application.	Development in progress
Multi-function integrated driver IC for bistable display	With regard to the future trend of energy saving and carbon reduction, the bistable display has its advantages. The Company will continue to develop corresponding integrated driver IC according to functions necessary for different applications of bistable displays.	Development in progress
Bistable display integrated driver IC of advanced process	As the demand for bistable display increases, the price also becomes more sensitive. Develop advanced process to seize advantages in IC cost while achieving quality for win-win situation.	Development in progress

Project name	Project description	Current progress
Sensorless sine-wave brushless DC motor PWM driver IC	Motor control IC developed mainly for driving motors of small power and size with facilitated production but sensors cannot be installed physically and for exposure to adverse environment of high temperature, water and oil.	Development in progress
Sensorless three-phase sine-wave FOC fan driver IC (sensorless field-oriented control IC)	To satisfy the increasing demands and popularity for sensorless field-oriented control (FOC) permanent magnet synchronous motor (PMSM), sensorless FOC IC is developed to achieve the advantages of lower power consumption, higher speed, stabler torque, lower audible noise, longer useful lifetime and smaller size.	Development in progress

(IV) Long / Short-Term Business Development Plan

1. Short-term development plan

(1) Sales plan

A. Seek and obtain orders from domestic and foreign well-known companies, increase the market share of small and medium size of display driver IC.

B. Continue to increase the popularity and enhance the market position of the Company. Through participation in various exhibitions, meetings and seminars, etc. worldwide, promote the Company's technologies and products to global giant business operators in the automotive, industry and medical sectors.

C. Establish global market distributors to facilitate the promotion and sales of products for penetrating into the local market, and enhance the engineering support and subsequent services for customers.

(2) R&D plan

With the diverse development of display products, the Company will actively engage in the research and development of small and medium size of display driver IC of hi-color, higher resolution, smaller size and lower cost, in order to improve the application in various types of terminal products.

(3) Production plan

Continue to maintain close and stable cooperation relationship with foundries and outsourced vendors, and provide fast and accurate delivery as well as high quality products to customers.

(4) Financial plan

Increase fund raising channels, and enhance capital structure.

2. Medium and long-term development plan

(1) Sales and marketing strategy

A. Continue to develop new products, and aim to become the leading company in global display driver IC.

B. Continue to seek and seize cooperation opportunities in the technology and sales with international giant business operators, and increase market popularity and market share.

C Establish sales and technical service locations in key markets worldwide.

(2) R&D strategy

A. Continue to develop small and medium size of display driver IC of fast response speed, low voltage and high resolution.

B. Actively research and develop new products and new technologies to achieve greater diversity in future products.

(3) Production strategy

Actively develop new suppliers of production capacity in order to provide products of higher quality to customers and to ensure sufficient production capacity expansion.

(4) Financial strategy

Sufficiently use diverse financing tools in the capital market, in order to obtain fund of lower cost and to maintain the long-term business operation development of the Company.

II. Market Profile and Production and Sales

(I) Market analysis

1. Main product sales region

Year / Region	2022		2023	
	Sales amount (NT$ thousand)	Ratio %	Sales amount (NT$ thousand)	Ratio %
Domestic sales	247,692	9.84	95,991	5.18
Export sales	2,268,439	90.16	1,756,892	94.82
Net operating revenue	2,516,131	100.00	1,852,883	100.00

2. Market share

The Company’s 2021~2023 net consolidated operating revenues were NT$2.668billion, NT$2.516 billion and NT$1.853 billion respectively. According to the information of the ITRI of Industrial Technology Research Institute, the IC design industry production values for 2021~2023 in Taiwan are NT$1,214.7 trillion, NT$1,232.0 trillion and NT$1,073.5 trillion respectively. Accordingly, the market share of the Company can be calculated to be between 0.17%~0.22%. In the future, through continuous development of new products and active expansion of sales channels, the market share of the Company is expected to improve further.

3. Market future supply and demand status and growth

With regard to the supply aspect, the main raw material of the products of the Company is wafer, and the main suppliers are domestic and foreign well-known foundries, such that their product quality is stable, and the production capacity and supply status are proper. Due to the demands for continuous deployment of 5G construction, high performance computation and remote office and education, along with the positive impact of order transfer to Taiwanese manufacturers under the trade war between the U.S. and China, the upstream supply chain production capacity is fully loaded. Accordingly, shorter payment deadline and advance payment may be requested, and the capital demand of downstream IC design companies is expected to increase. Nevertheless, the Company has numerous suppliers having long-term cooperation relationship with the Company. Accordingly, the Company will continue to monitor the market supply and demand status in order to adjust the inventory level. In addition, in the last two years, the Company has issued unsecured convertible corporate bonds to replenish the working capital, thereby satisfying the capital demand for stable production capacity and business operation planning.

With regard to the demand aspect, the driver IC chips of the Company are mainly applied to industrial control instrument panels, automotive dashboards, electronic shelf labels, etc. In the future, under the trend of AIoT, despite the slowing down of demand due to the COVID-19 pandemic impact, electric vehicles and AIoT will still be the key development focus. Under the promotion and development of these new technologies and new applications, the product demand of the Company is expected to continue to increase in the future.

4. Competitive niche

(1) Equipped with outstanding R&D capability and solid R&D team

The R&D team of the Company is equipped with extensive experience and comprehensive profile. All of the core technologies of display driver IC are self-designed and developed. In addition, over the past years, the Company also continues to recruit outstanding R&D talents from the industry, and the team has extensive experience in the fields of display technology, IC logic design, mixed signal, etc. related to display. The Company owns numerous patented technologies derived from own research and development. Accordingly, the Company is able to shorten the new product development schedule and increase product quality swiftly, thereby achieving customer satisfaction on the Company’s products. Furthermore, the Company also adequately understands the market development rend and invests in the R&D and development of new products to satisfy the market demands.

(2) Product design heading toward the development compact size, energy saving and eco-friendly

For the IC designed by the Company, parts of the elements have been integrated into one single driver IC. With the advantages of utilization of numerous patented technologies, the Company’s IC is equipped with the functions of excellent imaging, great smoothness, energy saving and eco-friendly. Accordingly, in comparison to other competitors in the industry, the Company’s IC has the advantages of smaller size and greater competitiveness in product cost. As a result, the Company’s products are able to satisfy relevant trend and market demands for light, thin, short, compact and eco-friendly products.

(3) Equipped with complete LCD driver IC product lines and diverse product applications

In addition to the R&D and design of STN display driver IC for small and medium size panels, in recent year, the Company also actively develops and expands the product lines of EPD driver IC, TFT driver IC, and motor control IC, etc., in order to provide complete product lines to customers. With regard to the application, the Company focuses on niche products and enters the new product application markets of vehicle on-board devices, electronic labels and wearable devices, in order to satisfy the demands of different product users.

(4) Long-term cooperation relationship with wafer suppliers and wafer outsourced OEM factories

The Company is an LCD design company and establishes long-term cooperation relationship with wafer suppliers. The quality yield rate, delivery speed and price of wafer suppliers are key factors to the product development competitiveness and sales success. In addition, the processing technology, equipment production, testing and packaging of wafer outsourced OEM factories are also essential to the business operation. Accordingly, under the long-term cooperation relationship established with the wafer suppliers and the outsourced OEM factories, the Company’s shipping quality is stable and the supply is sufficient without any shortage.

(5) Excellent cooperation relationship with customers

The Company provides complete product development services to customers, and through the Design in customized service, the Company develops various application products for customers, in order to enhance the cooperation relationship with terminal module manufacturers. In addition, the Company also maintains excellent and active interaction with customers, assists customers to shorten the product development schedule, and to achieve growth and long-term cooperation relationship with customers jointly.

5. Favorable, unfavorable factors for development outlook and countermeasures

(1) Favorable factors

A. Professional separation for upstream and downstream of IC industry with competition advantages

The IC industry in Taiwan adopts the professional separation model and the upstream and downstream production supply chain is complete. Each professional giant foundries, packaging giant factories and IC design companies operate independently and their production capacities are able to support each other, such that the domestic business operators and manufacturers have greater price advantages than foreign companies. Accordingly, in a fast changing industry environment, we are able to understand the market trend and demand promptly and to seize the market opportunities for customers.

B. Stable market demand, expansion of product application

In view of the coming era of LCD and the great investments of domestic business operators in the LCD production, manufacturing and sales plans, the original industrial and medical display demands increase stably, and all types of LCD new applications also continue to increase, especially the application related to mobile equipment, including such as GPS, on-board displays, wearable devices, electronic shelf labels, etc. The overall market demand indicates an increasing trend, and it is expected to drive the prosperous market development of the entire display related industries in the future.

C. Small and medium size of IC technical teams with implementation of flat management to achieve fast market response and high efficiency.

Through flat organizational management structure, to cope with the fast market changes, we are able to effectively understand the market trend and to swiftly respond to the management level, such that operation decision making can be flexible and responsive, in order to efficiently control and reduce operational risk.

(2) Unfavorable factors and countermeasures

A. Rapid market product change

As driver IC product technologies continue to evolve and improve, the life cycle of product is shortened, and it is imperative to release new application functions to satisfy customer demands. In addition, design improvement of driver IC product will also increase the operating cost and risk of driver IC business operators.

<u>Countermeasures</u>

The common operational challenge faced by IC design companies is the fast product generation replacement. We believe that solid R&D team and keen market development capability are imperative to swiftly develop new products when obsolete products are being eliminated or replaced. The Company maintains excellent relationship with module manufacturers directly or indirectly via distributors, in order to understand the most advance technology development trend and to reduce the new product investment risk.

B. High dependency on foundry and uneasy control of production capacity

Since the Company is a fabless company entrusting foundries for all productions, to maintain product quality and cost, the Company considers the essential factors of equipment technology, production capacity, delivery quality and speed of foundries. If the global semiconductor demand is high or any interruption of production due to force majeure factors, IC product supply shortage risk will occur.

Countermeasures

To ensure that foundry’s production capacity is sufficient to satisfy the supply and production demand, the Company has established long-term cooperation relationship with main foundry companies, and also actively seek new OEM companies, in order to ensure sufficient product capacity.

C. Patent rights

IC design is a competitive industry, and during the R&D process, a lot of patent infringement issues may occur, or patent infringement litigation may be used as a tool against competitors. As the Company's new production line increases, patent risk is expected to increase.

Countermeasures

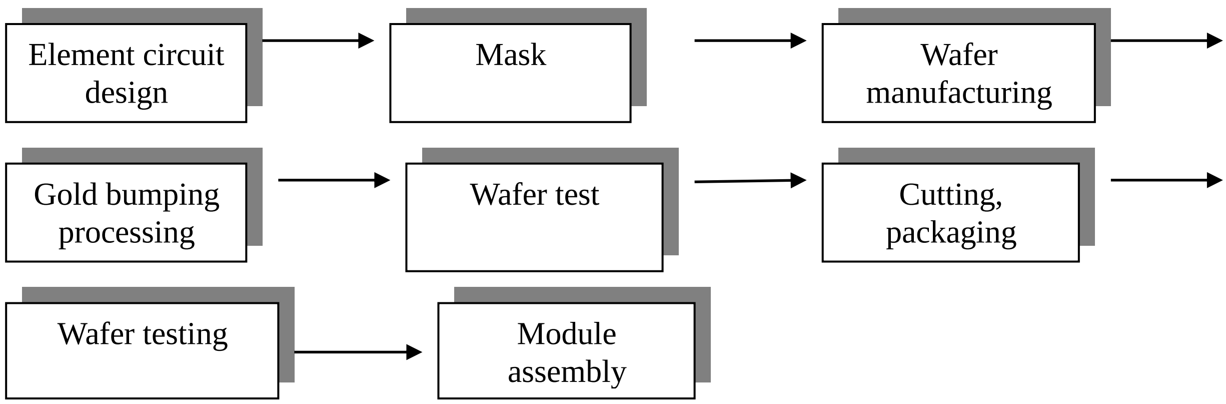
The Company is committed to the research and development and patent protection. To prevent new products from any competitors' disturbances, R&D staff perform patent search analysis on new products expected for development before the R&D meeting. In case where any matter is found to be related to patents of others, we perform further self-analysis or retain patent law firm to determine the likelihood of infringement, in order to ensure that our products do not infringe the patents of others. In addition, for new technologies developed by the Company, we also retain patent law firm to file patent applications, in order to protect the intellectual property rights of the Company.

(II) Key purpose and manufacturing process of main products

1. Key purpose of main products

Main product type	Key purpose and function
STN display driver IC	The main function of STN display driver IC is to control the switch of transistor, change of pixel grey scale and the rotational angle of liquid crystal, and it is an essential element to LCD. According to the product type, it is classified into consumer type, bank application type, industry type, electric meter type, vehicle on-board type, etc. Its terminal application is also broad, including home appliance equipment, MP3, electronic dictionary, industry and medical equipment, smart electric meter, automotive dashboard, etc.
Electronic paper display driver IC	Electronic paper display driver IC is mainly for electrophoretic LCD, microcup LCD and cholesteric LCD according to different resolution functions demanded by the market and customers. Its terminal application includes electronic books, electronic labels and wearable devices, etc.
Others	Touch panel control IC, motor control driver IC.

2. Production process of products



(III) Primary raw material supply status

The main raw material of the products of the Company is wafer, and the main suppliers are domestic and foreign well-known foundries, such that their product quality is stable, and the production capacity and supply status are proper. Even though currently the market demand is still weak and the overall economy conditions are facing challenges, but in response to artificial intelligence (AI), high-performance computation (HPC), 5G, automobile and industrial applications, the demand for chips will still increase in the future, and the upstream supply chain capacity remains high. They may require shorter payment terms or payment in advance, and the funding needs of downstream IC design companies is expected to increase；Nevertheless, the Company has maintained long-term cooperation relationship with numerous vendors and continues to monitor the market supply-demand status, adjusts inventory level and also replenishes sufficient working capital via financing without any likelihood of supply shortage.

(IV) Name of customers accounted for more than 10% of total purchase (sales) amount of the company in the most recent two years or in any year and the purchase (sales) amount and ratio thereof, and please explain the reason of changes thereof

1. Name of customers accounted for more than 10% of total sales amount of the Company in any one of the most recent two years

Unit: NT$ thousand

2022				2023			
Customer name	Sales amount	Percentage of whole-year sales (%)	Relationship with the issuer	Customer name	Sales amount	Percentage of whole-year sales (%)	Relationship with the issuer
Customer F	370,507	14.73	Non-related party	Customer F	236,270	12.75	Non-related party
Customer B	278,098	11.05	Non-related party	Customer B	159,672	8.62	Non-related party
Customer O	595,790	23.68	Non-related party	Customer O	441,635	23.83	Non-related party
Customer H	240,974	9.58	Non-related party	Customer H	187,202	10.10	Non-related party
Others	1,030,762	40.96	Non-related party	Others	828,104	44.70	Non-related party
Net sales amount	2,516,131	100.00	Non-related party	Net sales amount	1,852,883	100.00	Non-related party

Reason of increase / decrease change:
The difference between the main customers of the Company in the most recent two years is mainly due to the change of terminal market demand and different sales product combination. Accordingly, there has been changes in the sales amount and percentage.

2. Name of suppliers accounted for more than 10% of total purchase amount of the Company in any one of the most recent two years

Unit: NT$ thousand

2022				2023			
Customer name	Purchase amount	Percentage of whole-year purchase (%)	Relationship with the issuer	Customer name	Purchase amount	Percentage of whole-year purchase (%)	Relationship with the issuer

Supplier A	466,240	26.42	Non-related party	Supplier A	165,258	34.96	Non-related party
Supplier C	159,649	9.05	Non-related party	Supplier C	120,577	25.50	Non-related party
Supplier D	666,185	37.76	Non-related party	Supplier D	48,632	10.29	Non-related party
Supplier E	390,412	22.13	Non-related party	Supplier E	107,521	22.74	Non-related party
Others	82,002	4.64	Non-related party	Others	30,777	6.51	Non-related party
Net purchase amount	1,764,488	100.00	Non-related party	Net purchase amount	472,765	100.00	Non-related party

Reason of increase / decrease change:
Based on the consideration of the factors of cost, technology maturity, yield rate, production capacity scale and risk diversification, the Company establishes long-term cooperation with suppliers and also adds new suppliers to distribute the production capacity. Accordingly, there has been changes in the purchase amount and percentage.

(V) Production quantity for the most recent two years Unit: thousand pieces / NT$ thousand

Production volume / Annualy / Main product	2022			2023		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Display driver IC	Note	140,978	1,143,924	Note	114,331	921,895
Total	Note	140,978	1,143,924	Note	114,331	921,895

Note: The production capacity is not indicated due to that the Company's products are entrusted to foundry for manufacturing, followed by outsourcing to vendors to perform packaging operation; therefore, the statistics of production capacity is not applicable.

(VI) Sales volume for the most recent two years: Unit: thousand pieces / NT$ thousand

Production volume / Annualy / Main product	2022				2023			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Display driver IC	13,593	234,243	147,249	2,233,980	4,406	85,647	132,260	1,651,219
Others	Note	13,449	Note	34,459	Note	10,344	Note	105,673
Total	13,593	247,692	147,249	2,268,439	4,406	95,991	132,260	1,756,892

Note: It mainly refers to the labor income for project design; therefore, the statistics of sales volume is not applicable.

III. Number of employees, average service year, average age and educational level distribution ratio in the last two years and up to the publication date of the annual report

Year		2022	2023	March 31, 2024
Number of employees	Operator and technical personnel	158	160	161
	Management and sales personnel	87	88	90
	Total	245	248	251
Average age		39	42	42
Average service year		7.19	7.56	7.62
Education background distribution ratio	Doctoral degree	2.45%	1.61%	1.60%
	Master degree	36.73%	39.11%	38.64%
	University / College	59.59%	57.66%	57.17%
	Sejunior high school and below	1.23%	1.61%	1.59%

IV. Information on Environmental Protection Expense

1. According to the laws and regulations, regarding the application of pollution facility installation permit license or pollution emission permit license or required payment for pollution control fees or requirement on the installation of dedicated unit / personnel for environmental protection, please refer to the following description on the application, payment or establishment status thereof: The Company is in the business of semiconductor design and does not purchase special pollution prevention equipment; therefore, this is not applicable.
2. Information on the investment in main equipment for environmental control pollution and its purpose and possible benefits: Not applicable.
3. Please explain the process of environment protection improvement of the Company in the most recent two years and up to the printing date of the annual report; for any pollution dispute event, the handling process of such event shall be explained: None.
4. In the most recent two year and up to the printing date of the annual report, describe the total amount of loss (including indemnification) and penalty due to environmental pollution, and explain future responsive measures (including improvement measures) and possible expenses (including possible loss, penalty and indemnification estimated amount for failure of adopting responsive measures. If the estimation cannot be provided, explanation on the facts for the failure of reasonable estimation shall be provided): None.
5. Describe the impact of the current pollution, the influence of the improvement on the Company’s earnings, competitiveness, and capital expenditures, and the major environmental capital expenditures in the following two years: None.

V. Labor Management Relationship

(I) Company’s employee welfare measures, continued education, training, retirement system and implementation thereof, and labor management agreement and various employee benefit protection measures status:

1. Employee welfare measures

The Company implements various employee welfare measures, allowing employees to enjoy numerous welfare securities for living safety and health, etc. Presently, the welfare measures already implemented include: all employees participating in the labor insurance, national health insurance, employee periodic health examination, employee education and training, group insurance for all employees and family, travel safety insurance, employee stock ownership trust, club activities and establishment of Employee Welfare Committee, etc.

2. Employee continuing education and educational training status

The Company values employees' education and training and has established the "Education and Training Management Procedures". The Personnel General Affairs Department organizes new employee orientation for new employees reporting to work, and each unit also organizes internal education and training irregularly, in order to enhance the product knowledge and sales skills. In addition, the Company also assigns personnel to participate in external trainings ad seminars (including ethical management regulatory compliance, accounting system and internal control related courses) related to job duties irregularly. The number of people participating in relevant internal and external courses organized in 2023 was 1,164 people-time, the total training hours was 2,700 hours, and the total training expenditure was NT$161,935

No.	Training type	Total number of trainees	Total number of training hours
1	Orientation for new employees	37	169
2	Professional knowledge and skill training	158	593
3	Education and training on labor laws	438	345
4	Safety and health training	301	953
5	Computer training	53	156
6	Financial management	13	78
7	Others	164	406
Total		1,164	2,700

3. Retirement system and implementation status

The Company has established the Regulations for Employee Retirement, and employee pension is appropriated and paid according to these Regulations. Under the "Labor Pension Act", the Company appropriates 6% of the monthly salary of the employees for depositing into the personal pension account of the Bureau of Labor Insurance.

Workers who are over 60 years old and have worked less than 15 years can apply for a one-time pension, or those who have worked for more than 15 years, they can choose to claim a monthly pension or a lump-sum payment.

4. Employee stock ownership trust

To effectively improve the employees' welfare and to protect the employees' retirement life, all official employees after reach a certain seniority at work are eligible to apply for the enrollment of the Employee Stock Ownership Committee. The organization of such service provides the following benefits to employees:

(1) Encourage employees to participate in routine saving in order to secure the stability of retirement life at old ages.
(2) The Company appropriates additional bonus equivalent to the increase of salary benefit.
(3) Periodic and fixed amount of long-term investment to diversify investment risk and to share the operational outcome of the Company.
(4) Employee Stock Ownership Committee for asset trust with security.

5. Labor-management agreement and various employee benefit protection measures status

The labor-management relationship of the Company is harmonic, and up to the present day, there has been no incident of labor-management dispute.

The Company upholds the business philosophy of labor-management unification, co-existence and co-prosperity to handle the labor-management relationship. Accordingly, the Company values employees' opinions and feedbacks significantly, and employees may raise any questions they may have in terms of their living and job through official and non-official communication channels of the Company. The Company and employees utilize the following two-way communication opportunities to enhance the understanding with each other, to reach consensus and to jointly achieve greater performance.

(1) Labor-management meeting: Labor-management meetings are organized periodically, and both parties of the labor and management assign representatives to attend the meetings. The meetings mainly focus on the promotion of various systems of the Company and two-way communication with employees with respect to various policies, working environment, safety and health issues of the Company. Through such negotiation model, both parties of the labor and management are able to enhance the mutual trust relationship with each other, in order to use it as an important reference source for management and administration.

(2) Employee Welfare Committee Meeting: The Employee Welfare Committee consists of employee representatives with passion in public welfare and excellent communication skills and are selected by all employees through open, fair and impartial election. Accordingly, during the convention of Employee Welfare Committee meetings, the committee members of both labor and management are able to communicate sufficiently on all welfare benefits of the Company.

6. Employee ethical conduct assessment

The Company has established the "Code of Ethical Conducts for Directors and Supervisors" for directors and supervisors. For all employees, in the "Work Rules" reported and approved and the "Employment Contract" signed during employees' reporting to job, the following code of ethical conducts for employees have been specified:

(1) All employees shall comply with all rules of the Company and obey reasonable direction and supervision of supervisors at all levels, without any false assertion, violation, negligence and avoidance of responsibility. Supervisors at all levels shall provide guidance to employees in a friendly, sincere and patient manner.

(2) The Company's employees shall attend to work diligently, treasure public properties, reduce loss, improve quality, increase production internally, and shall also comply with non-disclosure obligations for all business and job duty related confidential information and matters.

(3) The Company's employees shall comply with the hierarchy during the handling of duties and public matters, and except for emergency or special condition, any leapfrog reporting is prohibited.

(4) In case where a responsible of any level is subject to major fault, the direct supervisor shall be punished jointly and severally , and for major merits, the director supervisor shall also be rewarded jointly and severally.

(5) Except for handling the duties of the Company, employees shall not use the name of the Company arbitrarily and shall not concurrently handle duties or job other than the ones of the Company during the working hours.

(6) Except for the spokesperson designated by the Company, employees must not make any speech to the external for business of the Company. If permission is obtained, employees may make speech on matters related to one's own job duties only.

(7) Employees must not access or read any documents, letters, e-mails, ledgers and

statements not within one's own scope of work and authority.

(8) Employees shall protect all public properties of the Company and must not carry them out of the Company arbitrarily without permission. In addition, it is also prohibited to bring any illegal, flammable, explosive and lethal weapon to the workplace.

(9) Employees shall self-arrange time to complete daily required matters during office hours without any avoidance of responsibility, negligence or delay based on any excuses. In case of any emergency or urgent matters, employees must cooperate to handle matters properly.

(10) Employees shall not disclose or seek information on the salary of others.

(11) The Company adopts the responsibility system for the jobs of employees. Accordingly, in case of job needs, employees shall still cooperate and complete one's own works according to the provisions of the Labor Standards Act.

(12) When an employee applies for leave, except that urgent matter and illness such that prior approval cannot be obtained in advance, all leave applications must be approved by supervisors in advance. In case of sick leave or temporary major accident, it is permitted to request another colleague to act as the substitute to handle the leave application within one day, or leave procedure shall be completed on the day of returning to work; otherwise, absence of work is recorded. When an employee's leave period is expired but leave continues to be taken without application for continuous leave and such employee fails to attend to work without leave application, it is deemed as absence of work. When three consecutive days of absence of work without proper reasons, such employee may be discharged depending upon the situation.

(13) To control the access security, all employees are required to bring access cards, and it is necessary to scan one's own card to access the Company as the attendance record. In addition, it is prohibited to lend one's access card to other colleague for use.

(14) The rear entrance / exist is for necessary working staff and emergency escape use only, and it is prohibited to access the rear entrance / exist during normal time. When the rear entrance / exit is used, employees must pay attention to the surrounding and observe carefully in order to prevent any unauthorized personnel entering the Company unknowingly. In case of accidental loss, the accountability of the user is investigated and punished according to the access system records. If there is any lending of access card, the lender and borrower are punished jointly and severally.

(15) When contractors, customers, previously resigned employee or guests visit the Company, the Company's staff shall accompany such external personnel to prevent any unnecessary walking around in the office area. In case where there is any stranger entering the Company without being accompanied by the Company's staff, it is necessary to be aware of such situation and actively approach and ask such stranger for information.

(16) In response to the policy of environmental protection, energy saving and carbon reduction, the air conditioners are adjusted to 24 to 26 degree Celsius, in order to prevent any excessive temperature difference that may be harmful to bodily health. During the lunch break or non-use of lights and air conditioners, employees are requested to turn off such switches. Employees are requested to prevent any misuse and waste of papers, and recycled papers are encouraged to be used as much as possible.

(17) During the performance of job duties, employees are prohibited to offer, guarantee, request, or accept any form of illegal benefits directly or indirectly, including kickback, commission, bribe or offer or accept any illegal benefits to or from customers, distributors, contractors, suppliers, public servants or other stakeholders via other means.

(18) When directly or indirectly offering a donation to political parties or organizations or

individuals participating in political activities, employees shall comply with the Political Donations Act and their own relevant internal procedures, and shall not make such donations in exchange for commercial gains or business advantages.

(19) When making or offering donations and sponsorship, employees shall comply with relevant laws and regulations and internal procedures, and shall not surreptitiously engage in bribery.

(20) Employees shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions, and shall not obtain improper benefits in the name of their spouses, parents, children or any other person.

(21) During the employment period, employees are prohibited from engaging in the following non-compete actions:

a. Perform or operate products or services in direct competition with the Company under his / her own name or the name of others.

b. Invest in enterprise identical or similar to the business of the Company under his / her own name or the name of others (including direct investment, indirect investment or any other form of investment).

c. Act as an employee, appointee or consultant in a company or enterprise operating business identical or similar to the business of the Company.

(22) Employee shall maintain the confidentiality of confidential information of the Company, and must not deliver, inform, transfer or disclose to a third party via any means or to make any external presentation without the prior written consent of the Company or according to the proper performance of job duties of employees. In addition, employees must not utilize or use such confidential information for his / her personal interest or the interest of a third party. The same requirements shall be applied after the resignation of one’s job position.

7. Working environment and employee personal safety protection measures:

To protect the labor health and safety, the Company implements prevention and compensation of occurrence and loss of accidents from the following three aspects. Accordingly, there has been no major occupational accident at the workplace in the most recent three years:

(1) Labor safety and health aspect:

The Company employs supervisor equipped with labor safety and health qualification according to the laws, and the supervisor also participate in various re-training courses according to the regulation. In addition, personnel are also assigned to participate in various labor safety and health prevention and rescue related trainings periodically.

(2) Fire safety management aspect:

According to the Fire Services Act, the Company has set up qualified fire control administrator in order to perform fire safety inspection report to the fire authority according to the Fire Services Act, and to also establish the workplace prevention plan and organize the employee self-defense fire task force. Fire drills are arranged two times annually and competent authority of fire is also invited to provide guidance on-site.

(3) Injury and medical subsidy:

To reduce the medical burden on employees due to occurrence of accidents, the Company has applied for group insurance for all employees, and the premium is paid by the Company in full.

(II) For most recent two years, the loss due to labor-management disputes, current and possible future loss estimated amount and countermeasures. If it cannot be reasonably estimated, explanation of facts for such failure of reasonable estimation shall be described:

The Company values employees' benefits, and the labor-management relationship is harmonic, such that there has been no labor-management dispute. In the future, the Company will continue to uphold the same principle in order to further enhance the harmony of the labor-management relationship. Accordingly, there is no likelihood of loss due to labor-management dispute.

VI. Cyber Security Management

(I) Information on cyber security risk management architecture, cyber security policy, specific management solution and resources invested in cyber security management:

1. Cyber security risk management architecture

To ensure the information security responsibility for the information security management system of the Company and to implement the promotion of information security policy, the Company complies with the requirements specified in Article 9-1 of the Regulations Governing Establishment of Internal Control Systems by Public Companies, and information security responsible unit is established, including information security responsible supervisor and personnel, in order to handle the implementation of information security management, planning, supervision and promotion. For risk assessment or specific issues, in case of any needs, relevant units, including legal, audit, human resource, R&D units, are called to convene meeting discussion jointly. In addition, the information security implementation result is also reported to the board of directors periodically.

2. Information security policy

To effectively implement information security management, the corporate information security organization follows the management cycle mechanism of Plan-Do-Check-Act (PDCA) to inspect the information security applicability and protective measures. In addition, the implementation outcome is also reported periodically.

(1) Planning stage:

Focus on information security risk management, and establish complete Information Security Management System (ISMS). Reduce the corporate information security threats from the system, technology and procedure aspects, and also establish the confidential information protection service of the highest specification.

(2) Implementation stage:

Construct multi-layer information security protection, continue to introduce information security defense innovative technologies, and integrate the information security control mechanism in the software and hardware operation, supplier information security management and other routine operation processes. Systematically monitor the information security, and protect the confidentiality, integrity and availability of important assets of the Company.

(3) Inspection stage:

Actively monitor information security management outcome, and perform information security indicator measurement according to the inspection result. In addition, through periodic simulations and drills of information security attacks, conduct information security maturity assessment.

(4) Action stage:

Based on the principle of review and continuous improvement, implement supervision and audit in order to ensure the continuous effectiveness of information security regulations and rules.

3. Specific management program

Item	Management program
Network security	(1) Enhance network firewall and control, prevent computer virus spread across machines and zones. (2) Isolate necessary independent logic domain (such as DMZ) according to the network service, and establish appropriate information security protective measures for different operating environments.
Device security	(1) Establish terminal anti-virus measures, and enhance malware action detection. (2) Establish terminal information security monitoring measures, detect and provide warning on any risk and intention of illegal connections. (3) Pay attention to security vulnerability notice, and timely repair high risk vulnerability.
Account and authority management	(1) Special authority accounts must require approval application before use. (2) Special authority accounts, user accounts and authorities are reviewed periodically, and accounts suspended for a long period of time without use are also inspected. (3) VPN for external connections adopt the multi-factor authentication mechanism. (4) Multiple login failure lockout mechanism. (5) Establish access password management rules, including default password, password length, complexity and valid period, etc.
Data security	(1) Establish protective measures for the processing and storage of sensitive data, such as: Physical isolation, exclusive computer operating environment, access authority, and data encryption, etc. (2) Sensitive data local and remote backup and redundancy mechanism.
Information security monitoring and protection	(1) Warning for abnormal access of sensitive data. (2) Monitoring warning for intranet abnormal connection. (3) DMZ attack warning, including WWW, DNS, FTP, Mail etc. (4) VPN attack warning. (5) Account password attack warning.
Educational training and promotion	(1) Enhance employees' alertness on mail social engineering attack. (2) Organize information security educational training and promotion periodically, in order to improve employees' awareness on information security.

4. Resources invested for cyber security management

(1) In 2023, the Company's investment in the information security related facility maintenance and improvement was approximately NT$1.3million, and the information security officer and one information security staff were set up in August 2022.

(2) In 2023, One physical information security seminar courses were organized, and a total of 200 people-time for the online information security promotional courses.

(II) For the most recent year and up to the printing date of the annual report, any loss due to major cyber security events, possible impacts and countermeasures. If it cannot be reasonably estimated, explanation of facts for such failure of reasonable estimation shall be described: None.

VI. Important Contracts:

Contract type	Contracting party	Contract starting and end date	Main content	Restrictive covenants
Lease contract	Three people of Mr. Wu	June 2020~May 2025	Lease of Taipei office	None
Lease contract	Shin Kong Life Insurance Co., Ltd.	March 2024~February 2027	Lease of Tainan office	None

Six. Financial Information

I. Condensed Financial Information for the Most Recent Five Years

(I) Condensed Balance Sheet and Statement of Comprehensive Income

1. Condensed Balance Sheet - IFRS (Consolidated):

Unit: NT$ thousand

Item \ Year		Financial information for the most recent five years (Note 1) 2019	2020	2021	2022	2023	Financial information up to March 31, 2024 of current year (Note 2)
Current assets		936,955	1,383,935	2,987,773	2,998,504	2,014,439	
Financial assets at cost		0	35,501	0	0	0	
Property, Plant and Equipment		65,572	344,412	410,179	441,676	413,602	
Intangible Assets		14,867	9,714	30,246	33,192	20,898	
Other assets		314,256	269,390	798,473	679,914	914,644	
Total assets		1,331,650	2,042,952	4,226,671	4,153,286	3,363,583	
Current liabilities	Before distribution	232,256	412,126	1,132,333	1,619,764	824,409	
	After distribution	257,856	457,877	1,390,333	1,819,764	Note 3	
Non-current liabilities		2,393	387,588	850,003	50,483	147,810	
Total liabilities	Before distribution	234,649	808,714	1,982,336	1,670,247	972,219	
	After distribution	260,249	854,465	2,240,336	1,870,247	Note 3	
Equity attributable to owners of parent company		1,097,001	1,174,708	2,201,486	2,469,441	2,361,723	
Capital		639,175	653,591	750,800	751,551	750,740	
Capital surplus		60,617	63,058	351,873	356,199	356,529	
Retained earnings	Before distribution	409,839	497,339	1,127,234	1,389,985	1,274,154	
	After distribution	384,239	451,588	869,234	1,189,985	Note 3	
Other equity		(12,630)	(8,898)	1,961	(24,750)	(16,156)	
Treasury shares		-	(30,382)	(30,382)	(3,544)	(3,544)	
Non-controlling interests		-	59,530	42,849	13,598	29,641	
Total equity	Before distribution	1,097,001	1,234,238	2,244,335	2,483,039	2,391,364	
	After distribution	1,071,401	1,188,487	1,986,335	2,283,039	Note 3	

Note 1: 2019~2023 disclose the consolidated financial statements audited and certified by CPAs.
Note 2: Up to March 31, 2024, there has been no financial information according to the IFRS (consolidated).
Note 3: 2023 earnings distribution proposal has not yet been approved by the shareholders' meeting through resolution.

2. Condensed Statement of Comprehensive Income - IFRS (Consolidated):

Unit: NT$ thousand

Year / Contents	Financial information for the most recent five years (Note 1)					Financial information up to March 31, 2024of current year (Note 2)
	2019	2020	2021	2022	2023	
Operating revenue	1,195,929	1,338,872	2,688,358	2,516,131	1,852,883	
Gross profit	455,366	536,528	1,404,717	1,082,024	639,855	
Operating Income (Loss)	97,215	143,416	805,794	445,980	98,394	
Non-operating incomes and expenses	(15,186)	(1,349)	(12,177)	131,390	16,591	
Net income before tax	82,029	142,067	793,617	577,370	114,985	
Continuing operations Net income for the current period	78,110	121,188	660,596	480,564	100,188	
Loss on discontinued operations	-	-	-	-	-	
Net income (loss) of the current period	78,110	121,188	660,596	480,564	100,188	
Other comprehensive income of the current period (Net amount after tax)	(2,864)	934	7,691	(15,583)	5,077	
Total comprehensive income of the current period	75,246	122,122	668,287	464,981	105,265	
Net income attributable to owners of parent company	78,110	113,257	677,392	517,286	84,169	
Net income attributable to non-controlling interests	-	7,931	(16,796)	(36,722)	16,019	
Comprehensive income attributable to owners of the parent	75,246	114,191	685,083	501,703	89,246	
Comprehensive income attributable to non-controlling Interests	-	7,931	(16,796)	(36,722)	16,019	
Earnings Per Share	1.20	1.74	9.80	7.01	1.13	

Note 1: 2019~2023disclose the consolidated financial statements audited and certified by CPAs.

Note 2: Up to March 31, 2024, there has been no financial information according to the IFRS (consolidated).

3. Condensed Balance Sheet - IFRS (Parent Company Only)

Unit: NT$ thousand

Item / Year		2019	2020	2021	2022	2023	Financial information up to March 31, 2024 of current year (Note 2)
		Financial information for the most recent five years (Note 1)					
Current assets		813,507	1,082,702	2,655,263	2,699,476	1,817,464	
Property, Plant and Equipment		44,190	299,243	267,103	285,941	284,537	
Intangible Assets		13,303	5,404	22,138	15,002	7,806	
Other assets		440,192	447,154	957,383	789,389	985,493	
Total assets		1,311,193	1,834,503	3,901,887	3,789,808	3,095,300	
Current liabilities	Before distribution	213,585	300,427	872,208	1,298,945	684,447	
	After distribution	239,185	346,178	1,130,208	1,498,945	Note 3	
Non-current liabilities		606	359,368	828,193	21,422	49,130	
Total liabilities	Before distribution	214,191	659,795	1,700,401	1,320,367	733,577	
	After distribution	239,791	705,546	1,958,401	1,520,367	Note 3	
Equity attributable to owners of parent company		1,097,001	1,174,708	2,201,486	2,469,441	2,361,723	
Capital		639,175	653,591	750,800	751,551	750,740	
Capital surplus		60,617	63,058	351,873	356,199	356,529	
Retained earnings	Before distribution	409,839	497,339	1,127,234	1,389,985	1,274,154	
	After distribution	384,239	451,588	869,234	1,189,985	Note 3	
Other equity		(12,630)	(8,898)	1,961	(24,750)	(16,156)	
Treasury shares		-	(30,382)	(30,382)	(3,544)	(3,544)	
Non-controlling interests		-	-	-	-	-	
Total equity	Before distribution	1,097,001	1,174,708	2,201,486	2,469,441	2,361,723	
	After distribution	1,071,401	1,128,957	870,957	2,269,441	Note 3	

Note 1: 2019~2023 disclose the consolidated financial statements audited and certified by CPAs.

Note 2: Up to March 31, 2024, there has been no financial information according to the IFRS (parent company only).

Note 3: 2023 earnings distribution proposal has not yet been approved by the shareholders' meeting through resolution.

4. Condensed Statement of Comprehensive Income - IFRS (Parent Company Only)

Unit: NT$ thousand

Year / Contents	Financial information for the most recent five years (Note 1)					Financial information up to March 31, 2024 of current year (Note 2)
	2019	2020	2021	2022	2023	
Operating revenue	1,162,878	1,203,476	2,451,971	2,237,814	1,530,862	
Gross profit	439,345	467,573	1,284,545	1,033,017	477,160	
Operating Income (Loss)	185,345	190,885	875,804	613,973	132,332	
Non-operating incomes and expenses	(102,561)	(61,434)	(55,265)	23,680	(39,838)	
Net income before tax	82,784	129,451	820,539	637,653	92,494	
Continuing operations Net income for the current period	78,110	113,257	677,392	517,286	84,169	
Loss on discontinued operations	-	-	-	-	-	
Net income (loss) of the current period	78,110	113,257	677,392	517,286	84,169	
Other comprehensive income for the current period (net amount after tax)	(2,864)	934	7,691	(15,583)	5,077	
Total comprehensive income of the current period	75,246	114,191	685,083	501,703	89,246	
Net income attributable to owners of parent company	78,110	113,257	677,392	517,286	84,169	
Net income attributable to non-controlling interests	-	-	-	-	-	
Comprehensive income attributable to owners of the parent	75,246	114,191	685,083	501,703	89,246	
Comprehensive income attributable to non-controlling Interests	-	-	-	-	-	
Earnings Per Share	1.20	1.74	9.80	7.01	1.13	

Note 1: 2019~2023 disclose the consolidated financial statements audited and certified by CPAs.

Note 2: Up to March 31, 2024, there has been no financial information according to the IFRS (parent company only).

5. Condensed Balance Sheet - Enterprise Accounting Standard of R.O.C (Consolidated):
The Company has adopted the IFRS since 2013; therefore, there is no financial information according to the Enterprise Accounting Standard of R.O.C (Consolidated) for 2019~2023.

6. Condensed Income Statement - Enterprise Accounting Standard of R.O.C (Consolidated):
The Company has adopted the IFRS since 2013; therefore, there is no financial information according to the Enterprise Accounting Standard of R.O.C (Consolidated) for 2019~2023.

7. Condensed Balance Sheet - Enterprise Accounting Standard of R.O.C (Parent Company Only)
The Company has adopted the IFRS since 2013; therefore, there is no financial information according to the Enterprise Accounting Standard of R.O.C (Parent Company Only) for 2019~2023.

8. Condensed Statement of Comprehensive Income - Enterprise Accounting Standard of R.O.C. (Parent Company Only):
The Company has adopted the IFRS since 2013; therefore, there is no financial information according to the Enterprise Accounting Standard of R.O.C (Parent Company Only) for 2019~2023.

(II) Names of CPAs and audit opinions for the most recent five years

Year	Name of accounting firm	Name of CPA	Audit Opinion
2019	Deloitte Taiwan	Yung-Fu Liu, Wan-Yi Liao	Unqualified opinion
2020	Deloitte Taiwan	Hai-Yueh Huang, Wan-Yi Liao	Unqualified opinion
2021	Deloitte Taiwan	Hai-Yueh Huang, Wan-Yi Liao	Unqualified opinion
2022	Deloitte Taiwan	Hai-Yueh Huang, Cheng-Chuan Yu	Unqualified opinion
2023	Deloitte Taiwan	Hai-Yueh Huang, Cheng-Chuan Yu	Unqualified opinion

II. Financial Analysis for the Most Recent Five Years

1. Financial Analysis - IFRS (Consolidated):

Analysis Item	Year	2019	2020	2021	2022	2023	Up to March 31, 2024 for the current year (Note 2)
		Financial Analysis for the Most Recent Five Years (Note 1)					
Financial structure %	Liabilities to assets ratio	17.62	39.59	46.90	40.22	28.90	
	Ratio of long-term capital to property, plant and equipment	1,320.61	423.12	692.87	540.48	596.68	
Solvency %	Current ratio	403.41	328.63	263.86	185.12	244.35	
	Quick ratio	253.26	253.12	213.28	93.51	123.56	
	Interest coverage ratio	-	102	208	43	9	
Operating performance	Accounts receivable turnover (times)	5.56	5.89	7.54	7.56	9.15	
	Average cash collection days	66	62	48	48	40	
	Inventory turnover (times)	1.89	2.11	2.65	1.34	0.90	
	Accounts payable turnover (times)	5.25	6.45	4.75	4.43	5.77	
	Average sales days	193	173	138	272	405	
	Property, plant and equipment turnover (times)	16.59	5.81	6.60	5.58	4.16	
	Total asset turnover (times)	0.87	0.79	0.86	0.60	0.49	
Profitability	Return on assets (%)	5.66	8.42	25.41	14.05	2.97	
	Return on equity (%)	7.01	12.51	47.01	24.72	4.15	
	Net income before tax to paid-in capital ratio (%)	12.83	21.74	105.70	76.82	15.32	
	Net profit margin (%)	6.53	10.61	29.52	22.95	5.41	
	Earnings per share (NT$)	1.20	1.74	9.80	7.01	1.13	
Cash flow	Cash flow ratio (%)	38.00	86.86	64.06	Note 3	47.02	
	Cash flow adequacy ratio (%)	129.12	127.12	132.93	56.29	62.63	
	Cash reinvestment ratio (%)	Note 7	17.60	19.70	Note 3	6.21	
Leverage	Operating leverage	2.31	2.42	1.42	1.84	4.44	
	Financial leverage	1.00	1.01	1.00	1.03	1.17	

Reasons for changes in financial ratios for the most recent two years (If the change of increase / decrease is less than 20%, analysis may be exempted)

1. Decrease of Liabilities to assets ratio: Mainly due to the holder of the convertible corporate bond exercising the repurchase option to reduce the liabilities.
2. Increase in current ratio and quick ratio: The repurchase option of the convertible corporate bond holder exercised, resulting in a decrease in current liabilities.
3. Decrease in interest cover ratio: Mainly due to lower net income before tax than the previous year.
4. Increase in Accounts receivable turnover (times): Mainly due to the decrease in 2023 revenue and the lower balance of accounts receivable, which resulted in the increase in the turnover (times) of accounts receivable.
5. Decrease in inventory turnover rate (times) and Increase in average sales days: Mainly due to the decrease in revenue in 2023 that the inventory turnover rate was slower, so the inventory turnover rate (times) decreased.
6. Iecrease in Accounts payable turnover (times): Mainly due to higher inventory levels in 2023, reduced purchases, and lower accounts payable balances, resulting in an increase in payables turnover rate (times).
7. Decrease in Property, plant and equipment turnover (times): Due to the decrease in 2023 operating revenue, the property, plant and equipment turnover rate (times) decreased.
8. Decrease in Profitability ratio (%):It is mainly due to the decrease in operating profit in 2023 as compared to the previous year's operating conditions.
9. Increase in operating leverage ratio: It is mainly due to the decrease in operating profit in 2023 as compared to the previous year's operating conditions.

Note 1: For 2019~2023, the consolidated financial statements have been audited and certified by CPAs.
Note 2: Up to March 31, 2024, there has been no financial information according to the IFRS (consolidated).
Note 3: As cash flows from operating activities are outflows, the relevant ratio for cash flows is not calculated.

2. Financial Analysis - IFRS (Parent Company Only):

Analysis Item / Year		Financial Analysis for the Most Recent Five Years (Note 1)					Up to March 31, 2024 for the current year (Note 2)
		2019	2020	2021	2022	2023	
Financial structure %	Liabilities to assets ratio	16.34	35.97	43.58	34.84	23.70	
	Ratio of long-term capital to property, plant and equipment	2,051.58	464.02	826.44	659.78	663.74	
Solvency %	Current ratio	380.88	360.39	304.43	207.82	265.54	
	Quick ratio	240.45	276.71	255.06	104.69	127.50	
	Interest coverage ratio	-	146.61	344.18	58.18	9.35	
Operating performance	Accounts receivable turnover (times)	5.35	5.34	6.91	6.97	8.13	
	Average cash collection days	68	68	53	52	45	
	Inventory turnover (times)	2.03	2.29	3.08	1.34	0.88	
	Accounts payable turnover (times)	5.35	6.24	4.70	4.69	6.72	
	Average sales days	180	159	119	272	415	
	Property, plant and equipment turnover (times)	25.16	6.34	7.15	6.10	4.15	
	Total asset turnover (times)	0.85	0.77	0.85	0.58	0.44	
Profitability	Return on assets (%)	5.73	7.20	23.68	13.68	2.70	
	Return on equity (%)	7.01	9.97	40.13	22.15	3.48	
	Net income before tax to paid-in capital ratio (%)	12.95	19.81	109.29	84.84	12.32	
	Net profit margin (%)	6.72	9.41	27.63	23.12	5.50	
	Earnings per share (NT$)	1.20	1.74	9.80	7.01	1.13	
Cash flow	Cash flow ratio (%)	84.83	117.69	88.77	Note 3	73.17	
	Cash flow adequacy ratio (%)	188.21	169.98	181.84	72.36	79.93	
	Cash reinvestment ratio (%)	6.42	18.84	22.47	Note 3	10.97	
Leverage	Operating leverage	1.89	1.90	1.30	1.45	2.68	
	Financial leverage	1.00	1.00	1.00	1.02	1.09	

Reasons for changes in financial ratios for the most recent two years (If the change of increase / decrease is less than 20%, analysis may be exempted)
1. Decrease of Liabilities to assets ratio: Mainly due to the holder of the convertible corporate bond exercising the repurchase option to reduce the liabilities.
2. Increase in current ratio and quick ratio: The repurchase option of the convertible corporate bond holder exercised, resulting in a decrease in current liabilities.
3. Decrease in interest cover ratio: Mainly due to lower net income before tax than the previous year.
4. Decrease in inventory turnover rate (times) and Increase in average sales days: Mainly due to the decrease in revenue in 2023 that the inventory turnover rate was slower, so the inventory turnover rate (times) decreased.
5. Iecrease in Accounts payable turnover (times): Mainly due to higher inventory levels in 2023, reduced purchases, and lower accounts payable balances, resulting in an increase in payables turnover rate (times).
6. Decrease in Property, plant and equipment turnover (times): Due to the decrease in 2023 operating revenue, the property, plant and equipment turnover rate (times) decreased.
7.Decrease in total asset turnover (times): Due to the decrease in 2024 revenue, the property, plant and equipment turnover rate (times) decreased.
8. Decrease in Profitability ratio (%):It is mainly due to the decrease in operating profit in 2023 as compared to the previous year's operating conditions.
9. Increase in operating leverage ratio: It is mainly due to the decrease in operating profit in 2023 as compared to the previous year's operating conditions.

Note 1: For 2019~2023, the consolidated financial statements have been audited and certified by CPAs.
Note 2: Up to March 31, 2024, there has been no financial information according to the IFRS (parent company only).
Note 3: As cash flows from operating activities are outflows, the relevant ratio for cash flows is not calculated.

The calculation equations for the financial ratios are as follows:
1. Financial structure
(1) Liabilities to assets ratio = total liabilities / total assets.

(2) Ratio of long-term capital to property, plant and equipment = (Total equity + Non-current liabilities) / Net worth of property, plant and equipment.
2. Solvency
(1) Current ratio = Current assets / Current liabilities.
(2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
(3) Interest coverage ratio = Net income before tax and interest expense / Interest expenses in the current period.
3. Operating performance
(1) Accounts receivable turnover (including accounts receivable and notes receivable from operating activities) = Net sales / Balance of average accounts receivable in each period (including accounts receivable and notes receivable from operating activities).
(2) Average collection period (days) = 365 / Accounts receivable turnover.
(3) Inventory turnover = Cost of sales / Average inventory.
(4) Accounts payable (include payable amounts and payable bills from operation) turnover = Cost of sales / Average accounts payable in each period (include payable amounts and payable bills from operation) balance.
(5) Average days in sales = 365 / Inventory turnover.
(6) Property, plant and equipment turnover = Net sales / Average net worth of property, plant and equipment.
(7) Total assets turnover = Net sales / Average total assets.
4. Profitability
(1) Return on assets = [After-tax profit and loss + Interest expense × (1 - Tax rate)] / Average total assets.
(2) Return on equity = After-tax profit and loss / Average total equity.
(3) Net profit margin = After-tax profit and loss / Net sales.
(4) Earning per share = (Profit or loss attributable to owners of the parent - Preference dividends) / Weighted average number of issued shares. (Note 3)
5. Cash flows
(1) Cash flow ratio = Net cash flows from operating activities / Current liabilities.
(2) Cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (Capital expenditures + Inventory increment + Cash dividends) for the most recent five years.
(3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross property, plant and equipment + Long-term investment + Other non-current assets + Working capital). (Note 4)
6. Leverage:
(1)Operating leverage = (net sales - variable cost) / income from operations (Note 5).
(2) Financial leverage = Operating income / (Operating income - Interest expense).
Note 3: The aforementioned calculation equation for earnings per share, please be aware of the following during the measurement:
1. It is calculated based on the number of weighted average common shares, rather than based on the number of shares already issued by the end of year.
2. For cash capital increase or treasury stock transactions, the circulation period has been considered in order to calculate the number of weighted average shares.
3. For earning converting into capital increase or capital reserve converting into capital increase, during the calculation of the earning per share for the previous year and semi-annually, retroactive adjustment has been made according to the ratio of the capital increase, but the issuance period of the capital increase is not yet considered.
4. If the preferred stocks refer to nonconvertible accumulated preferred stocks, the dividends of the current year (regardless whether dividends are distributed) shall be subtracted from the net income after tax, or the net loss after tax shall be added. If preferred shares are non-cumulative in nature, where there is net income after tax, preferred share dividends shall be deducted from the net income after tax. If there is operating loss, then adjustment is not required.
Note 4: During the measurement of the cash flow analysis, please be aware of the following:
1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow table.
2. Capital expense refers to the cash outflow of capital investment in each year.
3. Inventory increase is only counted when the ending balance is greater than the opening balance. If the inventory at the end of year decreases, then it is counted as zero for the calculation.
4. Cash dividends include the cash dividends of common stocks and preferred stocks.
5. Gross property, plant and equipment refers to the total amount of property, plant and equipment before

deduction of accumulated depreciation.

Note 5: Issuer shall classify the operating cost and operating expense into fixed and variable. In case where estimation or subjective judgment is involved, issuer shall be aware of its reasonableness and shall maintain the consistency of such cost and expense.

Note 6: In the case of the Company whose shares have no par value or a par value other than NT$10, for the aforementioned relevant paid-in capital ratio calculation, it shall be changed to use the ratio of equity of Statement of Financial Position attributable to shareholders of the parent for the calculation.

3. Financial Analysis- Enterprise Accounting Standard of R.O.C (Consolidated):
   There was no financial information according to the Enterprise Accounting Standard of R.O.C for 2019~2023.
4. Financial Analysis- Enterprise Accounting Standard of R.O.C (Parent Company Only):
   There was no financial information according to the Enterprise Accounting Standard of R.O.C for 2019~2023.

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

Ultra Chip Inc.
Audit Committee's Review Report

The Board of Directors have prepared the Company's 2023 consolidated financial statements and parent company only financial statements, which have been audited by CPAs Hai-Yueh Huang and Cheng-Chuan Yu of Deloitte Taiwan, and audit reports of unqualified opinion with emphasized paragraphs or paragraphs of other matters and of unqualified opinion have been issued respectively. Accordingly, we have reviewed the aforementioned financial statements and the audit reports along with the business report and earnings distribution proposal, to which we have found no misstatement, and we hereby issue a review report as presented above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Submitted to

The Company's 2024 Annual General Shareholders' Meeting

Audit Committee Convener: Chien-Hua Hsu

March 22, 2024

IV. Financial statements of the most recent year audited and certified by CPAs: Please refer to Page 111 for details.

V. Company's parent company only financial statements of the most recent year audited and certified by CPAs: Please refer to Page 202 for details.

VI. Summary of any financial difficulty of the Company or Its affiliates in the most recent year and up to the printing date of the annual report. In case of any financial difficulty, the Impact of such difficulty on the Company shall be explained: None.

Seven. Review and Analysis of Financial Status and Financial Performance and Risk Assessment

I. Financial Status

Unit: NT$ thousand

Item \ Year	2023	2022	Increase (decrease) difference	
			Amount	%
Current assets	2,014,439	2,998,504	(984,065)	-32.82%
Property, Plant and Equipment	413,602	441,676	(28,074)	-6.36%
Intangible Assets	20,898	33,192	(12,294)	-37.04%
Other assets	914,644	679,914	234,730	34.52%
Total assets	3,363,583	4,153,286	(789,703)	-19.01%
Current liabilities	824,409	1,619,764	(795,355)	-49.10%
Non-current liabilities	147,810	50,483	97,327	192.79%
Total liabilities	972,219	1,670,247	(698,028)	-41.79%
Equity attributable to owners of parent company	2,361,723	2,469,441	(107,718)	-4.36%
Capital	750,740	751,551	(811)	-0.11%
Capital surplus	356,529	356,199	330	0.09%
Retained earnings	1,274,154	1,389,985	(115,831)	-8.33%
Other equity	(16,156)	(24,750)	8,594	-34.72%
Treasury shares	(3,544)	(3,544)	0	0.00%
Non-controlling interests	29,641	13,598	16,043	117.98%
Total equity	2,391,364	2,483,039	(91,675)	-3.69%

Changes before and after the period reaching more than 20% and change amount reaching NT$10,000 thousand:

(1) The decrease in cash was a result of the exercise of repurchase options by the holders of convertible corporate bonds; due to the high level of inventory in 2022, the decrease in purchases in 2023 resulted in a decrease in inventory.
(2) The decrease in intangible assets is due to the amortization of computer software.
(3) The increase in other assets is due to the refundable deposits being reclassified from current assets to non-current assets and the increase in deferred income tax assets.
(4) The decrease in current liabilities is due to the exercise of repurchase options by the holders of convertible corporate bonds.
(5) The increase in non-current liabilities is due to the increase in bank borrowings for operational needs.
(6) The decrease in total liabilities is due to the exercise of repurchase options by the holders of convertible corporate bonds.
(7) The increase in non-controlling interests is due to the better operation of the Company, and is due to earnings in the current period.

II. Financial Performance

1. Main reasons for major changes in operating income, net operating profit and net profit before tax in the most recent two years

Unit: NT$ thousand

Item \ Year	2023	2022	Amount of increase (decrease)	Change ratio (%)
Net operating income	1,852,883	2,516,131	(663,248)	-26.36%
Operating cost	1,213,028	1,434,107	(221,079)	-15.42%
Gross profit	639,855	1,082,024	(442,169)	-40.86%
Operating expenses	541,149	635,863	(94,714)	-14.90%
Others income and expenses	(312)	(181)	(131)	72.38%
Operating profit	98,394	445,980	(347,586)	-77.94%
Non-operating income	30,859	156,446	(125,587)	-80.27%
Non-operating expenses	14,268	25,056	(10,788)	-43.06%
Net income before income tax	114,985	577,370	(462,385)	-80.08%
Add: Income tax (expenses) gains	(14,797)	(96,806)	82,009	-84.71%
Net income for the current period	100,188	480,564	(380,376)	-79.15%
Net income attributable to:				
Owners of the parent company	84,169	517,286	(433,117)	-83.73%
Non-controlling interests	16,019	(36,722)	52,741	-143.62%

Changes before and after the period reaching more than 20% and change amount reaching NT$10,000 thousand are explained in the following:

(1) Decrease in operating revenue, operating gross profit, net operating profit, net profit before tax, income tax expense, net profit for the period, and net profit attributable to the owners of the parent company: mainly due to the weakening of operating conditions in 2023 compared to the previous year.

(2) Non-operating income decreased: mainly due to the significant depreciation of the NTD exchange rate in 2023.

(3) Non-operating expenses decreased: mainly due to the decrease in valuation loss of financial assets measured at fair value through profit or loss.

(4) The increase in net profit attributable to non-controlling interests: due to the increase in earnings of the consolidated subsidiaries in the current period compared to 2023.

2. Expected sales volume and its possible impact on the future financial business of the Company and response plan: Based on the industry economy in 2023, market research and prediction of possible sales volume of each product, the Company expects that the sales volume will be maintained with stable growth.

3. Possible impact on the future financial business of the Company and response plan: No material impact.

III. Cash Flow Analysis:

(I)Analysis of cash flow change in 2023:

Contents	2023	2022	Increase (decrease) amount	Variation ratio %

Net cash inflow (outflow) from operating activities	387,651	(77,599)	465,250	(599.56)
Net cash inflow (outflow) from investing activities	124,950	6,389	(131,339)	(2,055.71)
Net cash inflow (outflow) from financing activities	(608,827)	(459,928)	(148,899)	32.37
Impact of changes in foreign exchange rate	(4,135)	1,154	(5,289)	(458.32)
Net increase (decrease) in cash flow	(350,261)	(529,984)	179,723	

(1) The increase in net cash inflow from operating activities is a result of less inventory in current period and reselling of inventory for cash.

(2) The increase in net cash outflow from investing activities is a result of the new investment in financial assets.

(3) The increase in net cash outflow from financing activities decreased due to repurchase of convertible bonds during the period.

(II) Analysis on remedy for estimated cash shortage and liquidity in 2023: There was no cash shortage in 2023.

(III) Cash liquidity analysis for the next year

Cash balance at the beginning of the period①	Expected annual net cash flow from operating activities②	Expected annual cash outflows③	Expected cash surplus (deficit) amount ①+②-③	Remedial measures for expected cash flow deficit	
				Investment plan	Financial management plan
590,086	1,990,722	1,232,731	1,348,077	-	-

IV. Impact of significant capital expenditures in the most recent year on the financial operations of the Company: None.

V. Investment policy for the most recent year, main causes of profits or losses, improvement plans and investment plans for the next year:

Explanation / Item	Carrying amount	Policy	Main cause of profit or loss	Improvement plan	Other future investment plans
JPS Group Holdings, Ltd.	NT$33,751 thousand	With the outstanding ability of the overseas sub-subsidiary of the company, it is able to enhance the competitive niche of the Company.	Due to the new product and new market development needs in the current period, it indicated a loss of NT$16,663 thousand.	The Company's investments adopt the long-term investment strategy, and investment subject matters mainly refer to the integration of relevant industries in order to focus on the development of core business. In addition, the Company also carefully evaluates the benefits before and after the investment, and also continuously adjusts the management strategy, in order to cope with the market economic status changes, thereby maintaining the profitability of the Company.	None

Item \ Explanation	Carrying amount	Policy	Main cause of profit or loss	Improvement plan	Other future investment plans
Ultra Capteur Co., Ltd.	NT$6,854 thousand	With the outstanding ability of the photo sensor driver IC product of the company, it is able to enhance the competitive niche of the Company.	Due to the new product is still at the early stage of mass production in the current period, it indicated a loss of NT$66,428 thousand.	The Company’s investments adopt the long-term investment strategy, and investment subject matters mainly refer to the integration of relevant industries in order to focus on the development of core business. In addition, the Company also carefully evaluates the benefits before and after the investment, and also continuously adjusts the management strategy, in order to cope with the market economic status changes, thereby maintaining the profitability of the Company.	None
Ultradisplay Inc.	NT$25,862 thousand	With the outstanding ability of the AMOLED driver IC product of the company, it is able to enhance the competitive niche of the Company.	It indicated a gain of NT$17,651 thousand.	None	None

VI. Risk Management Assessment

(I) Impact of interest rate, exchange rate fluctuation and inflation condition on the profit / loss of the company and future countermeasures:

1. Interest rate change: The Company’s 2023 net interest income accounted for 0.77% of the net revenue, such that the interest rate change had no material impact. Despite that there are borrowings, the Company monitors the interest rate change at all time, in order to reduce any impact of the interest rate change on the profit or loss of the Company.
2. Exchange rate change : The exchange rate loss in 2023 was NT$8,339 thousand, accounted for 0.45% of the net revenue, such that the exchange rate change had no material impact on the business and profit of the Company. In addition, the Financial Department of the Company is responsible for monitoring the exchange rate change trend in order to understand the exchange rate change. Furthermore, the foreign currency account balance and estimated foreign currency cash flow are reviewed frequently, in order to reduce exchange rate risk. In general, the Company has planned specific hedging measures for risks arising from exchange rate change.
3. Inflation: The main market of sales for the Company’s products is the region of China. Since China is currently under high economic growth, and the main applications of the Company’s products include industrial and medical equipment, vehicle on-board driver IC and electronic labels, etc., the impact of global inflation on the Company is considered to be minor for the short term. Accordingly, inflation had no impact on the Company in 2023. For medium and long-term, inflation may cause consumption tightening. Accordingly, the Company will continue to develop various products of greater cost competitiveness, and will also actively

expand professional niche markets of industry, healthcare and automotive markets, in order to satisfy market consumers’ demand for products of high cost performance ratio under the impact of inflation, thereby securing the market share of the Company.

(II) Policies on engaging in high risk, high leverage investments, loaning funds to others, endorsement and guarantee as well as derivative transactions, main causes of profit and loss as well as future countermeasures:

1. In the most recent year, the Company did not engage in any high risk and high leverage investments,. The derivative transactions made by the Company were for the purpose of hedging only.
2. The Company has established the Procedures for Loans of Funds to Others and the Procedures for Making Endorsements / Guarantees as the guidance for handling relevant operations. However, in the most recent year, the Company did not engage in any high risk and high leverage investments, loaning of funds to others and derivative transactions. Endorsements and guarantees were made based on the demands of subsidiaries of the Company and were also publicly announced and reported according to the regulations of competent authority.

(III) Future R&D projects and expected investment in R&D budget:

For the R&D projects of the current year, please refer to the description of Overview of Operations - Products and Services Planned for Development of this annual report. For 2024, the Company will continue to head toward the objective of diverse product applications, and will also actively develop various new IC products and new technologies, in order to expand the customer groups of different industries. For 2024, the expected R&D investment cost will be maintained at 15%~20% of the revenue, and the main factors affecting success of R&D in the future will still be based on whether relevant technologies are able to satisfy market demands timely.

(IV) Impacts of domestic / foreign important policies and changes of laws on the financial business of the company and countermeasures:

With regard to the important policies and regulatory changes presently announced by the government, they have no significant impact on the financial business of the Company. In addition, the operation of the Company complies with the regulatory requirements of domestic and foreign governments. Personnel of the Company also collect relevant change information of relevant policies and laws at all time, in order to provide such information to the management level for reference. In addition, the Company is able to effectively monitor changes of domestic and foreign important policies and laws, and to actively adopt necessary response measures, in order to reduce any adverse impact.

(V) Impacts of changes in technology (including cyber security risk) and industry on the financial business of the Company and countermeasures:

The outstanding R&D team of the Company is not only equipped with professional IC design ability but also equipped with sensitivity for innovative technologies in the technology industry, such that the team is able to properly understand the market development trend. In the future, the Company will continue to research and develop various new products and to head toward the direction of high profit margin and high added value. Up to the printing date of the annual report, technology changes have not caused material impact on the financial business of the Company.

To promote cyber security related policies, the Company implements cyber security event reporting and response handling. In addition to the periodic assessment of cyber security risk and to enhance the cyber security knowledge, the Company has further established cyber security maintenance plan, in order to implement cyber security risk management. Up to the printing date of the annual report, technology changes have not caused material impact on the financial business of the Company.

(VI) Impacts of change of cooperate image on the cooperate crisis management and countermeasures:

The Company has always upheld the principle of professional and ethical management, and is committed to maintain the corporate image and risk control over the past years. Accordingly, up to the present day, there has been no foreseeable crisis.

(VII) Expected benefits, possible risks, and countermeasures for mergers and acquisitions: None.

(VIII) Expected benefits and possible risks of plant expansions as well as the countermeasures: None.

(IX) Risks faced due to concentrated purchase or sales and countermeasures:

The design of driver IC of the Company’s products involves the technology of high voltage circuit design, and it is necessary to use high voltage equipment and process for manufacturing of the products. Accordingly, based on the consideration of the factors of the process technology, yield rate and production capacity scale of foundries, the Company chooses to domestic and foreign giant foundries as the main cooperating suppliers.

In 2023, the top three major customer sales ratios of the Company were 24%, 13% and 10% respectively, which was mainly due to the cooperation with the sales strategy of the Company to focus on the development of new emerging terminal applications products of ultra-low power consumption driver IC and electronic label driver IC. Nevertheless, to prevent sales concentration risk, in addition to maintaining long-term cooperation relationship with existing terminal business operators and agencies, the Company also expands sales market in China and Asian Pacific regions through foreign agencies or distributors. Accordingly, the Company expands and distributes the business source, and also focuses on the development of new customers and diverse products, in order to further reduce the risk of concentrated sales year after year.

(X) Impacts, possible risks and countermeasures of directors, supervisors or major shareholders with shareholding percentage exceeding 10%, large equity transfer or change on the Company:

The Company has a sound financial structure, and is also equipped with own research and development technologies. In addition, the Company also actively promotes corporate governance in recent years, and employs outstanding professional managers based on excellent internal control system in order to head toward the direction of separation between management right and ownership. Accordingly, the continuity of the Company’s policy is promising.

(XI) Impacts, possible risks and countermeasures of change in management rights on the Company:

The board of directors and management level of the Company adopts the conservative and stable principles for the management of the Company, and the Company also focuses on the expansion of business and increase of market share. Presently, under the joint effort of all employees of the Company, the Company’s leading market position becomes more stable. Accordingly, the management right is table without any likelihood of change.

(XII) Litigation or non-contentious events:

1. Any affirmative ruling or any pending major litigation, non-contentious case or administrative dispute event of the Company, and the result thereof may have material impacts on the shareholders' rights or stock price in the most recent two years and up to the printing date of the annual report: None.
2. For the Company's directors, supervisors, presidents, substantial responsible person and major shareholders with shareholding percentage above 10% and affiliated enterprises, Any affirmative ruling or any currently pending litigation, non-contentious case or administrative dispute event, and the result thereof may have material impacts on the shareholders' rights or stock price of the Company in the most recent two years and up to the printing date of the annual report: None.
3. The Company's directors, supervisors, managerial officers and major shareholders with shareholding percentage above 10% and affiliated enterprises being subject to the conditions described in Article 157 of the Securities and Exchange Act in the most recent two years and up to the printing date of the annual report and the current handling status of the Company: None.

(XIII) Other significant risks and countermeasure: None.

VII. Other important matters: None.

Eight. Special Disclosures

I. Affiliated Enterprises Related Information

(I) Consolidated Business Report of Affiliated Enterprises

1. Overview of Affiliated Enterprises Unit: thousand shares / NT$ thousand

Affiliated enterprise Name	Relationship	Shareholding percentage	Shares	Initial investment amount	Percentage of shares of Ultra Chip held
JPS Group Holdings, Ltd. (B.V.I.)	Subsidiary	100%	Common shares of 1,230,012 Preferred shares of 8	664,976	—
Ultrachip HK Limited	Sub-subsidiary	100%	Common shares of 6,800	USD 6,800 thousand	—
Jinghong Electronics (Shanghai) Inc.	Sub-subsidiary	100%	—	USD 7,400 thousand	—
Dongguan Ultra Chip Inc.	Sub-subsidiary	100%	—	USD 6,700 thousand	—
Ultra Capteur Co., Ltd.	Subsidiary	94.05%	Common shares of 7,233 (Note)	316,800	—
Ultradisplay Inc.	Subsidiary	46.928%	Common shares of 7,630	37,355	—

(Note The Company executed capital deduction to cover losses

2. Affiliated enterprise basic information Unit: NT$ thousand

Enterprise name	Establishment date	Address	Paid-in capital	Main business or production item
JPS Group Holdings, Ltd. (B.V.I.)	August 1999	Vistra Corporate Services Centre,Wickhams Cay II,Road Town Tortola, VG1110, British Virgin Islands	664,976	Holding and investment
Ultrachip HK Limited	August 2011	Suite 2702-03, C.C. Wu Building, no. 302-8, Hennessy Road, Wan Chai, Hong Kong	USD 6,800 thousand	Holding and investment
Jinghong Electronics (Shanghai) Inc.	March 2001	3F, Building No. 15, No. 481, Guiping Rd., Xuhui Dist., Shanghai City	USD 7,400 thousand	IC sales and after-sale service
Dongguan Ultra Chip Inc.	December 2011	Suite 808, Unit 1, Building 1, No. 2, Headquarters 2nd Road, Songshan Lake Industrial Park, Dongguan City, Guangdong Province	USD 6,700 thousand	IC research and development, sales and after-sale service
Ultra Capteur Co., Ltd.	December 2015	4F-1, No. 618, Ruiguang Rd., Neihu Dist., Taipei City	76,908	Wholesale and manufacturing of electronic parts and components
Ultradisplay Inc.	May 2017	7F-8, No. 8, Taiyuan 2nd St., Zhubei City, Hsinchu County	162,600	Wholesale and manufacturing of electronic parts and components

3. Information of identical shareholders for affiliates inferred to have control and dominance-subordination relationship: None.
4. Business operated by the overall affiliated enterprises: The businesses operated by the Company and affiliated enterprises of the Company mainly refer to the provision of the design and sales of display driver IC as well as the sales of relevant parts.
5. Information of directors, supervisors and presidents of affiliated enterprises:

Unit: thousand shares / NT$ thousand

Enterprise name	Title	Name or representative	Shareholding	
			Number of shares	Shareholding percentage
JPS Group Holdings, Ltd. (B.V.I.)	Director	Ultra Chip Inc. Representative: Yu-Tung Hsu	Common shares of 1,230,012 Preferred shares of 8	100%
Ultrachip HK Limited	Director	JPS Group Holdings Ltd. Representative: Yu-Tung Hsu	Common shares of 6,800	100%
Jinghong Electronics (Shanghai) Inc.	Director / President Supervisors	JPS Group Holdings Ltd. Representative: Yu-Tung Hsu Representative: Sheng-Fang Wang	USD 7,400 thousand	100%
Dongguan Ultrachip Inc.	Director / President	Ultra Chip HK Limited Representative: Yu-Tung Hsu	USD 6,700 thousand	100%
Ultra Capteur Co., Ltd.	Director Director / President Director Supervisors	Ultra Chip Inc. Representative: Yu-Tung Hsu Representative: Cheng-Hsin Chang Representative: Sheng-Fang Wang Yu-Fang Chueh	Common shares of 7,233	94.05%
Ultradisplay Inc.	Director / Chairman Director / President Director Director Corporate Director Supervisors	Yu-Tung Hsu Tsung-Chi Tu Cheng-Hsin Chang Kao-Chung Tsai INT Tech Co., Ltd. Representative: Ke-Tai Chu Sheng-Fang Wang	Common shares of 7,630	46.928%

6. Overview of operations of affiliated enterprises

Unit: NT$ thousand / Date: December 31, 2023

Enterprise name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income (loss)	Profit (loss) of the current period	Earnings (loss) per share
JPS Group Holdings, Ltd. (B.V.I.)	664,976	46,957	407	46,550	-	(210)	(16,663)	(0.01)
Ultra Capteur Co., Ltd.	76,908	153,922	146,634	7,288	67,217	(73,126)	(70,630)	(9.18)
Jinghong Electronics (Shanghai) Inc.	USD 7,400 thousand	20,747	1,325	19,422	7,512	(5,646)	(5,581)	-
Ultrachip HK Limited	USD 6,800 thousand	27,074	-	27,074	-	(44)	(10,878)	(1.60)
Dongguan Ultra Chip Inc.	USD 6,700 thousand	47,598	23,321	24,277	156,482	(10,105)	(10,812)	-
Ultradisplay Inc.	162,600	152,693	97,660	55,033	231,423	50,107	38,103	2.34

(II) Consolidated Financial Statements of Affiliates: For 2023, in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, the companies required to be included in the consolidated financial statements of affiliated enterprises of the Company under these Criteria are all the same as the companies required to be included in the consolidated financial statements of the parent and subsidiary companies as provided in International Financial Reporting Standards No.7. Accordingly, the Company is not required to prepare separate consolidated financial statements of affiliated enterprises.

(III) Affiliation Report: Not applicable. ~

II. Information on private placement of securities for the most recent year and up to the printing date of the annual report: None.

III. Information on share ownership and disposal of shares of the Company by subsidiaries for the most recent year and up to the printing date of the annual report: None.

IV. Additional information required to be disclosed: None.

Nine. For the most recent year and up to the printing date of the annual report, occurrence of events having material impact on shareholders' rights and interests or securities prices according to Subparagraph 2 of Paragraph 2 of Article 36 of the Securities and Exchange Act: None.

Affiliated Enterprise Consolidated Financial Statement Declaration

Our Company hereby declares that the companies required to be incorporated into the preparation of the consolidated financial statement of the affiliates according to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are identical with the companies required to be incorporated into the preparation of the consolidated financial statement of affiliates and parent company according to the "International Financial Reporting Standards 10 (IFRS 10)" for the year of 2023 (from January 1, 2022 to December 31, 2023); in addition, relevant information required to be disclosed in the consolidated financial statement of the affiliates has been disclosed completely in the consolidated financial statement of affiliates and parent company. Accordingly, no separate consolidated financial statement of the affiliates is further provided.

Declared by

Company Name: Ultra Chip Inc.

Responsible Person: Yu-Tung Hsu

February 23, 2024

Independent Auditors' Report

To the Board of Directors and Shareholders of Ultra Chip Inc.:

Audit Opinion

We have audited the consolidated balance sheet as of December 31, 2023 and 2022 and the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for January 1 to December 31, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies, of Ultra Chip Inc. and subsidiaries (referred to as "the Group").

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 January 1 to December 31, 2023 and 2022 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 (FSC) of the Republic of China.

Basis for Opinion

We have conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Auditing Standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. The auditors of the firm subject to the independence regulations have maintained independent from the Group in accordance with the Code of Ethics and perform other obligations of such Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Group for the year 2023. Such matters have been reflected in the entirety of the consolidated financial statements audited and throughout the process of the opinion formation. We do not provide opinions separately for such matters.

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

Authenticity of operating revenue from key audit customers

The operating revenue of the Group mainly comes from the design and sale of display driver IC, and the customers (referred to as “key audit customers”) with operating revenue and gross profit margin fluctuations greater than the Group’s overall average level of change who are among the top 10 sales customer groups in 2023, their operating revenues are considered material to the consolidated financial statements. Whether the income actually occurred is the significant risk predefined in the Statements of Auditing Standards. Accordingly, we have listed whether the operating revenue from some of the key audit customers actually occurred as a key audit matter of the current year.

Please refer to Note 4 (12) of the consolidated financial statements for detailed accounting policy on the income recognition. Please refer to Notes 24 and 40 of the consolidated financial statements for relevant disclosure of the operating revenue.

Through understanding of relevant internal control procedures, we have designed relevant internal control audit procedures to cope with such risk, in order to verify and assess whether relevant internal control operations during sales transactions are effective, and we have also obtained the income statements of key audit customers for the whole year from the Group. After checking, adjustment and verification of data integrity, appropriate samples were selected from the statement, and the transaction party’s basic information, credit terms were examined and inquired, orders and shipping documents were randomly inspected, and the payment receipt party and transaction party were verified for consistency, in order to understand whether there has been any abnormality in the transactions. In addition, we have also reviewed whether there has been any subsequent major sales return and allowance, in order to determine whether there is any material misstatement in the income of key audit customers.

Other Matters

Ultra Chip Inc. has prepared the parent company only financial statements for the years ended 2023 and 2022, to which we have also issued an independent auditor's report with unqualified opinion and provided for reference.

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

The 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 IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the FSC of the Republic of China, and for such internal control as the 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, the responsibilities of the management include 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

The purpose of our audit of the consolidated statements is to obtain reasonable assurance on whether the entirety of the consolidated financial statements contain any material misstatement caused by fraud or error, and to issue the audit report. The term of "reasonable assurance" refers to high level of assurance. Nevertheless, the audit performed according to the Auditing Standards cannot guarantee the discovery of material misstatement in the consolidated financial statements. Misstatements can arise from fraud or error. Misstatements 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 the consolidated financial statements.

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

1. Identify and assess the risk of material misstatement of the consolidated financial statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the 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 a necessary understanding of internal control concerning the inspection in order to design appropriate inspection procedures that are appropriate for the time being. The purpose, however, is not to effectively express opinions on the internal control of the Group.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.
4. According to the audit evidence obtained, evaluate the appropriateness of the continuous operation accounting basis and whether events or circumstances possibly generating material concerns on the continuous operation ability of the Group have significant uncertainty, and provide conclusion thereto. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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. Nevertheless, future events or circumstances may cause the Group to have no ability for continuous operation.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including relevant notes, 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 for the financial information of individual entities of the Group and provide opinion on the consolidated financial statements. We handle the guidance, supervision and execution of the audit on the Group and are responsible for preparing the opinion for the Group.

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 the governance units with statements that we have complied with relevant matters that may reasonably be thought to bear on our independence, and we have also communicated with the governance units on all relationships and other matters (including relevant protective measures) that may be considered to affect the independence of auditors.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Group's 2023 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare 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.

Deloitte Taiwan

CPA Hai-Yueh Huang	CPA Cheng-Chuan Yu
Securities and Futures Commission Approval Document No. Tai-Cai-Zheng-Liu-Zi No. 0920131587	Securities and Futures Commission Approval Document No. Tai-Cai-Zheng-Liu-Zi No. 0930128050

February 23, 2024

Ultra Chip Inc. and Subsidiaries

Consolidated Balance Sheet

December 31, 2023 and 2022

Unit: NT$ thousand

Code	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6)	$ 590,086	17	$ 940,347	23
1110	Financial assets at fair value through profit or loss - current (Note 7)	20,520	1	20,680	-
1136	Financial assets at amortized cost - current (Note 9)	166,494	5	135,866	3
1170	Accounts receivable (Notes 10 and 24)	217,455	6	187,392	5
1220	Current income tax assets (Note 26)	92	-	31	-
130X	Inventories (Note 11)	910,647	27	1,421,026	34
1478	Refundable deposits - current (Note 16)	18,921	1	214,029	5
1479	Other current assets (Note 16)	90,224	3	79,133	2
11XX	Total current assets	2,014,439	60	2,998,504	72
	Non-current assets				
1510	Financial assets at fair value through profit or loss - non-current (Note 7)	76,104	2	12,460	-
1517	Financial assets at fair value through other comprehensive income - non-current (Note 8)	30,137	1	24,257	1
1600	Property, plant and equipment (Note 13)	413,602	12	441,676	11
1755	Right-of-use assets (Note 14)	11,950	-	22,684	-
1780	Intangible assets (Note 15)	20,898	1	33,192	1
1840	Deferred income tax assets (Note 26)	225,826	7	199,751	5
1920	Refundable deposits - non-current (Note 16)	556,797	17	411,415	10
1990	Other non-current assets (Note 16)	13,830	-	9,347	-
15XX	Total non-current assets	1,349,144	40	1,154,782	28
1XXX	Total assets	$ 3,363,583	100	$ 4,153,286	100
Code	**Liabilities and equity**				
	Current liabilities				
2100	Short-term borrowings (Note 17)	$ 395,000	12	$ 78,669	2
2120	Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	10,000	-
2130	Contract liabilities - current (Note 24)	25,363	1	113,474	3
2170	Accounts payable (Note 19)	169,665	5	250,510	6
2200	Other payables (Note 20)	125,953	4	229,132	5
2230	Current income tax liabilities (Note 26)	50,669	2	71,570	2
2280	Lease liabilities - current (Note 14)	8,946	-	10,799	-
2320	Long-term borrowings due in one year and corporate bonds payable (Note 17 and 18)	45,118	1	792,094	19
2399	Other current liabilities (Note 21)	3,695	-	63,516	2
21XX	Total current liabilities	824,409	25	1,619,764	39
	Non-current liabilities				
2540	Long-term borrowings (Note 17)	133,308	4	26,719	1
2570	Deferred income tax liabilities (Note 26)	11,032	-	11,302	-
2580	Lease liabilities - non-current (Note 14)	3,470	-	12,462	-
25XX	Total non-current liabilities	147,810	4	50,483	1
2XXX	Total liabilities	972,219	29	1,670,247	40
	Equity attributable to shareholders of the parent (Notes 23 and 28)				
	Capital				
3110	Common share capital	750,616	22	750,263	18
3140	Share capital collected in advance	124	-	1,528	-
3170	Share capital awaiting retirement	-	-	(240)	-
3100	Total share capital	750,740	22	751,551	18
3200	Capital surplus	356,529	11	356,199	9
	Retained earnings				
3310	Statutory reserves	204,243	6	152,168	4
3320	Special reserves	24,750	1	-	-
3350	Unappropriated earnings	1,045,161	31	1,237,817	30
3300	Total retained earnings	1,274,154	38	1,389,985	34
3400	Other equity	(16,156)	(1)	(24,750)	(1)
3500	Treasury shares	(3,544)	-	(3,544)	-
31XX	Total equity attributable to owners of the parent company	2,361,723	70	2,469,441	60
36XX	Non-controlling interests (Note 23)	29,641	1	13,598	-
3XXX	Total equity	2,391,364	71	2,483,039	60
	Total liabilities and equity	$ 3,363,583	100	$ 4,153,286	100

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

Chairman: Yu-Tung Hsu Managerial Officer: Yu-Tung Hsu Accounting Officer: Sheng-Fang Wang

Ultra Chip Inc. and Subsidiaries

Consolidated Statement of Comprehensive Income

January 1 to December 31, 2023 and 2022

Unit: Expressed in NT$ thousand, except for earnings per share in NT$

Code		2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating revenue (Notes 24)	$ 1,852,883	100	$ 2,516,131	100
5000	Operating costs (Notes 11 and 25)	1,213,028	65	1,434,107	57
5900	Gross profit	639,855	35	1,082,024	43
	Operating expenses (Note 25)				
6100	Selling and marketing expenses	83,118	4	76,985	3
6200	Administrative expenses	121,694	7	137,565	5
6300	Research and development expenses	336,337	18	421,313	17
6000	Total operating expenses	541,149	29	635,863	25
6500	Net other income and expenses (Notes 25)	(312)	-	(181)	-
6900	Operating profit	98,394	6	445,980	18
	Non-operating income and expenses (Notes 25 and 29)				
7100	Interest income	12,928	1	5,837	-
7190	Net miscellaneous income	5,656	-	10,317	-
7020	Other gains and losses	3,936	-	(11,144)	-
7050	Finance costs	(14,268)	(1)	(13,912)	(1)
7630	Net foreign exchange gain or loss	8,339	1	140,292	6
7000	Total non-operating incomes and expenses	16,591	1	131,390	5
7900	Net income before tax	114,985	7	577,370	23
7950	Income tax expenses (Note 26)	(14,797)	(1)	(96,806)	(4)
8200	Current net profit	100,188	6	480,564	19

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Code		2023 Amount	2023 %	2022 Amount	2022 %
	Other comprehensive income				
	Items not reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit programs (Note 22)	$ -	-	$ 5,414	-
8316	Unrealized valuation gain or loss on investments in equity instruments at fair value through other comprehensive income (Note 23)	5,880	-	(20,161)	(1)
8349	Income taxes related to the items not re-classified (Note 26)	-	-	(1,949)	-
8310		5,880	-	(16,696)	(1)
	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of the financial statements of foreign operations (Note 23)	(1,003)	-	1,391	-
8399	Income tax related to items may be reclassified into profit or loss (Note 26)	200	-	(278)	-
8360		(803)	-	1,113	-
8300	Total Other comprehensive income of the year	5,077	-	(15,583)	(1)

8500	Total comprehensive income (loss) for the year	$ 105,265	6	$ 464,981	18
	Net income attributable to:				
8610	Owners of the parent company	$ 84,169	5	$ 517,286	21
8620	Non-controlling interests	16,019	1	(36,722)	(2)
8600		$ 100,188	6	$ 480,564	19
	Total comprehensive income attributable to:				
8710	Owners of the parent company	$ 89,246	5	$ 501,703	20
8720	Non-controlling interests	16,019	1	(36,722)	(2)
8700		$ 105,265	6	$ 464,981	18
	Earnings per share (Note 27)				
9710	Basic	$ 1.13		$ 7.01	
9810	Diluted	$ 1.12		$ 6.73	

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

Chairman: Yu-Tung Hsu Managerial Officer: Yu-Tung Hsu Accounting Officer: Sheng-Fang Wang

Ultra Chip Inc. and Subsidiaries

Consolidated Statement of Changes in Equity

January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

Code		Equity attributable to owners of the company: Common share capital	Share capital collected in advance	Share capital awaiting retirement	Capital surplus (Note 24(2))	Retained earnings: Statutory reserves	Retained earnings: Special reserves	Retained earnings: Unappropriated earnings	Other equity: Exchange differences on translation of the financial statements of foreign operations	Other equity: Unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income	Other equity: Unearned compensation of employees	Treasury shares	Total	Non-controlling interests	Total equity
A1	Balance as of January 1, 2022	$ 744,500	$ 6,300	$ -	$ 351,873	$ 84,603	$ 8,898	$ 1,033,733	($ 7,952)	$ 10,590	($ 677)	($ 30,382)	$ 2,201,486	$ 42,849	$ 2,244,335
	2021 Appropriation and distribution of retained earnings (Note 23(3))														
B1	Appropriation of legal reserve	-	-	-	-	67,565	-	(67,565)	-	-	-	-	-	-	-
B3	Provision of special reserve	-	-	-	-	-	(8,898)	8,898	-	-	-	-	-	-	-
B5	Shareholders' cash dividends	-	-	-	-	-	-	(258,000)	-	-	-	-	(258,000)	-	(258,000)
	Other change of capital surplus:														
C15	Distribution of cash dividends by capital surplus (Note 23(3))	-	-	-	(37,000)	-	-	-	-	-	-	-	(37,000)	-	(37,000)
D1	2022 Net profit	-	-	-	-	-	-	517,286	-	-	-	-	517,286	(36,722)	480,564
D3	2022 Other comprehensive income (loss) after tax	-	-	-	-	-	-	3,465	1,113	(20,161)	-	-	(15,583)	-	(15,583)
L3	Treasury shares transferred to employees (Notes 23(6) and 28)	-	-	-	23,431	-	-	-	-	-	-	26,838	50,269	-	50,269
M7	Changes in ownership interest in subsidiaries (Note 12, 23 and 30)	-	-	-	2,759	-	-	-	-	-	-	-	2,759	7,441	10,200
N1	Share-based payment transactions (Notes 23(1), (2) and 28)	5,763	(4,772)	(240)	14,557	-	-	-	-	-	(7,663)	-	7,645	-	7,645
O1	Adjustment of capital surplus of subsidiaries (Note 23(2) and 28)	-	-	-	579	-	-	-	-	-	-	-	579	30	609
Z1	Balance as of December 31, 2022	750,263	1,528	(240)	356,199	152,168	-	1,237,817	(6,839)	(9,571)	(8,340)	(3,544)	2,469,441	13,598	2,483,039
	2022 Appropriation and distribution of retained earnings (Note 23(3))														
B1	Appropriation of legal reserve	-	-	-	-	52,075	-	(52,075)	-	-	-	-	-	-	-
B3	Provision of special reserve	-	-	-	-	-	24,750	(24,750)	-	-	-	-	-	-	-
B5	Shareholders' cash dividends	-	-	-	-	-	-	(200,000)	-	-	-	-	(200,000)	-	(200,000)
D1	2023 Net profit	-	-	-	-	-	-	84,169	-	-	-	-	84,169	16,019	100,188
D3	2023 Other comprehensive income (loss) after tax	-	-	-	-	-	-	-	(803)	5,880	-	-	5,077	-	5,077
I1	Repurchase of convertible bonds (Notes 18 and 23(2))	-	-	-	61	-	-	-	-	-	-	-	61	-	61
N1	Share-based payment transactions (Notes 23(1), (2) and 28)	1,033	(1,404)	(440)	(198)	-	-	-	-	-	3,517	-	2,508	-	2,508
	Other change of capital surplus:														
C17	Changes in other capital reserves (Note 23(2))	-	-	-	89	-	-	-	-	-	-	-	89	-	89
O1	Adjustment of capital surplus of subsidiaries (Note 23(2) and 28)	-	-	-	378	-	-	-	-	-	-	-	378	24	402
T1	Cancellation of new restricted employee shares (Note 23(1))	(680)	-	680	-	-	-	-	-	-	-	-	-	-	-
Z1	Balance as of December 31, 2023	$ 750,616	$ 124	$ -	$ 356,529	$ 204,243	$ 24,750	$ 1,045,161	($ 7,642)	($ 3,691)	($ 4,823)	($ 3,544)	$ 2,361,723	$ 29,641	$ 2,391,364

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

Chairman: Yu-Tung Hsu Managerial Officer: Yu-Tung Hsu Accounting Officer: Sheng-Fang Wang

Ultra Chip Inc. and Subsidiaries

Consolidated Statement of Cash Flows

January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

Code		2023	2022
	Cash flows from operating activities		
A10000	Net income before tax	$ 114,985	$ 577,370
A20010	Income and expense item		
A20100	Depreciation expense	81,380	96,089
A20200	Amortization expense	20,507	17,796
A20400	Net loss (gain) on financial assets at fair value through profit or loss	(2,979)	10,940
A20900	Finance costs	14,268	13,912
A21200	Interest income	(12,928)	(5,837)
A21300	Dividend income	(1,493)	(1,458)
A21900	Share-based compensation costs	2,296	27,032
A22500	Losses on disposal of property, plant and equipment	312	181
A23100	Gains on repurchase of corporate bonds	(957)	-
A23500	Losses (recovery gain) on impairment of refundable deposits	(14,980)	116,542
A24100	Net loss (gain) on foreign currency exchange	6,207	(62,184)
A30000	Net changes in operating assets and liabilities		
A31150	Accounts receivable	(35,308)	289,955
A31200	Inventories	510,407	(871,951)
A31240	Other current assets	(21,602)	11,139
A31990	Other non-current assets	10,531	(2,347)
A32125	Contract liabilities - current	(88,111)	22,763
A32150	Accounts payable	(80,541)	(146,223)
A32180	Other payables	(62,704)	(10,749)
A32230	Other current liabilities	(796)	880
A33000	Cash provided by operating activities	438,494	83,850
A33100	Interest received	12,928	5,837
A33200	Dividends received	1,493	1,458
A33300	Interest paid	(3,350)	(3,076)
A33500	Income taxes paid	(61,914)	(165,668)
AAAA	Net cash inflow (outflow) from operating activities	387,651	(77,599)

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Code		2023	2022
	Cash flow from Investing activities		
B00100	Acquisition of financial assets measured at fair value through profit or loss	($ 58,761)	($ 12,000)
B00040	Acquisition of financial assets carried at amortized cost	(30,628)	-
B00050	Disposal of financial assets measured at amortized cost	-	12,836
B02700	Proceeds from acquisition of property, plant and equipment	(78,370)	(75,806)
B03700	Decrease in refundable deposits	59,988	118,283
B04500	Acquisition of intangible assets proceeds	(17,179)	(36,924)
BBBB	Net cash inflow (outflow) from investing activities	(124,950)	6,389
	Cash flow from financing activities		
C00100	Increase in short-term borrowings	316,309	-
C00200	Decrease in short-term borrowings	-	(97,229)
C01300	Repurchase of corporate bonds	(769,287)	-
C01600	Borrowing of long-term borrowings	107,463	6,028
C03100	Decrease in guarantee deposits	(53,326)	(105,486)
C04020	Repaid principal of lease liabilities	(10,806)	(10,431)
C04500	Cash dividends paid	(200,000)	(295,000)
C04600	Issuance of new restricted shares	-	2,000
C04800	Exercise of employee stock options	731	3,215
C05100	Treasury shares sold to employees	-	26,775
C05800	Change in non-controlling interests (Note 23(7))	-	10,200
C09900	Others (Note 23(2))	89	-
CCCC	Net cash outflow from financing activities	(608,827)	(459,928)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(4,135)	1,154
EEEE	Decrease in cash and cash equivalent	(350,261)	(529,984)
E00100	Cash and cash equivalents at the beginning of the year	940,347	1,470,331
E00200	Cash and cash equivalents at the end of year	$ 590,086	$ 940,347

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

Chairman: Yu-Tung Hsu Managerial Officer: Yu-Tung Hsu Accounting Officer: Sheng-Fang Wang

Ultra Chip Inc. and Subsidiaries

Notes to Consolidated Financial Statements

January 1 to December 31, 2023 and 2022

(Unless otherwise specified, amounts are in the unit of NT$ thousand)

I. Company History

Ultra Chip Inc. (referred to as “the parent company”; the parent company and entities controlled by the parent company are referred to as “the Group”) established in August 14, 1999, and its main business is: design and sale of mobile display driver IC products.

The parent company’s shares were officially listed on Taipei Exchange (TPEx) for trading on March 14, 2014.

The consolidated financial statements were expressed in New Taiwan Dollars, which is the parent company's functional currency.

II. Approval Date and Procedure of the Financial Statements

These consolidated financial statements were approved by the Board of Directors on February 23, 2024.

III. Application of New Standards, Amendments and Interpretations

(I) Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The application of the revised IFRSs approved and released by the FSC will not cause major changes to the Group’s accounting policies.

(II) 2024 Applicable IFRSs Approved by FSC

New/Revised/Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Lease Liabilities from Sale and Leaseback”	January1, 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 Covered in Contract Terms”	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 New, Revised or Amended Standards and Interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The seller and lessee shall retrospectively apply the amendments to IFRS 16 to the sale and leaseback transactions signed after initial application of IFRS 16.

Note 3: Partial exemption from disclosure requirements upon first application of these amendments.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed the possible impact that the application of aforementioned standards and interpretations would have on the Group's consolidated financial position and financial performance, and has determined that there would be no such material impact.

(III) IFRSs already announced by IASB but not yet endorsed and issued into effect by the FSC

New/Revised/Amended 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
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "First time of application of IFRS 17 and IFRS 9 - comparison information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above New, Revised or Amended Standards and Interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: Applicable to annual reporting periods beginning on or after January 1, 2025. When the amendment is applied for the first time, the effect is recognized in the retained earnings on the date of initial application. When the Group uses a non-functional currency as the presentation currency, the effects will be adjusted to the exchange differences on translation of foreign financial statements under equity as of the date of initial application.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed the possible impact that the application of aforementioned standards and interpretations would have on the Group’s consolidated financial position and financial performance, and has determined that there would be no such material impact.

IV. Summary of Significant Accounting Polices

(I) Statement of Compliance

The preparation of the consolidated financial statements is based on the “Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IFRSs endorsed and issued into effect by the FSC.

(II) Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis expect for financial instruments that are measured at fair values.

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

1. Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
2. Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
3. Level 3 inputs: unobservable inputs for the asset or liability.

(III) Criteria for classifying assets and liabilities into current and non-current

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets that are expected to be realized within twelve months from the balance sheet date; and
3. Cash and cash equivalent (unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the date of balance sheet).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities that are to be settled within 12 months from the balance sheet date; and
3. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

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

(IV) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the parent company and the entities controlled by the parent company (i.e. its subsidiaries). Adjustments have been made to the financial statements of subsidiaries to allow their accounting policies to be consistent with those used by the Group. During the preparation of the consolidated financial statements, the transaction, account balance, revenue and expense among entities have been eliminated completely. The total comprehensive income of subsidiaries is attributable to the owners of the parent company.

The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

For subsidiaries' details, percentage of ownership, and main businesses and products, please see Note 12 and Table 6 and Table 7 of Note 39.

(V) Foreign currencies

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

Foreign currency monetary amount is translated at the closing rate at each date of the balance sheet. Such exchange differences due to settled monetary items or retranslated monetary items are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are translated based on the rates prevailing on the date when the fair value is determined. Exchange differences arising from the translation of non-monetary items are included in profit or loss for the current period, except for exchange differences arising from the translation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income.

Non-monetary items carried at historical cost is reported using the exchange rate at the date of the transaction and will not calculated again.

In preparing the consolidated financial statements, assets and liabilities from foreign operation of the Group, including subsidiaries whose location or currency are different from the parent company, are translated into the presentation currency, the New Taiwan dollar, at the exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates at the period.

The resulting currency translation differences are recognized in other comprehensive income.

(VI) Inventories

Inventories include raw materials, work in process, finished products. The calculation of inventories adopts the weighted average method, and inventories are measured at the lower of cost or net realizable value. The lower of cost and net realizable value is based on the individual inventory items. Net realized value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

(VII) Property, Plant and Equipment

Property, plant and equipment are recognized at costs and subsequently measured at costs of the amount less accumulated depreciation and accumulated impairment losses.

The Group’s masks are amortized according to the production quantity based on the expected product life cycle, the rest adopts the straight-line basis for the recognition of depreciation. For each material part, depreciation is recognized independently. The Group reviews the estimated useful lives, residual values and depreciation method at least at the end of each reporting period, and with the effect of any changes in 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.

(VIII) Intangible Assets

1. Independent acquisition

   Intangible assets separately acquired with finite useful lives are originally measured with the cost; subsequently, measurement is made based on the amount obtained by deducting the accumulated amortization and accumulated impairment loss from the cost. Intangible assets are amortized using the straight-line method within the useful life. The Group reviews the estimated useful lives, residual values and amortization method at least at the end of each reporting period, and with the effect of any changes in estimates accounted for on a prospective basis.

2. Derecognition

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

(IX) Impairments of Property, Plant and Equipment, Right-of-use Assets and Intangible Assets

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

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 impairment loss subsequently reverses, the carrying amounts of the asset or cash-generating units are increased to the revised recoverable amounts. However, the increased carrying amounts shall not exceed the carrying amounts of the assets or cash-generating units which were not recognized as impairment loss at the past period (less depreciation or amortization). The reversal of impairment loss is recognized as profit or loss.

(X) Financial Instrument

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

At initial recognition, the financial assets and liabilities are measured at its fair value. In the case of the financial assets and liabilities not at fair value through profit or loss, transaction costs are directly attributable to the acquisition or issue of financial assets and financial liabilities. 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

Regular way purchase and sale of financial assets are recognized and derecognized using trade date accounting.

(1) Classification of measurement

Financial assets held by the Group are classified to financial assets at fair value through income, financial assets measured at amortized cost and investments in equity instruments measured through other comprehensive income at fair value.

A. Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through income mainly refer to financial assets compulsorily measured at fair value through profit or loss. Financial assets compulsorily measured at fair value through profit or loss include the Group's unspecified equity instrument investment measured at fair value through other comprehensive income.

Financial assets measured at fair value through profit or loss are measured at fair value, and remeasured gains or losses (including any dividends or interests gained from the financial assets) are recognized in profit or loss. For the fair value determination method, please refer to Note 33.

B. Financial assets measured at amortized cost

When the financial assets invested by the Group satisfies the following two criteria at the same time, it is classified as the amortized cost financial assets:

a. Where the financial assets are held under certain business model, and the purpose of such model is to hold the financial assets in order to collect contract cash flows; and

b. Where contract terms generated cash flow of specific date, and such cash flow is completely for the payment of the interest of principle and external circulating principle amount.

After the amortized cost financial assets (including the cash and cash equivalents, financial assets measured at amortized cost, accounts receivable, other receivables and refundable deposits) are recognized originally, effective interest rate is used to determine the total carrying amount with the deduction of any amortized cost of impairment loss. Any currency exchange loss is recognized as profit or loss.

Except for the following two conditions, the interest income is calculated by multiplying the effective interest rate with the financial asset total carrying amount:

a. For purchased or originated credit-impaired financial assets, the interest income is calculated by multiplying the effective interest rate after credit adjustment with the financial asset amortized cost.
b. For non-purchased or originated credit-impaired financial assets but subsequently becoming credit-impaired financial assets, the interest income is calculated by multiplying the effective interest rate with the financial asset amortized cost.

Credit losses on financial assets are significant financial difficulty of the issuer or borrower, a breach of contract, it becoming probable that the borrower will enter bankruptcy or other financial reorganization, or the disappearance of an active market for the financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within three 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.

C. Investments in equity instruments measured at fair value through other comprehensive income

On initial recognition, the Group may irrevocably designate investments in equity instruments that is not held for trading and not recognized as contingent consideration as at FVTOCI.

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value. Subsequently the changes in fair value are reported in other comprehensive income and accumulated in other equity. On disposal of investments, the accumulated profit or loss is directly transferred to retained earnings and it is not reclassified to profit or loss.

The dividend from investments in equity instruments measured at fair value through other comprehensive income are recognized in profit or loss upon the Group's right to receive payment is established, except for apparently the dividend representing the recovery of the partial investment cost.

(2) Impairment of financial assets

At the date of each balance sheet, the Group reviews expected credit losses to estimate the impairment loss of financial assets, including accounts receivable, and contract assets measured at amortized cost.

The loss allowance for accounts receivable and contract assets is measured at an amount equal to useful lives expected credit losses. Other financial assets shall be evaluated if credit risk increases significantly after recognition. When the credit risk has not increased, a loss allowance is recognized at an amount equal to expected credit loss within 12 months. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from all possible default events over the expected life of a financial instrument.

Expected credit losses are weighted average credit losses with the probability of default events. The 12-month expected credit losses are expected credit losses that result from default events possible within 12 months after the reporting date. Lifetime expected credit losses result from all possible default events over the expected life of the financial instruments.

For the purpose of internal controls on credit risk, without considering the collaterals it holds, the Group determines the following events as a breach of contract:

A. There is internal or outside information prevails that it is not possible the borrower pays off the debt.

B. The overdue exceeds 90 days, unless there is reasonable and evident information prevails the extent of a breach of contract is more appropriate.

All impairment losses on the aforementioned financial assets is decreased its carrying amount through contra accounts.

(3) 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 financial assets 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 Investments in equity instruments measured at fair value through other comprehensive income, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2. Equity instruments

The debts and equity instruments issued by the Group are classified as financial liabilities or equity according to the substance of contract agreements and the definition of financial liabilities and equity instruments.

The equity instruments issued by the Group are recognized based on the amount obtained from the payment amount less the direct issuance cost.

The equity instruments of the Group reacquired are recognized and deducted under the equity item. The equipment instruments of the Group purchased, sold, issued or canceled are not recognized under the profit or loss.

3. Financial liabilities

(1) Follow-up measurement

Financial liabilities are measured at amortized cost using effective interest method; however, the situation where the recognition of interest expense of short-term payables is non-material is excluded.

(2) Derecognition of financial liabilities

On the derecognition of financial liabilities, the difference between their carrying amount and the consideration paid and payable , including any transfer of non-cash assets or liabilities, is recognized as profit or loss.

(XI) Convertible Corporate Bonds

The compound financial instruments (convertible corporate bonds) issued by the Group are classified as financial liabilities or equity according to the substance of contract agreements and the definition of financial liabilities and equity instruments, and its components are classified as financial liabilities and equity during the initial recognition.

During the initial recognition, the fair value of the liability component is estimated similar to nonconvertible instrument based on the market interest rate at that time, and before the execution of conversion or maturity date, it is measured at amortized cost using the effective interest method. The liability component of embedded non-equity derivatives is measured at fair value.

The conversion right classified as equity is equivalent to the remaining balance of the overall fair value of the compound instrument less the fair value of the liability independently determined, and after deducting the effect of income tax, it is recognized as equity, which is not subsequently measured. During the execution of the conversion right, its related liability component and amount of equity are then recognized as share capital and capital surplus - additional paid-in capital. If the conversion right of convertible corporate bonds is not executed by the maturity date, the amount recognized under equity is then recognized as capital surplus - additional paid-in capital.

Related transaction cost for the issuance of convertible corporate bonds is allocated to the liability of the instrument (recognized under the liability carrying amount) and the equity component (recognized under equity) according to the total price allocation ratio.

(XII) Revenue Recognition

The Group allocates the transaction price to each performance obligation and recognizes the revenue when each of the obligation is satisfied after the customer has identified it.

1. Sales revenue

Income from sales of goods comes from the sale of mobile display driver IC products. Since the clients are eligible for pricing and using the products as well as responsible for reselling and taking the risk of depreciation upon the delivery of mobile display driver IC products according to the transaction terms, the Group shall recognize the revenue and accounts receivable upon the sale.

During the processing without incoming materials, the control on the ownership of the processed products is not yet transferred; therefore, revenue is not recognized for processing without incoming materials.

2. Service income

The income from labor service refers to the income for provision of the design service of mobile display driver, light sensors and so on driver IC products.

According to the design service for IC products provided by the Group, relevant income is recognized during the provision of labor. The Group measures the completion progress according to the ratio of the cost incurred over the estimated total cost.

(XIII) Leases

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

For contracts containing lease and non-lease components, the Group allocates the consideration in the contract based on the relative independent price and handles it separately.

1. The Group as the Lessor

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

Lease income of operating lease is recognized as an income on a straight-line basis over the lease term.

When the lease contains the elements of land and building at the same time, the Group determines whether nearly all risks and compensations attached to the ownership of each element have been transferred to the lessee, in order to evaluate the classification of each element as financing lease or operating lease. Lease payment is allocated to the land and building according to the relative ratio of the fair value of the land and building lease right on the contract establishment date. If lease payment can be reliably allocated to these two elements, each element is handled according to the applicable lease classification. If lease payment cannot be reliably allocated to these two elements, the entire lease is classified as financing lease. If these two elements clearly satisfy the operating lease standard, the entire lease is classified as operating lease.

2. The Group as the Lessee

Except for payments for low-value asset leases and short-term leases applicable to exemption of recognition are recognized as expenses on a straight-line basis, the Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of the lease.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities, lease payments made before commencement date less lease incentives granted, initial direct costs as well as estimated costs to restore the underlying assets. Right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses and adjusted for any remeasurement of the lease liabilities.

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 (including fixed payments). The lease payments are discounted using the interest rate in a lease if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the 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 indicator or rate used for determination of the lease payment such that the future lease payment is changed, 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 as profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

(XIV) Government Grant

Government grant is recognized only when there is reasonable assurance that the Group will comply with any conditions attached to the grant and the grant will be received.

Government grant is recognized in profit or loss according to a systematic basis during the period when relevant cost for such intended grant is recognized as expense by the Group.

The grant receivable as compensation for costs already incurred or for immediate financial support, with no future related costs, shall be recognized as profit or loss in the period in which it is receivable.

(XV) Employee Benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period.

2. Post-retirement benefits

For defined contribution plans, the amount of contribution payable in respect of service rendered by employees in that period should be recognized as expenses.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the Projected Unit Credit Method. Service cost (including current service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement (including actuarial gains and losses, change to asset limit effects and the return on plan assets after deduction of interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement at later period will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Net defined benefit asset shall not exceed the present value of refunds from the plan or reductions in future contributions to the plan.

(XVI) Share-based Payment Arrangements

The fair value at the grant date of the employee share options recognized as expensed using the straight-line basis over the vesting period, and the capital surplus - employee share options is also adjusted at the same time. It is recognized as an expense in full at the grant date if vesting immediately. The date of confirming employees' subscription number of treasury shares transferred to them by the Group is recognized as the grant date.

The fair value at the grant date of the new restricted employee shares is recognized as expense 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, and the capital surplus - new restricted employee shares (unearned compensation of employees) is also adjusted at the same time. It is recognized as an expense in full at the grant date if vesting immediately.

When the parent company issues new restricted employee shares, the other equity (unearned compensation of employees) is recognized on the payment date, and the capital surplus - new restricted employee shares is also adjusted at the same time. When the issuance refers to compensated issuance and refund payment is required during resignation of employees, it shall be recognized as relevant payable. Employees resign during the vesting period are not required to return the dividends collected, and it is recognized as expense during the announcement of issuance dividends, and the retained earnings and capital surplus - new restricted employee shares are adjusted at the same time.

The parent company revises the number of employee share options and the new restricted employees shares expected to vest on each balance sheet date. If there is any revision to the original estimates, the effect of such revision is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital surplus - employee share options and capital surplus - new restricted employee shares.

(XVII) Income tax

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

1. Current tax

The Group has determined the current income (losses) and calculated taxes payable (receivable) in accordance with regulations established by the jurisdiction for tax return.

According to Income Tax Act in Republic of China, an additional income tax levied at undistributed surplus earnings are recognized in the year of the resolution of the shareholders' meeting.

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

2. Deferred income tax

Deferred income tax is accounted for temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit or loss.

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

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits to realize the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at the date of balance sheet 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 deferred income tax asset to be recovered. The deferred income tax assets originally not recognized is also reviewed at the date of balance sheet and increased to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be recovered.

Deferred income tax liabilities and assets are measured at the tax rates that are expected to apply in the current period in which the liability is settled or the asset is recovered, based on tax rates and laws that have been enacted or substantively enacted by the date of balanced sheet. The measurement of deferred tax liabilities and assets reflects the tax consequences that arise from the manner in which the Group expects, at the date of balance sheet, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred income tax

Current and deferred income tax 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 income tax are also recognized in other comprehensive income or directly in equity respectively.

V. Significant Accounting Judgments and Assumptions, and Major Sources of Estimation Uncertainty

In the application of the Group's accounting policies, the 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 experiences and other factors that are considered relevant. Actual results may differ from these estimates.

When the consolidated company develops significant accounting estimates, the management will continue to review the estimates and basic assumptions.

VI. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	$ 190	$ 223
Check and demand deposit	467,076	878,704
Cash equivalents (time deposits with original maturities within three months from the date of acquisition)	122,820	61,420
	$590,086	$940,347

The market rate intervals of cash and cash equivalents in banks at the end of the balance sheet date were as follows:

	December 31, 2023	December 31, 2022
Bank deposits	0.001%～1.45%	0.001%～1.05%
Time deposits with original maturities within three months from the date of acquisition	5.00%～5.30%	4.80%

(VII) Financial instrument measured at fair value through profit or loss

	December 31, 2023	December 31, 2022
Financial assets-current		
Compulsorily measured at fair value through profit or loss		
Non-derivative financial assets		
- Special stocks listed on TWSE/TPEx	$ 20,520	$ 20,680
Financial liabilities - current		
Holding for transaction		
Derivatives (not under hedge accounting)		
- Convertible corporate bond redemption (reverse repurchase) option right (Note 18)	$ -	$ 10,000

Financial assets - non-current		
Compulsorily measured at fair value through profit or loss		
Non-derivative financial assets		
- Stocks	$ 46,591	$ -
- Limited Partnership	25,103	12,460
- Private equity	4,410	-
	$ 76,104	$ 12,460

VIII. Financial assets at fair value through other comprehensive income

Equity instrument investment

	December 31, 2023	December 31, 2022
Non-current		
Domestic investment		
Non-TWSE(TPex) listed stocks		
Common shares of Sync-Tech System Corp.	$ 21,594	$ 15,714
Common shares of INT Tech Co., Ltd.	8,543	8,543
	$ 30,137	$ 24,257

The Group invests in the common shares of Sync-Tech System Corp. and INT Tech Co., Ltd. in accordance with the long-term strategic objectives and expects to profit from the long-term investments. The management of the Group considers that if the short-term volatility at fair value of such investments recognized in profit or loss is not consistent with the aforementioned long-term investment plan, it will be determined that such investments are measured through other comprehensive income at fair value.

The Group subscribed the common shares of cash capital increase of Sync-Tech System Corp. at NT$3,365 thousand according to the shareholding percentage of 2.65% in March 2021. In addition, Sync-Tech System Corp. issued employee stock options in August 2023, August 2022 and July 2021, such that the shareholding percentage of the Group was reduced to 2.31% as of December 31, 2023.

For information on the securities held as of the end of the period, please refer to Table 3 of Note 39.

The dividend incomes received by the Group in 2023 and 2022 were NT$1,493 thousand and NT$1,458 thousand respectively.

IX. Financial assets measured at amortized cost

	December 31, 2023	December 31, 2022

Current		
Domestic investment		
Time deposits with original maturities within three months from the date of acquisition	$ 158,060	$ 112,114
Restricted assets - time deposit (I)	8,434	23,752
	$ 166,494	$ 135,866

(I) Restricted assets - time deposit refers to the setting of pledge as the material purchase guarantee and the customs guarantee for imported goods. Please refer to Note 35 for details.

(II) The interest rate interval of financial assets measured at amortized cost is as follows:

	December 31, 2023	December 31, 2022
Time deposits with original maturities within three months from the date of acquisition	1.53%～5.30%	1.00%～1.85%
Restricted assets - time deposit	1.09%～3.50%	0.84%～2.30%

X. Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable		
Measured at amortized cost		
Total carrying amount	$ 217,989	$ 187,926
Less: Allowance for bad debt	(534)	(534)
	$ 217,455	$ 187,392

The average credit period for selling products of the Group is 30~120 days. To mitigate credit risk, the management of the Group has designated functional working group responsible for decision on line of credit, credit approval and other supervision to ensure proper action has been taken to collect overdue accounts receivable. In addition, the collectible amount of accounts receivable shall be reviewed individually at the date of balance sheet to ensure the uncollectible accounts receivable has been listed to appropriate impairment loss. According these, the management considers the Group's credit risk has significantly decreased.

The loss allowance for accounts receivable is measured at an amount equal to useful lives expected credit losses. The useful lives expected credit losses are calculated by using the provision matrix, and the customers' default on records and present financial position, economic trends, as well as GDP expectation and industry outlook are considered. The experience on the Group's credit losses presents that types of loss on different customer groups do not bring obvious differences. Accordingly, the provision matrix does not further classify the customer groups, and the rate of expected credit losses is set based on accounts receivable aging.

The loss allowance for accounts receivable of the Group measured according to the provision matrix is as follows:

December 31, 2023

	Not overdue	Overdue 1～30 days	Overdue 31～60 days	Overdue 61～90 days	Overdue exceeding 90 days	Total
Expected credit loss rate	-	-	-	-	100%	
Total carrying amount	$ 203,204	$ 13,941	$ 844	$ -	$ -	$ 217,989
Loss allowance for loss (lifetime expected credit loss)	-	-	-	-	-	-
Amortized cost	$ 203,204	$ 13,941	$ 844	$ -	$ -	$ 217,989

December 31, 2022

	Not overdue	Overdue 1～30 days	Overdue 31～60 days	Overdue 61～90 days	Overdue exceeding 90 days	Total
Expected credit loss rate	-	-	-	-	100%	
Total carrying amount	$ 180,480	$ 7,446	$ -	$ -	$ -	$ 187,926
Loss allowance for loss (lifetime expected credit loss)	-	-	-	-	-	-
Amortized cost	$ 180,480	$ 7,446	$ -	$ -	$ -	$ 187,926

The changes in allowance loss for accounts receivable were as follows:

	2023	2022
Balance at beginning of the year	$ 534	$ 534
Balance at end of the year	$ 534	$ 534

As of December 31, 2023 and 2022, the loss allowance for expected credit losses of the accounts receivable were both calculated and assessed at NTD 0 thousand. The loss allowance originally listed was NTD 534 thousand, which exceeded the amount of the provision, and the difference amount is not significant, so the loss allowance has not been adjusted.

XI. Inventories

	December 31, 2023	December 31, 2022
Work in progress	$ 788,441	$ 1,160,462

Raw materials	66,735	204,498
Finished products	55,471	56,066
	$ 910,647	$ 1,421,026

Inventory-related sales costs as of 2023 and 2022 were NT$1,190,931 thousand and NT$1,426,628 thousand respectively, and the sales costs include the inventory falling price loss of NT$172,812 thousand and NT$90,411 thousand respectively.

XII. Subsidiaries

The basis for the consolidated financial statements is as follows:

			Shareholding percentage		
Name of Investor	Name of subsidiary	Business nature	December 31, 2023	December 31, 2022	Explanation
Parent company	JPS Group Holdings, Ltd. (B.V.I.) (referred to as "JPS")	Investment holding	100	100	(II)
Parent company	Ultra Capteur Co, Ltd. (referred to as "Ultra Capteur")	Wholesale and manufacturing of electronic parts and components	94.05	94.05	(III)
Parent company	Ultradisplay Inc. (referred to as "Ultradisplay")	Wholesale and manufacturing of electronic parts and components	46.928	46.928	
JPS	Jinghong Electronics (Shanghai) Inc. (referred to as "Jinghong")	IC sales and after-sale service	100	100	
JPS	Ultra Chip HK Limited (referred to as "Ultra Chip HK")	Investment holding	100	100	
Ultra Chip HK	Dongguan Ultra Chip Inc. (referred to as "Dongguan Ultra Chip")	IC research and development, sales and after-sale service	100	100	

Information of the Group for 2023 and 2022 is summarized in the following:

(I) For the information on the main business locations and company registration countries, please refer to Tables 6 and 7 of Note 39.

(II) JPS executed cash capital increases of US$400 thousand and US$300 thousand (equivalent to NT$12,838 thousand and NT$9,060 thousand) in December 2023 and September 2022 respectively. The parent company increased the investment according to the shareholding percentage of 100%, and registrations were also completed.

(III) Ultra Capteur executed cash capital increase of NT$68,000 thousand in April 2022. The parent company did not increase an investment of NT$57,800 thousand according to the shareholding percentage, such that the shareholding percentage of the parent company was reduced from 100% to 94.05%. The parent company regarded it as an equity transaction and was recognized as the capital reserve for NT$2,759 thousand. Please refer to Note 30 for details. In July 2023, the capital was reduced to offset the loss of NT$94,559 thousand, and the registration was completed.

During the preparation of the consolidated financial statements of the Group, the transaction, account balance, revenue and expense among entities have been written off completely.

13. Property, Plant and Equipment

Used by the Company

	Land	Buildings and structures	Office equipment	Instruments and equipment	Mask	Other equipment	Total
Costs							
Balance on January 1, 2023	$ 75,144	$ 176,709	$ 12,197	$ 145,522	$ 383,783	$ 55,274	$ 848,629
Addition	-	-	1,696	1,540	39,326	392	42,954
Disposal	-	-	-	(3,172)	(25,901)	(104)	(29,177)
Net exchange differences	-	-	-	(82)	(150)	(144)	(376)
Balance as of December 31, 2023	75,144	176,709	13,893	143,808	397,058	55,418	862,030
Accumulated depreciation							
Balance on January 1, 2023	-	7,363	8,625	72,082	290,093	28,790	406,953
Depreciation expense	-	3,534	1,449	10,119	48,164	7,411	70,677
Disposal	-	-	-	(2,860)	(25,901)	(104)	(28,865)
Net exchange differences	-	-	-	(69)	(150)	(118)	(337)
Balance as of December 31, 2023	-	10,897	10,074	79,272	312,206	35,979	448,428
Net as of December 31, 2023	$ 75,144	$ 165,812	$ 3,819	$ 64,536	$ 84,852	$ 19,439	$ 413,602
Costs							
Balance as of January 1, 2022	$ 75,144	$ 176,709	$ 11,287	$ 122,589	$ 306,645	$ 53,855	$ 746,229
Addition	-	-	1,223	22,994	91,793	1,298	117,308
Disposal	-	-	(313)	(180)	(14,781)	-	(15,274)
Net exchange differences	-	-	-	119	126	121	366
Balance as of December 31, 2022	75,144	176,709	12,197	145,522	383,783	55,274	848,629
Accumulated depreciation							
Balance as of January 1, 2022	-	3,829	7,656	61,765	241,844	20,956	336,050
Depreciation expense	-	3,534	1,282	10,394	62,723	7,758	85,691
Disposal	-	-	(313)	(180)	(14,600)	-	(15,093)
Net exchange differences	-	-	-	103	126	76	305
Balance as of December 31, 2022	-	7,363	8,625	72,082	290,093	28,790	406,953
Net amount as of December 31, 2022	$ 75,144	$ 169,346	$ 3,572	$ 73,440	$ 93,690	$ 26,484	$ 441,676

The property, plant and equipment of the Group had no material impairment loss in 2023 and 2022.

Except that masks are amortized according to the expected production quantity and based on the expected product life cycle, the other property, plant and equipment of the Group are depreciated on a straight-line basis over the estimated useful lives as follows:

Buildings and structures	50 years
Office equipment	3～5 years
Instruments and equipment	3～15 years
Other equipment	2～10 years

The property, plant and equipment of the Group are not under any setting of pledges.

14. Lease agreements

(I) Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying amount of right-of-use assets		
Buildings	$ 9,780	$ 18,654
Transportation equipment	2,170	4,030
	$ 11,950	$ 22,684

	2023	2022
Addition to right-of-use assets		
Transportation equipment	$ -	$ 5,579
Depreciation expense of right-of-use assets		
Buildings	$ 8,843	$ 8,849
Transportation equipment	1,860	1,549
	$ 10,703	$ 10,398

(II) Lease liabilities

	December 31, 2023	December 31, 2022
Carrying amount of lease liabilities		
Current	$ 8,946	$ 10,799
Non-current	$ 3,470	$ 12,462

Ranges of discount rates for lease liabilities are as follow:

	December 31, 2023	December 31, 2022
Buildings	1.00%～4.59%	1.00%～4.59%
Transportation equipment	0.90%	0.90%

(III) Material eases and terms

The Group leases several buildings and transportation equipment for the use of offices and official business with a lease term of 2~5 years. Upon the termination of the lease period, the Group has no bargain purchase option for leased buildings and transportation equipment.

(IV) Information on other leases

	2023	2022
Expenses relating to short-term leases	$ 2,243	$ 1,259
Low-value asset lease expenses	$ 252	$ 256

	2023	2022
Total cash outflow for leases	($ 13,620)	($ 12,436)

The Group selects several leases which qualify as short-term leases or low-value asset leases.The Group has elected to apply the recognition exemption; therefore, the right-of-use assets and lease liabilities for these leases are not recognized.

15. Intangible Assets

	Patent rights	Computer software	Other intangible assets	Total
Costs				
Balance on January 1, 2023	$ 1,085	$ 80,066	$ 23,605	$ 104,756
Increase in the current year	-	110	8,103	8,213
Disposal in the current year	-	-	(609)	(609)
Net exchange differences	-	(55)	-	(55)
Balance as of December 31, 2023	1,085	80,121	31,099	112,305
Accumulated amortization				
Balance on January 1, 2023	1,085	52,640	17,839	71,564
Amortization expense	-	17,529	2,978	20,507
Disposal in the current year	-	-	(609)	(609)
Net exchange differences	-	(55)	-	(55)
Balance as of December 31, 2023	1,085	70,114	20,208	91,407
Net as of December 31, 2023	$ -	$ 10,007	$ 10,891	$ 20,898
Costs				
Balance as of January 1, 2022	$ 978	$ 62,611	$ 20,281	$ 83,870
Increase in the current year	-	17,409	3,324	20,733
Net exchange differences	107	46	-	153
Balance as of December 31, 2022	1,085	80,066	23,605	104,756
Accumulated amortization				
Balance as of January 1, 2022	978	36,883	15,763	53,624
Amortization expense	-	15,720	2,076	17,796
Net exchange differences	107	37	-	144

Balance as of December 31, 2022	1,085	52,640	17,839	71,564
Net amount as of December 31, 2022	$ -	$ 27,426	$ 5,766	$ 33,192

The intangible assets of the Group had no material impairment loss in 2023 and 2022.

The Group's intangible assets use the straight-line basis over the following estimated useful lives for amortization expense:

Patent rights	15 years
Computer software	1～10 years
Other intangible assets	3 years

Analysis of amortization expense by function:

	2023	2022
Selling and marketing expenses	$ 110	$ 29
Administrative expenses	389	593
Research and development expenses	20,008	17,174
	$ 20,507	$ 17,796

XVI. Other assets

	December 31, 2023	December 31, 2022
Current		
Refundable deposits	$ 18,921	$ 214,029
Other receivables	$ 328	$ 5,669
Prepayment for purchases	76,294	35,358
Overpaid sales tax	5,116	13,421
Business tax refunds receivable	4,784	10,636
Net definite benefit assets - current (Note 22)	-	10,531
Prepaid expenses	3,702	3,518
	$ 90,224	$ 79,133
Non-current		
Refundable deposits	$ 556,797	$ 411,415
Prepayments for business facilities	$ 1,409	$ 1,409
Prepayments for intangible assets	12,421	7,938
	$ 13,830	$ 9,347

Refundable deposits refer to production capacity reserve guarantee bond and operating lease guarantee bond.

Since the production capacity utilization failed to meet the contract terms in 2022, the parent company recognized a production capacity guarantee loss of NT$18,665 thousand and the estimated impairment loss of NT$97,877 thousand, both were accounted for under operating costs. In addition, the parent company estimated the recovery benefit of impairment loss on refundable deposits of NT$14,980 thousand in 2023 and recognized it under operating costs in accordance with the contract and taking into account the change of market demand and the future production capacity utilization.

XVII. Borrowings

(I) Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured loans		
Credit loans	$ 395,000	$ 78,669

The interest rates of revolving borrowings from banks as of December 31, 2023 and 2022 were 1.70%～2.21% and 1.65%～4.07% respectively.

(II) Long-term borrowings

	December 31, 2023	December 31, 2022
Secured loans		
Bank loans	$ 136,569	$ 33,691
Unsecured loans		
Bank loans	11,682	7,097
Subtotal	148,251	40,788
Less: Amount due in one year	(14,943)	(14,069)
Long-term borrowings	$ 133,308	$ 26,719

Material terms	December 31, 2023	December 31, 2022
(1) Loan period: 2020.8.27~2023.8.25 Bank of borrowing: E. Sun Bank Repayment method: Principal repaid evenly on a monthly basis starting from September 27, 2021. Loan interest rate: - ; 2.425%	$ -	$ 4,729
(2) Loan period: 2020.8.27~2023.8.25 Bank of borrowing: E. Sun Bank Repayment method: Principal repaid evenly on a monthly basis starting from September 27, 2021. Loan interest rate: - ; 2.425%	-	2,024
(3) Loan period: 2021.12.3~2026.12.3 Bank of borrowing: First Commercial Bank Repayment method: Principal repaid evenly on a monthly basis. Loan interest rate: 2.75%; 2.50%	3,682	4,845
(4) Loan period: 2021.12.3~2026.12.3 Bank of borrowing: First Commercial Bank	2,452	3,226

Repayment method: Principal repaid evenly on a monthly basis. Loan interest rate: 2.75%; 2.50%		
(5) Loan period: 2023.9.19~2028.9.19 Bank of borrowing: Union Bank of Taiwan Repayment method: Principal repaid evenly on a monthly basis. Borrowing interest rate: 0.50%, 2.095% since 2024.9.19	22,800	-
(6) Loan period: 2023.9.19~2028.9.19 Bank of borrowing: Union Bank of Taiwan Repayment method: Principal repaid evenly on a monthly basis. Borrowing interest rate: 0.50%, 2.095% since 2024.9.19	5,700	-

Material terms	December 31, 2023	December 31, 2022
(7) Loan period: 2023.12.28~2026.12.28 Bank of borrowing: E. Sun Bank Repayment method: Principal repaid evenly on a monthly basis starting from 2024.12.28 Loan interest rate: 1.900%；-	$ 20,000	$ -
(8) Loan period: 2023.5.29~2028.5.29 Bank of borrowing: Chang Hwa Bank Repayment method: Principal repaid evenly on a monthly basis. Borrowing interest rate: 0.50%, 2.595% since 2024.5.29	5,742	-
(9) Loan period: 2023.6.30~2028.6.30 Bank of borrowing: Chang Hwa Bank Repayment method: Principal repaid evenly on a monthly basis. Borrowing interest rate: 0.50%, 2.595% since 2024.6.30	17,875	-
(10) Loan period: 2023.12.12~2026.12.12 Bank of borrowing: E. Sun Bank Repayment method: Principal and interest repaid evenly on a monthly basis starting from 2024.12.12 Borrowing interest rate: 0.50%, 2.095% since 2024.12.12	35,000	-
(11) Loan period: 2022.1.17~2027.1.17 Bank of borrowing: First Commercial Bank Repayment method: Principal and interest repaid evenly on a monthly basis starting from January 17, 2023 Loan interest rate: 2.00%；-	-	16,000
(12) Loan period: 2022.2.8~2027.2.8 Bank of borrowing: First Commercial Bank Repayment method: Principal and interest repaid evenly on a monthly basis starting from February 8, 2023 Loan interest rate: 2.00%；-	-	4,000
(13) Loan period: 2022.3.15~2027.3.15 Bank of borrowing: First Commercial Bank Repayment method: Principal and interest repaid evenly on a monthly basis starting from March 15, 2023 Loan interest rate: 2.00%；-	-	2,453

(14) Loan period: 2022.4.14~2027.4.14 Bank of borrowing: First Commercial Bank Repayment method: Principal and interest repaid evenly on a monthly basis starting from April 14, 2023 Loan interest rate: 2.00%；-	-	3,511
(15)Loan period: 2023.11.22~2026.11.22 Bank of borrowing: E. Sun Bank Repayment method: Principal and interest repaid evenly on a monthly basis starting from 2024.11.22 Borrowing interest rate: 0.50%, 2.095% since 2024.11.22	35,000	-
Total bank loans	$ 148,251	$ 40,788

The aforementioned secured loans were secured by Small & Medium Enterprise Credit Guarantee Fund of Taiwan and National Development Fund of Executive Yuan.

In 2023, the Group obtained the Ministry of Economic Affairs' low-carbon smart management project loan for some of its long-term borrowings, and the MOEA will subsidize the two-year fixed deposit mobile interest rate of Chunghwa Post for one year. As of December 31, 2023, the actual interest rate borne by the Group is 0.5%

18. Corporate bonds payable

	December 31, 2023	December 31, 2022
Domestic unsecured convertible bonds	$ 30,175	$ 778,025
Less: Amount due in one year	(30,175)	(778,025)
	$ -	$ -

The parent company issued 3-year second domestic unsecured convertible corporate bonds at 101% of the face value of the bond at NT$800,000 thousand on December 27, 2021, coupon rate of 0%, and issued at 101% of the face value of the bond, for a total of NT$808,000 thousand, a maturity date of December 27, 2024.

bondholders may convert the present convertible corporate bonds into common shares of the parent company from the next day (March 28, 2022) of three full months after the maturity date to the maturity date (December 27, 2024), and the conversion price during issuance is NT$289.90. In addition, according to the provisions of the Regulations for Issuance and Conversion of Second Unsecured Convertible Corporate Bonds, for the period from March 28, 2022 to November 17, 2024, if the common stock closing price of the parent company continues to reach 30% (inclusive) of the conversion price for thirty business days or the balance of the outstanding convertible bond is lower than 10% of the total original issuance amount, the parent company may redeem the bond in cash based on the face value of the bond.

The parent company adjusted the subscription price according to the equation specified in the Regulations for Issuance and Conversion of Second Domestic Unsecured Convertible Corporate Bonds in June 2022 and July 2023, and the exercise price was reduced from NT$289.90 per unit to NT$281.90 per unit, and from NT$281.90 per unit to NT$274.80 per unit, in the respective years. No incremental fair value was generated after the modification of the terms and conditions, and they were applied from the ex-dividend date on July 14, 2022 and August 14, 2023, respectively.

For the present convertible corporate bonds uses, December 27, 2023 (the date after two full years from the issuance) is used as the reverse repurchase base date for early reverse repurchase of the present convertible bonds by the bondholders. The bondholders may inform the stock affairs agency institution of the parent company in writing 40 days before such date in order to request the parent company to redeem the present convertible corporate bonds held by the bondholders in cash based on the face value of the bond.

The convertible corporate bonds include the liability and equity components, and the equity component is expressed as capital surplus - subscription right under the equity item. The effective rate for the initial recognition of the liability component is 1.40%; the option derivatives are measured at fair value through profit or loss.

The bondholders had requested to sell back convertible corporate bonds in the face value of NT$762,300 thousand to the parent company before 2023 in accordance with these terms and conditions of the sellback. In addition, the parent company exercised the repurchase for NT$71,000 thousand of convertible corporate bonds between March and October 2023, the book value of the components of the aforementioned transaction liabilities was NT$758,561 thousand and the (redemption) put option of NT$11,744 thousand, the difference from the parent company's redemption price was NT$957 thousand, the parent company recognized as gains on the repurchase of corporate bonds, recognized under the "Other gains and losses" account.

Issue amount (less transaction cost of NT$5,265 thousand)	$ 802,735
Equity component (less transaction cost of NT$231 thousand allocated to equity)	(35,289)
Financial liabilities measured at fair value through profit or loss - redemption (reverse repurchase) options (addition of transaction cost of NT$3 thousand allocated to financial assets)	(397)
Liability component as of issue date	767,049

Interest calculated at effective rate of 1.40%	144
Liability component as of January 1, 2022	767,193
Interest calculated at effective rate of 1.40%	10,832
Liability component as of December 31, 2022	$ 778,025
Liability component as of January 1, 2023	$ 778,025
Repurchase of corporate bonds	(758,561)
Interest calculated at effective rate of 1.40%	10,711
Liability component as of December 31, 2023	$ 30,175

XIX. Accounts payable

	December 31, 2023	December 31, 2022
Accounts payable arising from operation		
Accounts payable	$ 169,665	$ 250,510

For raw materials and products purchased by the Group, starting from the month of acceptance, the 25th day of the current month is the settlement day. The number of days for payment is determined according to the terms agreed by the Group and the suppliers. Presently, the payment terms are net 30~90 days.

XX. Other payables

	December 31, 2023	December 31, 2022
Salary and bonus payables	$ 56,502	$ 53,307
Employee' and directors' remuneration payable	23,647	85,410
Payables on equipment	22,812	58,923
Others	22,992	31,492
	$ 125,953	$ 229,132

XXI. Other Liabilities

	December 31, 2023	December 31, 2022
Current		
Deposits received (1)	$ -	$ 59,025
Sales return and allowance (2)	1,608	2,259
Others	2,087	2,232
	$ 3,695	$ 63,516

(I) Deposits received refers to performance bond collected by the Group for signing contract with sales customers to reserve production capacity.

(II) Sales return and allowance refer to, estimated under historical experiences, judgment of the management and other known reasons for the probable sales returns and allowances, and recognized as the deduction of operating revenue upon products are sold at the current period.

Sales return and allowance

	2023	2022
Balance at beginning of the year	$ 2,259	$ 1,550
Recognized in the current year	1,608	709
Offset in the current year	(2,259)	-
Balance at end of the year	$ 1,608	$ 2,259

XXII. Retirement Benefits Plan

(I) Defined contribution plans

The pension system of the "Labor Pension Act" is applicable to the Group, belonging to the affirmed appropriation of pension plan under the management of the government, and pension is appropriated at the rate of 6% of the monthly salary of employees into the personal dedicated account of the Bureau of Labor Insurance.

(II) Defined benefit plans

The parent company has labor pension system as defined benefit plans under the Labor Standards Act of R.O.C. The payment of the employee pension is made based on an employee's length of service and average monthly salary for the six-month period prior to retirement approved. The parent company contributes an amount equal to 5% of salaries paid each month to the employee respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Upon approval by the Taipei City Government, the labor pension reserve for the remaining balance of NT$10,531 thousand in the Bank of Taiwan was withdrawn on December 28, 2022, and the amount was settled in January 2023. The Funds are operated and managed by the Bureau of Labor Funds, MOL, the parent company does not have any right to intervene in the investments of the Funds.

The amount of defined benefit plans recognized in the parent company only balance sheet is as follows:

	December 31, 2022
Fair value of plan assets	$ 10,531
Present value of defined benefit obligation	-
Net definite benefit assets (recognized under other current assets) (Note 16)	$ 10,531

Changes in net defined benefit assets are as follows:

	Fair value of plan assets	Present value of defined benefit obligation	Net definite benefit assets
Balance as of January 1, 2022	$ 22,841	($ 20,069)	$ 2,772
Service costs			
Repayment gains	-	2,331	2,331
Interest income (expense)	114	(100)	14
Recognized in profit or loss	114	2,231	2,345
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	1,792	-	1,792
Actuarial loss- changes in financial assumptions	-	2,065	2,065
Actuarial gain - experience adjustments	-	1,557	1,557
Recognized in other comprehensive income	1,792	3,622	5,414
Repayment effects	-	14,216	14,216
Repayment payments	(14,216)	-	(14,216)
December 31, 2022	$ 10,531	$ -	$ 10,531

Due to the labor pension system under the "Labor Standards Act" of R.O.C. the parent company is exposed to the following risks:

1. Investment risk: The pension funds are invested in domestic and foreign equity securities, debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds' designated authorities or under the mandated management. However, the distributable amount of plan assets of the parent company shall not be less than the return calculated by the average interest rate on a two-year time deposit published by the local banks.
2. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation. However, the return on the debt investments of the plan assets will increase as well. The two will be partially offset on net defined benefit liabilities.
3. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

XXIII. Equity

(I) Capital

	December 31, 2023	December 31, 2022
Authorized shares (in thousands)	184,000	184,000
Authorized capital	$ 1,840,000	$ 1,840,000
Issued and paid shares (in thousands)	75,062	75,026
Issued capital	$ 750,616	$ 750,263
Share capital collected in advance	$ 124	$ 1,528

A holder of issued common shares with par value of NT$10 per share is entitled to vote and to receive dividends. Among the authorized capital, the 15,000 thousand shares of the share capital was reserved for employee stock options.

The parent company's paid-in capital at the beginning of 2022 was NT$744,500 thousand, and in 2023 and 2022, new shares of NT$1,033 thousand and NT$3,763 thousand were issued, respectively, due to employees' exercise of stock options, and issuance of new restricted employee shares of NT$2,000 thousand were issued in August 2022. Because some employees resigned before the vesting day in 2022 and recovered NT$240 thousand of new restricted employee shares in 2022, and some of the vesting conditions were not met in 2023 for NT$440 thousand of the new restricted employee shares. The parent company cancelled NT$680 thousand of new restricted employee shares in 2023. The paid-in capital as of December 31, 2023 was NT$750,616 thousand.

The parent company has received NT$6,300 thousand for the exercise of employee stock options at the beginning of 2022, which is recognized under the "capital received in advance" and the change registration was completed in March 2022; the parent company has received NT$1,528 thousand for the exercise of employee stock options at the beginning of 2023. In 2023, the amount NT$731 thousand from the exercise of employee stock options had been received. As of December 31, 2023, the change registration for NT$2,135 thousand had been completed, and a balance of NT$124 thousand was recorded in advance on share capital. As of the date of release of the consolidated financial statements, the registration change has not been completed.

For information on the employee stock option program and new restricted employee shares, please refer to Note 28.

(II) Capital surplus

	December 31, 2023	December 31, 2022
May be used for compensating loss, issuance of cash or replenishing share capital (1)		
Additional paid-in capital	$ 46,296	$ 10,192
Premium from convertible bonds	256,238	256,238
Premium from restricted employee stocks	5,405	5,405
Donations	3,088	3,088
Treasury share transaction - and transfer-in amount of repurchased convertible bonds	25,428	25,054
	336,455	299,977
May be used for compensating loss only(2)		
Lapsed stock option	1,173	1,173
Changes in equity net worth of subsidiary	3,928	3,550
	5,101	4,723
Shall not be used for any purpose(3)		
Employee stock options	6,485	7,772
Restricted employee stocks	7,138	8,438
Convertible corporate bonds subscription right	1,350	35,289
	14,973	51,499
	$ 356,529	$ 356,199

1. The capital surplus generated from the share premium, premium from convertible corporate bonds, premium from restricted employee stocks, assets received as gifts, employee stock options, and treasury stock converted from convertible corporate bonds repurchase may be used to offset a deficit. In addition, when the company has no deficit, such capital surplus may be distributed as cash or stock dividends to the paid-in capital. However, stock dividends may not exceed a certain percentage of the paid-in capital.
2. Lapsed stock options, and adjustment of capital surplus of subsidiaries accounted for under equity method of the parent company shall only be used to offset the deficit.

3. The capital surplus generated from the employee stock options, restricted employee shares and convertible corporate bonds subscription right shall not be used for any purpose.

	Additional paid-in capital	Premium from convertible bonds	Treasury share transactions	Lapsed stock option	Employee stock options	New restricted employee shares	Premium from restricted employee stocks	Changes in equity net worth of subsidiary	Convertible corporate bond equity component	Receipt of gifts
Balance as of January 1, 2022	$ 38,279	$ 256,238	$ 1,623	$ 1,173	$ 11,384	$ 4,587	$ -	$ 212	$ 35,289	$ 3,088
Share-based compensation	-	-	-	-	1,077	-	-	-	-	-
Issuance of new restricted employee shares	-	-	-	-	-	15,944	-	-	-	-
Adjustment of new restricted employee shares	-	-	-	-	-	(7,506)	-	-	-	-
Exercise of employee stock options	8,913	-	-	-	(4,689)	-	-	-	-	-
Treasury shares transferred to employees	-	-	23,431	-	-	-	-	-	-	-
Vested new restricted employee shares	-	-	-	-	-	(4,587)	5,405	-	-	-
Distribution of cash dividends by capital surplus	(37,000)	-	-	-	-	-	-	-	-	-
Failure of cash capital increase according to the shareholding percentage	-	-	-	-	-	-	-	2,759	-	-
Adjustment of capital surplus of subsidiaries		-	-	-	-	-	-	579	-	-
Balance as of December 31, 2022	10,192	256,238	25,054	1,173	7,772	8,438	5,405	3,550	35,289	3,088
Adjustment of new restricted employee shares	-	-	-	-	-	(1,740)	-	-	-	-
Cancellation of new restricted employee shares	-	-	-	-	-	440	-	-	-	-
Exercise of employee stock options	2,389	-	-	-	(1,287)	-	-	-	-	-
Repurchase of convertible corporate bonds	-	-	374	-	-	-	-	-	(313)	-
Convertible bond holder's exercise of sell-back right	33,626	-	-	-	-	-	-	-	(33,626)	-
Adjustment of capital surplus of subsidiaries	-	-	-	-	-	-	-	378	-	-
Others (Note 1)	89	-	-	-	-	-	-	-	-	-
Balance as of December 31, 2023	$ 46,296	$ 256,238	$ 25,428	$ 1,173	$ 6,485	$ 7,138	$ 5,405	$ 3,928	$ 1,350	$ 3,088

Note 1: An employee of the Company resigns during the period of the stock trust, and the Employee Stock Trust Management Committee sells the shares held in trust to a third party in accordance with the trust agreement. The Company recovered the remaining NT$89 thousand of the disposal proceeds deducting the amount to be returned to employees in 2023, which was deemed to be the Company's

recovered shares and then re-issued, and credited to equity under capital reserves - premium of share issuance.

(III) Retained earnings and dividend policy

According to the earnings distribution policy of the Articles of Incorporation of the parent company, when allocating earnings, the company shall pay the tax, offset its losses, set aside its legal capital reserve at ten percent of the retained earnings, and then set aside or reverse special capital reserve in accordance with relevant laws or regulations; if here are earnings left, along with accumulated unappropriated surplus, the board of directors shall propose the surplus earning distribution for shareholders' meeting to determine the allocation of dividends and bonus. For the policy on the distribution of employees' and directors' remuneration specified in the Articles of Incorporation of the parent company, please refer to Note 25 (7) Employees' and Directors' Remuneration.

The parent company is currently under the corporate growth stage, and there will be plans for expansion of business and personnel as well as capital needs in the future years. The distribution of shareholders' dividends and employees' bonuses in the future may be made in the form cash or shares, and the cash dividends shall not be less than 10% of the total dividends. However, when the amount distributed per share for the cash dividends is less NT$0.5, the full amount of distribution may be changed to share dividends. For the ratio of the aforementioned distribution of earnings and the ratio of share and cash dividends, the parent company may determine based on the actual profit and capital status and may also consider the capital budget of previous year for planning, which may be adjusted according to the resolution of the shareholders' meeting.

Legal reserve shall be set aside until its balance equals the full amount of the paid-in capital. Legal reserve may be used to offset a deficit. When the Company has no deficit, the portion in excess of 25% of the paid-in capital may be used to distributed as dividends in stocks or cash.

For the appropriation of the net accumulated deduction amount of other equity of the previous period as special reserves, the parent company shall only count the undistributed earnings of the previous period to make the appropriation.

On May 12, 2022, the shareholders' meeting of the parent company approved through resolution to amend the Articles of Incorporation, and defined that for the appropriation of the net accumulated deduction amount of other equity of the previous period as special reserves, the net income after tax of the current period plus the items other than the net income after tax shall be counted for the amount of undistributed earnings of the current period in order to make the appropriation in case where the undistributed earnings of the previous period is insufficient. Before the amendment of the Articles of Incorporation, the parent company appropriated such amount from the undistributed earnings of the previous period according to the laws.

The 2022 and 2021 proposal for distribution of earnings had been approved through resolutions of the shareholders' meetings of the parent company respectively held on May 18, 2023 and May 12, 2022 as follows:

	Distribution of earnings	
	2022	2021
Statutory reserves	$ 52,075	$ 67,565
Special reserves	$ 24,750	($ 8,898)
Cash dividends	$ 200,000	$ 258,000
Cash dividend per share (NT$)	$ 2.67	$ 3.50

In addition, on May 12, 2022, the shareholders' meeting of the parent company approved through resolution to distribute NT$37,000 thousand in cash by capital surplus, and the amount distributed per share was NT$0.50.

(IV) Special reserves

	2023	2022
Balance at beginning of the year	$ -	$ 8,898
Provision of special reserve	24,750	8,898
Reversal of special reserve		
Other equity deduction reversed	-	(8,898)
Balance at end of the year	$ 24,750	$ -

(V) Other equity

1. Exchange differences on translation of the financial statements of foreign operations

	2023	2022
Balance at beginning of the year	($ 6,839)	($ 7,952)
Exchange differences arising from the translation of net assets of foreign operations	(1,003)	1,391
Income tax related to gain from the translation of	200	(278)

net assets of foreign operations		
Balance at end of the year	($ 7,642)	($ 6,839)

The exchange difference related to the net assets of foreign operations translated from its functional currency to the presentation currency (i.e. New Taiwan Dollars) of the parent company is directly recognized as the difference in exchange from the conversion of financial statements of overseas operating entities under the item of other comprehensive income.

2. Unrealized gain or loss on financial assets measured at fair value through other comprehensive income

	2023	2022
Balance at beginning of the year	($ 9,571)	$ 10,590
Current unrealized profit or loss		
Equity instruments	5,880	(20,161)
Balance at end of the year	($ 3,691)	($ 9,571)

3. Unearned compensation of employees

	2023	2022
Balance at beginning of the year	($ 8,340)	($ 677)
Issuance of new restricted employee shares in the current period	-	(16,590)
Basis expense for share recognition	1,894	1,852
Adjustment of remuneration cost estimate	1,623	7,075
Balance at end of the year	($ 4,823)	($ 8,340)

(VI) Treasury shares

The relevant information on the treasury shares held by the parent company is as follows:

Unit: In thousand shares

Reason of recovering shares	Transfer shares to employees

Number of shares as of January 1, 2022	1,063
Decrease in current period	(939)
Number of shares as of December 31, 2022	124
Number of shares on January 1, 2023	124
Number of shares as of December 31, 2023	124

In addition, on August 20, 2020, the board of directors of the parent company approved the fourth repurchase of treasury for transfer to employees, and a total of 1,063 thousand shares were repurchased in 2020, with the repurchase amount of NT$30,382 thousand. The parent company transferred 939,000 shares to employees at NT$28.6 per share on December 19, 2022, which was deemed as the grant date. The net amount of disposal proceeds after deduction of necessary costs was NT$26,775 thousand. Please refer to Note 28 for related illustrations.

(VII) Non-controlling interests

	2023	2022
Balance at beginning of the year	$ 13,598	$ 42,849
Current net profit (loss)	16,019	(36,722)
Failure of cash capital increase according to the shareholding percentage in Ultra Capteur	-	7,441
Adjustment in change of capital surplus of subsidiaries	24	30
Balance at end of the year	$ 29,641	$ 13,598

XXIV. Revenue

	2023	2022
Revenue from contracts with customers		
Sales revenue	$ 1,736,867	$ 2,468,223
Labor service revenue - design service	116,016	47,908
	$ 1,852,883	$ 2,516,131

Contract balance

	December 31, 2023	December 31, 2022
Accounts receivable (Note 10)	$ 217,455	$ 187,392
Contract liabilities - current		

Product sales	$ 25,363	$ 112,793
Design service	-	681
	$ 25,363	$ 113,474

The change of the contract assets and liabilities was mainly due to the difference between the time when the contract performance was satisfied and the time when the customer payment was made

The amounts of current revenue recognized for the contract liabilities at the beginning of the year and the contract obligations already satisfied in the last period were as follows:

	2023	2022
Contract liability at the beginning of the year recognized as revenue in current period		
Sale of goods	$ 87,963	$ 69,610
Design service	681	870
	$ 88,644	$ 70,480

25. Net income

(I) Net other income and expenses

	2023	2022
Net loss from disposal of property, plant, and equipment	($ 312)	($ 181)

(II) Depreciation and amortization expense

	2023	2022
An analysis of depreciation by function		
Operating cost	$ 23,578	$ 35,610
Operating expenses	57,802	60,479
	$ 81,380	$ 96,089
An analysis of amortization by function		
Operating expenses	$ 20,507	$ 17,796

(III) Net miscellaneous income

	2023	2022
Dividend income (Note 8)	$ 1,493	$ 1,458
Compensation income	1,079	1,432
Rental income	672	894

Income from government grants (Note 29)	146	2,558
Gain from pension (Note 22)	-	2,345
Others	2,266	1,630
	$ 5,656	$ 10,317

(IV) Other gains and losses

	2023	2022
Gain (loss) on financial assets at fair value through profit or loss	$ 2,979	($ 10,940)
Gains on repurchase of corporate bonds	957	-
Other expenses	-	(204)
	$ 3,936	($ 11,144)

(V) Finance costs

	2023	2022
Interest for convertible corporate bonds	$ 10,711	$ 10,832
Interest for band borrowings	3,238	2,590
Interest for lease liabilities	319	490
	$ 14,268	$ 13,912

(VI) Employee benefit expenses

	2023	2022
Salary expense	$ 317,591	$ 385,193
Post-retirement benefit (Note 22)		
Defined contribution plans	16,827	15,956
Share-based payments (Note 28)		
Equity settlement	2,296	27,032
Labor and health insurance expenses	24,728	23,462
Remuneration of directors	2,972	5,677
Other employee benefits	12,973	14,452
Total employee benefit expenses	$ 377,387	$ 471,772
An analysis by function		
Operating expenses	$ 366,919	$ 466,050
Operating cost	10,468	5,722
	$ 377,387	$ 471,772

(VII) Employees' and directors' remuneration

The parent company accrued remuneration of employees and directors at the rates of 5%~18% and no higher than 5%, respectively, of net profit before income tax, remuneration of employees and directors. The estimates of the employees' and directors' remuneration for 2023 and 2022 according to the aforementioned Articles of Incorporation are as follows:

Estimated Rate

	2023	2022
Remuneration of employees	6.08%	7.40%
Remuneration of directors	2.00%	0.68%

Amount

	2023	2022
Remuneration of employees	$ 6,118	$ 51,334
Remuneration of directors	2,012	4,717

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

There is no difference between the actual distribution amount of the 2022 and 2021 remunerations of employees and directors and the amount recognized in the 2022 and 2021 consolidated financial statements.

Information on the employees' and directors' remuneration resolved by the board of directors of the parent company is available at the Market Observation Post System (MOPS) website of the Taiwan Stock Exchange (TWSE).

(VIII) Foreign exchange (loss) gain

	2023	2022
Total foreign exchange gain	$ 63,246	$ 231,247
Total foreign exchange loss	(54,907)	(90,955)
Net income	$ 8,339	$ 140,292

XXVI. Income tax

(I) Main components of income tax expense recognized in profit or loss

	2023	2022
Current tax		
Generated in the current year	$ 29,347	$ 126,683
Additional income tax levied at undistributed earnings	6,913	13,734

Adjustment on prior years	4,682	(7,834)
	40,942	132,583
Deferred income tax		
Generated in the current year	(27,072)	(36,165)
Adjustment on prior years	927	388
	(26,145)	(35,777)
Income tax expense recognized in profit or loss	$ 14,797	$ 96,806

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

	2023	2022
Income before tax from continuing operations	$ 114,985	$ 577,370
Income tax expense calculated at the statutory rate	$ 22,997	$ 115,474
Income with tax exemption	(952)	(642)
Additional income tax levied at undistributed earnings	6,913	13,734
Non-deductible (recognized) expenses for tax purposes	(7,038)	19,612
Unrecognized deductible temporary differences	1,334	(11,577)
Current investment tax credit used	(13,787)	(34,140)
Current adjustments for income tax expense of previous year	5,609	(7,446)
Gain from surplus of taxable plan assets	-	2,106
Effect of exchange rate changes applicable to the consolidated entities	(279)	(315)
Income tax expense recognized in profit or loss	$ 14,797	$ 96,806

(II) Income tax recognized in other comprehensive income

	2023	2022
Deferred income tax		
Generated in the current year		
- Translation of foreign operations	$ 200	$ 278
- Remeasurements of defined benefit plans	-	1,949
Income tax recognized in other comprehensive income	$ 200	$ 2,227

(III) Current income tax assets and liabilities

	December 31, 2023	December 31, 2022
Current income tax assets		
Tax Refund Receivable	$ 92	$ 31
Current income tax liabilities		
Income taxes payable	$ 50,669	$ 71,570

(IV) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities were as follows:

2023

	Balance at beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Balance at end of the year
Deferred income tax assets				
Temporary differences				
Investment loss	$ 98,602	$ 3,333	$ -	$ 101,935
Unrealized inventory valuation loss	19,532	34,620	-	54,152
Cumulative translation difference of overseas investees accounted for under equity method	473	-	200	673
Unrealized impairment loss on refundable deposits	23,308	(2,996)	-	20,312
Others	4,762	(247)	-	4,515
	146,677	34,710	200	181,587
Loss carryforwards	53,074	(8,835)	-	44,239
	$ 199,751	$ 25,875	$ 200	$ 225,826
Deferred income tax liabilities				
Temporary differences				
Unrealized exchange gains	($ 11,302)	$ 270	$ -	($ 11,032)

2022

	Balance at beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Balance at end of the year
Deferred income tax assets				
Temporary differences				
Investment loss	$ 93,909	$ 4,693	$ -	$ 98,602
Unrealized inventory valuation loss	12,565	6,967	-	19,532
Cumulative translation difference of	751	-	(278)	473

overseas investees accounted for under equity method				
Unrealized impairment loss on refundable deposits	-	23,308	-	23,308
Others	8,392	(1,681)	(1,949)	4,762
	115,617	33,287	(2,227)	146,677
Loss carryforwards	39,282	13,792	-	53,074
	$ 154,899	$ 47,079	($ 2,227)	$ 199,751
Deferred income tax liabilities				
Temporary differences				
Unrealized exchange gains	$ -	($ 11,302)	$ -	($ 11,302)

(V) Amount of unused loss carryforwards and unused investment tax credit of deferred income tax assets not recognized in the consolidated balance sheet

	December 31, 2023	December 31, 2022
Loss carryforwards		
Mature in 2026	$ 10,403	$ 8,917
Mature in 2027	18,864	15,720
Mature in 2028	22,187	22,187
Mature in 2029	21,316	21,316
Mature in 2030	17,403	17,403
Mature in 2031	17,916	17,916
Mature in 2032	27,099	27,099
Mature in 2033	53,782	-
	$188,970	$130,558
Investment tax credit		
Research and development expenditures	$ 38,459	$ 27,779

(VI) Relevant information on unused loss carryforwards and investment tax credit

Up to December 31, 2023, relevant information of loss carryforwards is as follows:

Ultra Capteur	Ultradisplay	Total	Last year of loss carryforwards
$ 14,861	$ -	$ 14,861	2026
31,441	-	31,441	2027
44,374	-	44,374	2028
42,632	4,817	47,449	2029
34,806	10,286	45,092	2030
35,832	39,335	75,167	2031
54,197	43,799	97,996	2032
53,782	-	53,782	2033
$ 311,925	$ 98,237	$ 410,162	

Up to December 31, 2023, relevant information of investment tax credit is as follows:

Legal Basis	Deductible item	Undeducted balance amount	Last year of deduction
Article 10 of the Statute for Industrial Innovation	Research and development expenditures	$ 124,063	2024

(VII) Income tax examination

The tax authorities have examined the income tax returns for the profit-seeking enterprise income tax of the parent company and subsidiaries Ultra Capteur and Ultradisplay up to 2021.

XXVII. Earnings Per Share

	2023	2022
Basic earnings per share	$ 1.13	$ 7.01
Diluted earnings per share	$ 1.12	$ 6.73

Weighted average number of ordinary shares in computation of earnings per share

Net income

	2023	2022
Net profit attributed to the owners of the parent company	$ 84,169	$ 517,286
Earnings used in the computation of basic earnings per share	$ 84,169	$ 517,286
Effect of potentially dilutive ordinary shares:		
Post-tax interest for convertible corporate bonds	-	8,666
Earnings used in the computation of diluted earnings per share	$ 84,169	$ 525,952

Number of shares

Unit: In thousand shares

	2023	2022
Weighted average number of ordinary shares in computation of basic earnings per share	74,797	73,765
Effect of potentially dilutive ordinary shares:		
New restricted employee shares	111	397

Employee stock options	424	531
Remuneration of employees	129	712
Convertible Corporate Bonds	-	2,760
Weighted average number of ordinary shares in computation of diluted earnings per share	75,461	78,165

Since the Group offered to settle compensation paid to employees in cash or shares, the Group assumed the entire amount of the compensation would 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 was 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.

XXVIII. Share-based Payment Arrangements

(I) Employee share option program

Ultra Chip

To attract and retain professional talents demanded by the parent company, on June 6, 2018, the shareholders' meeting of the parent company approved through resolution that 1,000 thousand units of subscription warrants were to be issued, and each unit of subscription warrant was to subscribe one common share of the parent company at a subscription price not less than 70% of the closing price of the common shares on the issue date.

The parent company issued 1,000 thousand units of subscription warrants in October 2019. Each unit can be used to subscribe one thousand common shares with 6-year duration. After 2 years from the issue date, warrant holders can subscribe a percentage of stock options granted.

The parent company adjusted the subscription price according to the equation specified in the Regulations for Issuance and Subscription of Employee Stock Options in June 2022, and the exercise price was reduced from NT$21.29 per unit to NT$20.70 per unit. After the adjustment of the criteria, no additional fair value was generated, and it was applicable starting on the ex-dividend base date of July 14, 2022. The parent company adjusted the subscription price according to the equation specified in the Regulations for Issuance and Subscription of Employee Stock Options in July 2023, and the exercise price was reduced from NT$20.70 per unit to NT$20.20 per unit. After the adjustment of the criteria, no additional fair value was generated, and it was applicable starting on the ex-dividend base date of August 14, 2023.

The parent company did not issue new employee stock options in 2023 and 2022. Relevant information of employee stock options issued is as follows:

	2023		2022	
Employee stock options	Unit	Weighted-average exercise price (NT$)	Unit	Weighted-average exercise price (NT$)
Outstanding shares at beginning of the year	550	$ 20.70	704	$ 21.29
Options exercised in the current year	(36)	20.49	(154)	20.85
Outstanding shares at the end of the year	514	20.20	550	20.70
Options exercisable at the end of the year	514	20.20	550	20.70
Weighted-average remaining contractual life (years)	1.75		2.75	

The relevant compensation cost for employee stock options accounted for under fair value granted by the parent company in 2019 adopts the Black-Scholes option valuation model to estimate the fair value of the stock options on the grant date, and the information on the weighted average of assumptions is as follows:

Share price on grant date	NT$31.70
Exercise price	NT$22.19
Expected volatility	39.25%
Expected duration	4~4.5 years
Risk-free interest rate	0.59%~0.61%

The stock option compensation cost and the capital surplus of the parent company as of 2022 were NT$1,077 thousand.

Ultradisplay

Ultradisplay issued 2,000 thousand units of subscription warrants in May 2020. Each unit can be used to subscribe one common shares with 4-year duration. After 18 months from the issue date, warrant holders can subscribe a percentage of stock options granted.

After the subscription rights are issued, in case of changes in the common shares of Ultradisplay, the subscription exercise price and the number of shares for subscription are adjusted according to the equation specified.

Ultradisplay did not issue new employee stock options in 2023 and 2022. Relevant information of employee stock options issued is as follows:

	2023		2022	
Employee stock options	Unit (thousand)	Weighted-average exercise price (NT$)	Unit (thousand)	Weighted-average exercise price (NT$)
Outstanding shares at beginning of the year	2,000	$ 10.00	2,000	$ 10.00
Options exercised in the current year	-	-	-	-
Outstanding shares at the end of the year	2,000	10.00	2,000	10.00
Options exercisable at the end of the year	2,000	10.00	2,000	10.00
Weighted-average remaining contractual life (years)	0.33		1.33	

The relevant compensation cost for employee stock options accounted for under fair value granted by Ultradisplay in 2020 adopts the Black-Scholes option valuation model to estimate the fair value of the stock options on the grant date, and the information on the weighted average of assumptions is as follows:

Share price on grant date	NT$6.40
Exercise price	NT$10.00
Expected volatility	37.06%
Expected duration	2.25~2.75 years
Risk-free interest rate	0.33%~0.36%

Ultra Capteur

Ultra Capteur issued 750 thousand units of subscription warrants in February 2022. Each unit can be used to subscribe one common shares with 6-year duration. After 1 year from the issue date, warrant holders can subscribe a percentage of stock options granted.

After the subscription rights are issued, in case of changes in the common shares of Ultra Capteur, the subscription exercise price and the number of shares for subscription are adjusted according to the equation specified.

Relevant information of employee stock options of Ultra Capteur issued in 2023 and 2022 is as follows:

	2023		2022	
Employee stock options	Unit (thousand)	Weighted-average exercise price (NT$)	Unit (thousand)	Weighted-average exercise price (NT$)
Outstanding shares at beginning of the year	750	$ 10.00	-	$ 10.00
Options exercised in the current year	-	-	750	-
Outstanding shares at the end of the year	750	10.00	750	10.00
Options exercisable at the end of the year	248	10.00	-	
Weighted-average remaining contractual life (years)	4.13		5.13	

The relevant compensation cost for employee stock options accounted for under fair value granted by Ultra Capteur in 2022 adopts the Black-Scholes option valuation model to estimate the fair value of the stock options on the grant date, and the information on the weighted average of assumptions is as follows:

Share price on grant date	NT$8.29
Exercise price	NT$10.00
Expected volatility	36.83%
Expected duration	3.5~4.5 years
Risk-free interest rate	0.55%～0.61%

The compensation cost recognized by the Group in 2023 and 2022 were NT$402 thousand and NT$609 thousand, which were respectively recognized under capital surplus - employee stock options for NT$378 thousand and NT$579 thousand, and under non-controlling interests for NT$24 thousand and NT$30 thousand.

(II) New restricted employee shares

To attract and retain professional talents demanded by the parent company, the capital increase base date was set as August 28, 2019, at NT$10 per share, 500 thousand shares of new restricted employee shares were to be issued.

The vesting condition for new restricted employee shares is that after subscribing new restricted employee shares, for employees who have been employed for one, two and three years from the base date of capital increase and have achieved the performance required by the parent company, the percentages of shares granted to them are 30%, 30% and 40% respectively, in case where the vesting condition has been satisfied.

The stock option compensation costs recognized for transactions of new restricted employee shares of the parent company as of 2022 were NT$677 thousand. And the unearned compensation of employees was increased by NT$684 thousand in 2021 for the adjustment due to employee resignation rate. As of December 31, 2022, the vesting period of the aforementioned new restricted employee shares has matured. Please refer to Note 23 (2) for the adjustment of capital surplus related to the vested new restricted employee shares.

On August 6, 2021, the parent company's shareholders' meeting resolved to issue 1,000 thousand new restricted employee shares at NTD 10 per share. Subsequently, the board of directors resolved on July 29, 2022 to establish 200 thousand new restricted employee shares. The capital increase base date was August 31, 2022. The aforementioned restricted rights for employees failing to satisfy vesting conditions after new share subscription are as follows:

1. Employees assigned with the new restricted employee shares according to these Regulations, prior to satisfying the vesting conditions, all of such shares shall be submitted to the institution designated by the parent company for custody, and shall also cooperate to complete all procedures and signing of relevant documents.
2. Prior to the vesting condition described in the preceding article are satisfied, the employees' rights are restricted, including but not limited to the following, and except for inheritance arising from death due to occupational accidents, employees shall not sell, pledge, transfer, provide as a gift, set, or make any disposal via other means on the new restricted employee shares subscribed under these Regulations.
3. The rights and obligations (including participation in allotment of shares, dividends, cash capital increase subscription, shareholders' meeting voting rights and election rights, etc.) of the new restricted employee shares during the vesting period are the same as the ones for the common shares issued by the parent company.
4. After the issuance of new restricted employee shares and before the vesting conditions are satisfied, employees shall not request the parent company or

trustee designated by the parent company to return the new restricted employee shares based on any excuse or method.

The vesting condition for new restricted employee shares is that after subscribing new restricted employee shares, for employees who have been employed for one, two, three and four years from the capital increase base date and have achieved the performance required by the parent company, the percentage of shares granted to them is equally 25%, in case where the vesting condition has been satisfied.

For the new restricted employee shares failing to satisfy the vesting conditions, the parent company will buy back such shares at the original issue price and cancel such shares according to the laws. For the status of buy-back and cancellation of shares due to failing to satisfy the vesting conditions (including the vesting period and overall financial performance indicator) in 2023 and 2022, please refer to Note 23(1).

For the aforementioned new restricted employee shares issued as of December 31, 2023, the total amount expensed was NT$7,891 thousand, which was subsequently recognized evenly according to the vesting period. For the period from August 31 to Dec, 31, 2023 and 2022, the compensation cost for the aforementioned recognition of the new restricted employee share transactions of the parent company was NT$1,894 thousand and NT$1,175 thousand. In addition, the unearned compensation of employees was reduced by (NT$1,623 thousand) and (NT$7,075 thousand) respectively for the adjustment due to employee resignation rate. Up to December 31, 2023, the balance of the unearned compensation of employees was NT$4,823 thousand, which was used as the deduction from equity.

(III) Treasury shares transferred to employees

To stimulate and improve cohesion of employees, the board of directors of the parent company reached a resolution on October 28, 2022 for the 2020 fourth buyback of treasury shares for transfer to employees, and a total of 1,063 thousand shares were repurchased in 2020, with the repurchase amount of NT$30,382 thousand. A total of 939 thousand shares were transferred in 2022, and relevant information is as follows:

	2022	
Treasury shares transferred to employees	Unit (thousand)	Weighted-average exercise price (NT$)
Outstanding shares at beginning of the year	-	$ -
Options granted in the current year	939	28.60

Options withdrawn in the current year	-	-
Options exercised in the current year	(939)	$ 28.60
Options expired in the current year	-	-
Outstanding shares at the end of the year	-	-
Options exercisable at the end of the year	-	-
Weight average fair price of stock options granted (NT$)	$ 25.02	

The relevant compensation cost for the transfer of treasury shares to employees accounted for under fair value granted by the parent company on December 19, 2022 adopts the Black-Scholes option valuation model to estimate the fair value of the stock options on the grant date, and the information on the weighted average of assumptions is as follows:

Share price on grant date	NT$53.62
Exercise price	NT$28.60
Expected volatility	62.98%
Expected duration	3 days
Risk-free interest rate	0.86%

The compensation cost recognized for the transfer of treasury shares to employees of the parent company in 2022 was NT$23,494 thousand.

XXIX. Government Grant

Except as disclosed in other notes, the government subsidies obtained by the Group are as follows:

(I) In 2023 and 2022, the Group received the "Small and Medium-Sized Enterprises Health Subsidy" from the Ministry of Labor, which amounted to NT$56 thousand and NT$158 thousand, respectively, and were recorded under other income. Please refer to Note 25 for details.

(II) The Group implemented the stable employment program of the Workforce Development Administration of the Ministry of Labor, and received a government grant of NT$30 thousand in 2023, which is recorded under other income. Please refer to Note 25 for details.

(III) In 2023, the Group applied for and received a subsidy of NT$15 thousand from the government in accordance with the "Guidelines for Subsidy for Employers to Pay for

Wages for the Periods of Pregnancy Checkups, Pregnancy Checkup Accompaniment, and Paternity Leaves," which was recorded under other income. Please refer to Note 25 for details.

(IV) The interest subsidy of NT$45 thousand provided to the Group by the "National Development Fund for Start-Up Relief Financing Plus Program" in 2023 was recorded under other income. Please refer to Note 25 for details.

(V) In 2022, the Group obtained NT$2,400 thousand of government subsidy for smart chip development plan provided by the Ministry of Economic Affairs according to the "MOEA's Guidance Plan for the Innovation Platform for Industrial Upgrading", which has been executed and was recognized under other income. Please refer to Note 25.

XXX. Equity transactions with non-controlling interests

The Group failed to subscribe the cash capital increase equity of Ultra Capteur Co, Ltd., one of its subsidiaries, according to the shareholding percentage in April 2022, and its shareholding percentage fell from 100% to 94.05%.

The Group treated the aforementioned transaction, which did not change its control over the subsidiary, as an equity transaction.

	Ultra Capteur Co, Ltd.
Consideration of payments to non-controlling interests	$ -
The carrying amount of the subsidiary's net assets calculated by changes in relative equity should be transferred out of non-controlling interests	2,759
Equity transaction differences	$ 2,759
Item for adjusting equity transaction differences	
Capital surplus - changes in recognized ownership interest in subsidiaries	$ 2,759

XXXI. Cash flow information

(I) Non-cash transactions

The Group performed the following partial cash transaction investment activities in 2023 and 2022:

	2023	2022

Purchase of property, plant, and equipment with partial cash payment		
Purchase of mask equipment	$ 42,954	$ 117,308
Net change in equipment prepayments	-	(12,109)
Net change in payables on equipment	36,111	(29,358)
Foreign exchange gain or loss	(695)	(35)
Cash payment	$ 78,370	$ 75,806

Purchase of intangible assets with partial cash payment		
Purchase of computer software	$ 8,213	$ 20,733
Net change in prepaid intangible assets	4,483	4,820
Net change in intangible assets payable	4,740	5,461
Net change in long-term payables	-	5,504
Foreign exchange gain or loss	(257)	406
Cash payment	$ 17,179	$ 36,924

(II) Changes in liabilities arising from financing activities

2023

	January 1, 2023	Cash flow	Change in non-cash flow: Exchange rate effects	Change in non-cash flow: New leases	Change in non-cash flow: Interest expenses	Others	December 31, 2023
Short-term borrowings	$ 78,669	$ 316,309	$ 22	$ -	$ -	$ -	$ 395,000
Corporate bonds payable	778,025	(769,287)	-	-	10,711	10,726	30,175
Long term borrowings and long-term borrowings due in one year	40,788	107,463	-	-	-	-	148,251
Deposits received	59,025	(53,326)	(5,699)	-	-	-	-
Lease liabilities	23,261	(10,806)	(39)	-	319	(319)	12,416
	$ 979,768	($ 409,647)	($ 5,716)	$ -	$ 11,030	$ 10,407	$ 585,842

2022

	December 31, 2022	Cash flow	Change in non-cash flow: Exchange rate effects	Change in non-cash flow: New leases	Change in non-cash flow: Interest expenses	Others	December 31, 2022
Short-term borrowings	$ 175,452	($ 97,229)	$ 446	$ -	$ -	$ -	$ 78,669
Corporate bonds payable	767,193	-	-	-	10,832	-	778,025
Long term borrowings and long-term borrowings due in one year	34,760	6,028	-	-	-	-	40,788
Deposits received	158,440	(105,486)	6,071	-	-	-	59,025
Lease liabilities	28,004	(10,431)	109	5,579	490	(490)	23,261
	$ 1,163,849	($ 207,118)	$ 6,626	$ 5,579	$ 11,322	($ 490)	$ 979,768

XXXII. Capital risk management

The Group manages its capital to ensure that all enterprises in the Group are able to maximize shareholders return as a going concern through the optimization of the debt and equity balance. The overall strategy of the Group has not been changed since 1999.

The Group's capital structure consists of equity (i.e., share capital, capital surplus, retained earnings and other equity).

The Group is allowed not to follow other external laws or regulations on capitals.

XXXIII. Financial Instrument

(I) Information on fair value - financial instruments not measured at fair value

December 31, 2023

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities at amortized cost					
- Convertible corporate bonds	$ 30,175	$ -	$ -	$ 30,107	$ 30,107

December 31, 2022

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities at amortized cost					
- Convertible corporate bonds	$ 778,025	$ -	$ -	$ 772,400	$ 772,400

The fair value measurement of the aforementioned Level 3 is determined according to the binary tree convertible bond valuation model.

(II) Information on fair value - financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Equity instruments				
- Listed on TWSE (TPEx) Preferred stock	$ 20,520	$ -	$ -	$ 20,520
- Stocks	-	-	46,591	46,591
- Limited Partnership	-	-	25,103	25,103

	Level 1	Level 2	Level 3	Total
- Private equity	-	-	4,410	4,410
	$ 20,520	$ -	$ 76,104	$ 96,624

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	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Equity instrument investment				
-Domestic Not yet listed on TWSE/TPEx	$ -	$ -	$ 30,137	$ 30,137

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Equity instruments				
- Listed on TWSE (TPEx) Preferred stock	$ 20,680	$ -	$ -	$ 20,680
- Limited Partnership	-	-	12,460	12,460
	$ 20,680	$ -	$ 12,460	$ 33,140
Financial assets at fair value through other comprehensive income				
Equity instrument investment				
-Domestic Not yet listed on TWSE/TPEx	$ -	$ 8,543	$ 15,714	$ 24,257
Financial liabilities measured at fair value through profit or loss				
Derivatives				
- Convertible corporate bond redemption (reverse repurchase) option right	$ -	$ -	$ 10,000	$ 10,000

There was no transfer of fair value measurements between Level 1 and Level 2 for 2023 and 2022.

2. Reconciliation of Level 3 fair value measurements on financial instruments

2023

Financial assets	Financial assets measured at fair value through profit or loss		Financial assets at fair value through other comprehensive income	Total
	Equity instruments	Other instruments	Equity instruments	
Balance at beginning of the year	$ -	$ 12,460	$ 15,714	$ 28,174
Purchase	45,000	13,761	-	58,761
Recognized in profit or loss (other gains and losses)	1,591	3,292	-	4,883
Recognized in other comprehensive income (unrealized gain or loss on financial assets measured at fair value through other comprehensive income)	-	-	5,880	5,880
Transferred to Level 3	-	-	8,543	8,543
Balance at end of the year	$ 46,591	$ 29,513	$ 30,137	$ 106,241

Financial liabilities measured at fair value through profit or loss	Derivatives - convertible corporate bond (redemption) put option
Balance at beginning of the year	$ 10,000
Repurchase of corporate bonds	(11,744)
Recognized in profit or loss (other gains and losses)	1,744
Balance at end of the year	$ -

2022

Financial assets	Financial assets measured at fair value through profit or loss		Financial assets at fair value through other comprehensive income	Total
	Derivatives	Other instruments	Equity instruments	
Balance at beginning of the year	$ 880	$ -	$ 18,653	$ 19,533
Purchase	-	12,000	-	12,000

Recognized in profit or loss (other gains and losses)	(880)	460	-	10,580
Recognized in other comprehensive income (unrealized gain or loss on financial assets measured at fair value through other comprehensive income)	-	-	(2,939)	(2,939)
Balance at end of the year	$ -	$ 12,460	$ 15,714	$ 28,174

Financial liabilities measured at fair value through profit or loss	Derivatives - convertible corporate bond (redemption) put option
Balance at beginning of the year	$ -
Recognized in profit or loss (other gains and losses)	10,000
Balance at end of the year	$ 10,000

3. Valuation techniques and input value used in Level 2 fair value measurement

The equity investment in unlisted shares refers to financial assets with standard terms and conditions, and the fair value is determined and derived from the market price.

4. Valuation techniques and input value used in Level 3 fair value measurement

The convertible corporate bond redemption (reverse repurchase) option right is determined according to the binary tree convertible bond valuation model, and the fair value based on the information of observable share price at the end of the period, risk-free interest rate and risk discount rate.

For the equity investment in unlisted shares, the fair value of the investment subject matter is calculated by the public company comparable method. For the limited partnership and private equity, the fair value of the investment subject matter is calculated by the asset method.

The public company comparable method considers the enterprises of the same or similar business, and the transaction prices of the their shares in the active market, the value multiple implied in such price, and the liquidity reduction, in order to determine the value of the subject company. Significant unobservable inputs refer to the liquidity reduction.

The asset method evaluates the total market value of individual assets and individual liabilities covered by the subject matter, and considers no control right reduction and liquidity reduction, to reflect the overall value of the enterprise or business.

The risk discount rate considers the enterprise of the same or similar business, and its 3-year risk discount rate translated from the long-term credit loan is used as the reference value.

(III) Categories of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets measured at fair value through profit or loss		
Compulsorily measured at fair value through profit or loss	$ 96,624	$ 33,140
Financial assets measured at amortized cost (Note 1)	1,550,081	1,894,718
Financial assets measured at fair value through other comprehensive income - equity instrument	30,137	24,257
Financial liabilities		
Financial assets measured at fair value through profit or loss		
Financial assets measured at fair value profit or loss	-	10,000
Financial assets measured at amortized cost (Note 2)	785,042	1,293,594

Note 1: Balance includes the financial assets measured at amortized cost of cash and cash equivalent, accounts receivable, financial assets measured at amortized cost, other receivables and refundable deposits (including current and non-current amount) under other current assets, etc.

Note 2: Balance includes the financial liabilities at amortized cost of long-term and short-term borrowings, accounts payable, other payables (excluding salary and bonus payables, employee' and directors' remuneration payables, pension payables and business tax payables), long-term borrowings and corporate bond payables due in one year, and deposits received under other current liabilities, etc.

(IV) Financial risk management objectives and policies

The main financial instruments of the Group include accounts receivable, financial assets measured at amortized cost and accounts payable, etc. The Financial Management Department of the Group provides service for each unit by organizing and coordinating the market operation nationally and internationally, supervising and reporting the internal risks by analyzing risk exposure according to the extent and breadth of risk, and managing financial risks associated with the Group's operation. Such risks include market risk (including exchange rate risk, interest rate risk and other price risks), credit risk and liquidity risk.

1. Market risk

The primary financial risks borne by the Group due to the Group’s operating activities refer to the risks of changes in foreign currency exchange rates (see (1) below) and changes in interest rates (see (2) below).

(1) Exchange rate risk

The Group's sales and purchase transactions are denominated in foreign currency, which exposes the Group to foreign currency risk.

Please see Note 38 for the carrying amount of monetary assets and liabilities denominated in non-functional currency at the date of the balance sheet (including currency of non-functional currency valuation offset in the consolidated financial statements).

<u>Sensitivity Analysis</u>

The Group is mainly affected by fluctuations in USD.

The following table describes the Group’s sensitivity analysis when NTD (functional currency) increases or decreases 1% with respect to the relevant foreign currency exchange rate. The rate of 1% is the sensitivity rate used when reporting foreign currency risk internally to the key management and represents the management’s assessment of the reasonably likely change in foreign exchange rate. The sensitivity analysis only includes the foreign currency monetary items circulating at the external, and its translation at the end of year is adjusted based on the exchange rate change of 1%. The scope of the sensitivity analysis includes the bank deposits, accounts receivable, financial assets measured at amortized cost - current and accounts payable, etc. When NTD depreciates by 1% with respect to each relevant foreign currency, its effect on the net income after tax is as follows:

	Effect on USD	
	2023	2022
Gains	$ 10,681	$ 8,415

(2) Interest rate risk

The carrying accounts of financial assets of the Group exposed to interest rate risk at the date of balance sheet are as follows:

	December 31, 2023	December 31, 2022
Fair value interest rate risk		
- Financial assets	$ 183,814	$ 91,786
- Financial liabilities	42,591	801,286
Cash flow interest rate risk		
- Financial assets	572,549	984,177
- Financial liabilities	543,251	119,457

Sensitivity Analysis

The following sensitivity analysis is determined in accordance with interest rate risk of non-derivative instruments at the date of balance sheet. The rate of change is expressed as the increment or decrement by 25 basis points when reporting to the management personnel internally of the Group, which also represents the management's assessment of the reasonable interest rate change.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the 2023 would increase/decrease by NT$ 73 thousand, which was mainly due to the Group's exposure to the bank deposits and bank loan interest rate risks.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the 2022 would increase/decrease by NT$ 2,162 thousand, which was mainly due to the Group's exposure to the bank deposits and bank loan interest rate risks.

(3) Other price risk

The Group is exposed to price risk due to its holding of equity securities investments. These investments are strategic investments, not held for trading. The Group does not actively trade such investments.

Sensitivity Analysis

The following sensitivity analysis is based on the equity price exposure at the balance sheet date.

If the equity price had increased/decreased by 1%, the Group's other comprehensive income before tax for 2023 and 2022 would have increased/decreased by NT$301 thousand and NT$243 thousand, respectively, due to the changes in fair value.

The Group's sensitivity to price decreased in the current period mainly due to the decrease in fair value of the equity instrument investment held.

2. Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. Up to the balance sheet date, the Group’s maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group adopts the policy of engaging in transactions with financial institutions and company organizations with proper reputation only. Accordingly, the Group's credit risk is mainly resulted from its top three main customers of the Group. As of December 31, 2023 and 2022, the aforementioned customers are accounted for 42% and 45% of the total accounts receivable respectively.

3. Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group’s operations and mitigate the effects of fluctuations in cash flows.

The Company maintains sufficient bank deposits and bank financing quota while monitoring the expected and actual cash flows continuously, and also implements maturity combinational cooperation among financial assets and liabilities in order to achieve the objective of management of liquidity risk. As of December 31, 2023 and 2022, the information on the undrawn bank financing quota of the Group is as follows:

	December 31, 2023	December 31, 2022
Bank financing quota		
- Amount unused	$ 376,011	$ 514,774
- Amount used	543,251	119,457
	$ 919,262	$ 634,231

The analysis on the remaining contractual maturity for the non-derivative financial liabilities is performed based on the earliest date on which the Group may be required to pay, and is prepared based on the undiscounted cash flows of financial liabilities (including principle and estimated interest). Accordingly, for the bank loans to which the Group may be requested for immediate repayment are within the earliest period listed in the table below, and the probability of the banks exercising such right is not considered. The analysis of other non-derivative financial liabilities maturity analysis is prepared according to the repayment date agreed.

December 31, 2023

	Pay on demand or Less than 1 month	1~3 months	3 months~1 year	1~5 years
Non-derivative liabilities				
Non-interest bearing liabilities	$ 163,629	$ 43,129	$ 4,843	$ 15
Fixed-rate liabilities	-	-	30,175	-
Floating-rate liabilities	87,076	283,383	42,805	137,745
Lease liabilities	936	1,612	6,540	3,499
	$ 251,641	$ 328,124	$ 84,363	$ 141,259

December 31, 2022

	Pay on demand or Less than 1 month	1~3 months	3 months~1 year	1~5 years
Non-derivative liabilities				
Non-interest bearing liabilities	$ 316,013	$ 70,266	$ 9,808	$ 25
Fixed-rate liabilities	-	-	800,000	-
Floating-rate liabilities	51,124	21,569	20,953	28,922
Lease liabilities	1,228	2,348	9,591	12,635

$ 368,365	$ 94,183	$ 840,352	$ 41,582

XXXIV. Related Party Transactions

Transactions, balances, income and expenses between related parties of the Group have been eliminated completely in consolidation, which are thus not disclosed in this Note. Except for other notes disclosed, transactions between the Group and other related parties are as follows.

(I) Loaning of funds and making of endorsements/guarantees

For the funds and endorsements/guarantees provided by the parent company to related parties, please refer to Table 1 and Table 2 of Note 39.

(II) Remuneration of key management personnel

The total amounts of remuneration of directors and key management personnel in 2023 and 2022 are as follows:

	2023	2022
Short-term employee benefits	$ 30,948	$ 43,381
Share-based payments	-	13,635
Post-retirement benefits	324	324
	$ 31,272	$ 57,340

The remuneration of directors and other key management personnel were determined by the Remuneration Committee in accordance with the individual performance and the market trends.

XXXV. Pledged Assets

In addition to those disclosed in other notes, the assets of the Group listed below are provided for material purchase guarantee and customs guarantee for imported goods:

	December 31, 2023	December 31, 2022
Restricted assets - time deposit (financial assets measured at amortized cost - current)	$ 8,434	$ 23,752

XXXVI. Significant Contingent Liabilities and Unrecognized Commitments

Significant contingent commitments or matters of the Group at the balance sheet date, excluding those disclosed in other notes, are as follows:

(I) Up to December 31, 2023 and 2022, the unrecognized contract commitments for the Group's purchase of computer software are as follows:

	December 31, 2023	December 31, 2022
Purchase of computer software	$ 752	$ 4,919

(II) To ensure stable supply of raw materials, the parent company has signed long-term raw material purchase contracts with numerous suppliers, and deposits are paid according the quantity agreed, which are also returned upon the completion of the contract terms. Please refer to Note 16 for details.

XXXVII. Significant Subsequent Events

On January 24, 2024, the Board of Directors of the subsidiary, Ultra Capteur, resolved to conduct a cash capital increase by NT$70,000 thousand, and the parent company had not increased its investment by NT$68,329 thousand in proportion to its shareholding. As of January 31, 2024, the parent company had its shareholding ratio increased from 94.05% to 95.75% after the completion of the cash capital increase.

XXXVIII. Information on Foreign-currency-denominated Assets And Liabilities

The following information is a summary of the foreign currencies other than the functional currencies of each entity of the Group. The exchange rate disclosed refers to the exchange rate for exchanging such foreign currencies into the functional currencies. The significant assets and liabilities denominated in foreign currencies are as follows:

December 31, 2023

	Foreign Currency	Exchange rate	Carrying amount
Foreign currency assets			
Monetary items			
USD	$ 39,449	30.705 (USD : NTD)	$ 1,211,273
USD	466	7.083 (USD : RMB)	14,302
Foreign currency liabilities			
Monetary items			
USD	5,129	30.705 (USD : NTD)	157,494

December 31, 2022

	Foreign Currency	Exchange rate	Carrying amount
Foreign currency assets			
Monetary items			
USD	$ 38,961	30.710 (USD : NTD)	$ 1,196,505
USD	258	6.965 (USD : RMB)	7,933

Foreign currency liabilities			
Monetary items			
USD	11,818	30.710 (USD : NTD)	362,932

The significant foreign exchange gains or losses (including realized and unrealized) were as follows:

	2023		2022	
Foreign Currency	Exchange rate	Net exchange gains (losses)	Exchange rate	Net exchange gains (losses)
USD	31.155 (USD:NTD)	$ 9,958	29.805 (USD : NTD)	($ 140,248)

XXXIX. Additional Disclosures

(I) Information on Significant Transactions:

1. Loaning funds to others: Table 1.
2. Provision of endorsements/guarantees to others: Table 2.
3. Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliated companies, and the control portion in a joint venture): Table 3.
4. Marketable securities acquired and disposed at costs or prices at least NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4.
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. Others: The business relationship between the parent and the subsidiaries and significant transactions between them: Table 5.

(II) Information on Investees: Table 6.

(III) Information on investments in Mainland China:

1. Information on any investees in mainland China, showing the company name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, 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 7.

2. Significant direct or indirect transactions through a third area with the investee in the Mainland Area, and its prices and terms of payment, unrealized gain or loss are as follows: Table 8.

   (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None.

   (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 8.

   (3) The amount of property transactions and the amount of the resultant gains or losses: None.

   (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.

   (5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.

   (6) Other transactions that have a material effect on the profit or loss for the period or on the financial position: Table 8.

(IV) Information on major shareholders: names, numbers of shares held, and shareholding percentages of shareholders holding 5% or more of equity: There are no shareholders holding 5% or more of equity.

XL. Segment Information

The revenue of the Group mainly comes from the design sales and business of liquid crystal display product driver IC. When the management of the Group makes the operational decisions, decision on the company resource is established mainly based on the overall business performance of the company. Accordingly, the Group is one single important operating segment.

(I) Segment income and operation results

The Group's 2023 and 2022 consolidated operating revenues were resulted from transactions with external customers.

(II) Revenue from main products

The analysis on the revenue from main products of the continuing operation unit of the Group is as follows:

	2023	2022

IC chips	$ 1,852,868	$ 2,516,131

(III) Segment assets and liabilities

	2023	2022
Segment assets		
IC chips	$ 3,363,583	$ 4,153,286
Segment liabilities		
IC chips	$ 972,219	$ 1,670,247

(IV) Information by regions

The main operation regions of the Group refer to Asia and Europe.

The information on the Group's revenue from continuing operation unit by locations of operation, from external customers, is as follows:

	Revenue from external customers	
	2023	2022
Domestic	$ 95,991	$ 247,692
Overseas		
Asia	1,533,064	2,078,984
Europe	116,874	146,934
Others	106,939	42,521
	1,756,877	2,268,439
	$ 1,852,868	$ 2,516,131

(V) Information on major customers

The information of customers accounting for more than 10% of the revenue amount on the 2023 and 2022 income statements of the Group is described in the following:

	2023		2022	
Customer name	Sales amount	Percentage of net sales amount%	Sales amount	Percentage of net sales amount%
Company A	$ 441,635	24	$ 595,790	24
Company B	236,270	11	370,507	15
Company C	187,202	10	240,974	10
Company D	159,672	9	278,098	11

Ultra Chip Inc. and Subsidiaries

Loans of Funds to Others

January 1 to December 31, 2023

Table 1

Unit: NT$ and in thousands of foreign currency

No. (Note 1)	Lending company	Borrowing party	Transaction item	Whether it is a related party	Current period Maximum balance	Balance at the end of the period	Amount actually drawn	Interest rate interval	Nature of loaning	Business transactions Amount	Reason for short-term financing needs	Allowance to be provided Bad debts	Collaterals		For individual entities Limit of capital lending (Note 2)	Nature of Total limit (Note 2)	Remarks
													Name	Value			
0	Parent company	Ultra Capteur Co, Ltd.	Other Receivables from related parties	Yes	$ 50,000	$ 50,000	$ -	-	Need for short-term financing	$ -	Business revolving fund	$ -	None	$ -	$ 236,172	$ 944,689	
0	Parent company	Ultradisplay Inc.	Other Receivables from related parties	Yes	100,000	100,000	-	-	Need for short-term financing	-	Business revolving fund	-	None	-	236,172	944,689	

Note 1: Fill in "0" for the parent company

Note 2: According to the Procedures for Loaning Funds to Others of the parent company, the limit standard is follows:

(1) The maximum total amount of loan fund shall not exceed 40% of the current net worth of the parent company (NT$2,361,723 thousand ×40% = NT$944,689 thousand).

(2) For companies or firms having short-term financing needs, the loan amount to individual company or firm shall not exceed 10% of the current worth of the parent company (NT$2,361,723 thousand ×10% = NT$236,172 thousand).

Ultra Chip Inc. and Subsidiaries

Provision of Endorsements/Guarantees to Others

2023

Table 2

Unit: NT$ thousand

No. (Note 1)	Endorsement/guarantee provider	Company name		For a single enterprise Limit of endorsements/guarantees (Note 3)	Maximum Endorsement Guarantee balance	Ending balance of endorsements/guarantees	Amount actually drawn	Amount of endorsement/guarantee collateralized by properties	Ratio of accumulated endorsement/guarantee to net equity per latest financial statements (%)	Endorsements/guarantees Maximum Amount (Note 3)	Endorsement Guarantee provided by parent company	Endorsement Guarantee provided by subsidiary	Endorsement/guarantee provided to Mainland China
		Company name	Relationship (Note 2)										
0	Parent company	Ultra Capteur Co, Ltd.	(2)	$ 7,288	$ 50,000	$ 20,000	$ 9,915	$ -	0.85	$ 708,517	Y	N	N

Note 1: Fill in "0" for the parent company.

Note 2: There are 7 types of relationships between the endorsements/guarantees provider and the endorsed/guaranteed party, please indicate the type of relationship:

(1) A company having business dealings with the Company.

(2) A company with more than 50% of voting shares directly and indirectly held by the Company.

(3) A company that directly and indirectly holds more than 50% of the voting shares of the Company.

(4) A company with more than 90% of voting shares directly and indirectly held by the Company.

(5) A company requiring mutual guarantee due to contract of projects between operators in the same industry or between joint proprietors according to the contract terms.

(6) A company under joint investment relationship such that all of the contributing shareholders provide endorsements/guarantees according to their shareholding percentages.

(7) Operators in the same industry engage in the sales contract of pre-sale house with performance joint and several guarantee according to the provisions of the Consumer Protection Act.

Note 3: According to the Operating Procedures for Endorsements/guarantees to Others of the parent company, the limit standard is follows:

(1) The maximum total amount of endorsement/guarantee to the external shall not exceed 30% of the current net worth of the parent company (NT$2,361,723 thousand×30% = NT$708,517 thousand).

(2) The maximum total amount of endorsement/guarantee to one single enterprise shall not exceed 20% of the current net worth of the parent company (NT$2,361,723 thousand×20% = NT$472,345 thousand) and the net worth of the guaranteed company (Ultra Capteur of NT$7,288 thousand).

(3) For endorsements/guarantees made due to business relationship, the individual endorsement/guarantee amount shall not exceed the amount of business transactions between both parties in the most recent year.

Ultra Chip Inc. and Subsidiaries

Marketable Securities Held At End Of The Period

2023

Table 3

Unit: Unless otherwise specified, units in NT$ thousand, thousand shares

Holding company name	Marketable securities types and name	Relationship with issuer	Financial statement account	End of year				Remarks
				Shares/Units	Carrying amount	Shareholding percentage	Market value	
Parent company	Stock							
	Beili Biotechnology Investment Co., Ltd.	None	Financial assets measured at fair value through profit or loss - non-current	30,000	$ 31,820	1.50%	$ 31,820	Measured at fair value, Note 2
	Da Jun Venture Capital Co., Ltd.	None	Financial assets measured at fair value through profit or loss - non-current	15,000	14,771	4.00%	14,771	Measured at fair value, Note 2
	Sync-Tech System Corp.	None	Financial assets at fair value through other comprehensive income - non-current	679	21,594	2.31%	21,594	Measured at fair value, Note 2
	INT Tech Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	2,272	8,543	4.92%	8,543	Measured at fair value, Note 2
	Preferred stock							
	Union Bank of Taiwan Type A preferred stock	None	Financial assets measured at fair value through profit or loss - current	400	20,520	0.20%	20,520	Measured at fair value, Note 2
	Limited Partnership							
	Fuyu Private Equity Limited Partnership	None	Financial assets measured at fair value through profit or loss - non-current	-	25,103	3.00%	25,103	Measured at fair value, Note 2
	Private equity							
	SBI & PSMC JV FUND I LP	None	Financial assets measured at fair value through profit or loss - non-current	-	4,410	1.80%	4,410	Measured at fair value, Note 2

Note 1: The securities described in this table refers to shares, bonds, beneficiary certificates and securities derived from the aforementioned items within the scope of IFRS 9 “Financial Instruments”.

Note 2: For those measured at fair value, please indicate the carrying amount balance after the fair value valuation adjustment and deduction of loss allowance in the field of Carrying Amount. For those not measured at fair value, please indicate the carrying amount balance at amortized cost (with deduction of loss) in the field of Carrying Amount.

Note 3: For the information on investments in subsidiaries, please see Table 6 and Table 7 for details.

Ultra Chip Inc. and Subsidiaries

Total Purchases From Or Sales To Related Parties Amounting To At Least NT$100 Million or 20% Of The Paid-in Capital

January 1 to December 31, 2023

Table 4

Unit: Unless otherwise specified, unit in NT$ thousand

Company of purchase (sale)	Transaction party name	Relationship	Transaction Details				Abnormal Transaction and Reason		Notes/Accounts Receivable (Payable)		Remarks
			Purchase (Sale)	Amount	Percentage of total purchase (sale)	Credit period	Unit price	Credit period	Balance	Percentage of total notes, accounts receivable (payable)	
Parent company	Dongguan Ultra Chip	Parent company to subsidiary	(Sale)	($ 130,404)	(9%)	Net 60 days	Price negotiation between both parties	No difference	$ 18,400	9%	Note
Dongguan Ultra Chip	Parent company	Subsidiary to parent company	Purchase	130,404	100%	Net 60 days	Price negotiation between both parties	No difference	(18,400)	(94%)	Note

Note: The amount has been consolidated for offset during preparation of these consolidated financial statements.

Ultra Chip Inc. and Subsidiaries

The business relationship between the parent and the subsidiaries and significant transactions between them

2023

Table 5

Unit: NT$ thousand

No. (Note 1)	Name of transaction party	Transaction party	Relationship with transaction party (Note 2)	Transaction status			
				Item	Amount	Transaction terms	Percentage of consolidated total revenue or ratio of total assets (Note 3)
0	Parent company	Dongguan Ultra Chip	1	Accounts receivable	$ 18,400	Net 60 days	1
0	Parent company	Dongguan Ultra Chip	1	Operating revenue	130,404	According to agreement between both parties	7
0	Parent company	Ultra Capteur	1	Others income and expenses	2,742	According to agreement between both parties	-
0	Parent company	Ultra Capteur	1	Other receivables	2,098	Net 60 days	-
0	Parent company	Ultra Capteur	1	Other income	1,157	Rent and management service fee calculated and collected according to the contract terms	-
0	Parent company	Ultra Capteur	1	Accounts payable	2,113	Net 60 days	-
0	Parent company	Ultra Capteur	1	Purchase	2,696	According to agreement between both parties	-
0	Parent company	Ultradisplay	1	Other receivables	492	According to agreement between both parties	-
0	Parent company	Ultradisplay	1	Deposits received	693	According to agreement between both parties	-
0	Parent company	Ultradisplay	1	Others income and expenses	142	According to agreement between both parties	-
0	Parent company	Ultradisplay	1	Other income	3,955	According to agreement between both parties	-
0	Parent company	Ultradisplay	1	Interest income	541	According to agreement between both parties	-
1	Ultradisplay	Parent company	2	Depreciation - lease	3,186	According to agreement between both parties	-
1	Ultradisplay	Parent company	2	Interest expense - lease	97	According to agreement between both parties	-
2	Jinghong	Dongguan Ultra Chip	3	Operating revenue	7,512	Product development income calculated and collected according to the contract terms	-

Note 1: The business dealing information between the parent company and subsidiary shall be respectively indicated in the numbering column, and the number filling method is as follows:

1. Fill in "0" for the parent company.
2. Subsidiaries are listed in sequential order starting from Arabic number of 1.

Note 2: There are three types of relationship with the transaction counterparty as follows:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: For calculation of transaction amount to total sales or assets, the numerator and denominator are determined by the characteristics of the transaction. If the feature of the transaction belongs to balance sheet items, take the ending balance of the period divided by total assets; if the feature of the transaction belongs to income and expense items, take the accumulated balance during the interim of the period divided by total sales.

Note 4: All amounts have been offset in full during the preparation of the financial statements.

Ultra Chip Inc. and Subsidiaries

Name On Investees, Location And Other Relevant Information

2023

Table 6

Unit: In thousands of foreign currency amount, NT$ thousand, thousand shares, thousand units

Name of Investor	Name of investee	Location	Main business item	Initial investment amount		End of term holding			Investee Profit (loss) of the current period (Note 1)	Current investment profit (loss) recognized (Notes 1 and 2)	Remarks
				End of current period	End of last year	Number of shares	Percentage (%)	Carrying amount			
Parent company	JPS	British Virgin Islands	Investment holding company	$ 664,976	$ 652,138	Common shares 1,230,012 Preferred stock 8	100	$ 33,751	($ 16,663)	($ 16,663)	Subsidiaries (Note 5)
Parent company	Ultra Capteur	R.O.C.	Wholesale and manufacturing of electronic parts and components	316,800 (Note 4)	316,800 (Note 4)	Common shares 7,233	94.05	6,854	(70,630)	(66,428)	Subsidiaries (Note 5)
Parent company	Ultradisplay	R.O.C.	Wholesale and manufacturing of electronic parts and components	37,355	37,355	Common shares 7,630	46.928	25,862	38,103	17,651	Subsidiaries (Note 5)
JPS	Ultra Chip HK	Hong Kong	Investment holding company	USD 6,800	USD 6,800	Common shares 6,800	100	USD 882	(USD 349)	(USD 349)	Sub-subsidiary (Note 5)

Note 1: The financial statements of the current period of the company have been audited by the CPAs.

Note 2: It refers to the investment profit or loss recognized for each subsidiary.

Note 3: Please see Table 7 for related information on investees in Mainland China.

Note 4: Ultra Capteur executed capital deduction to cover accumulated loss during November 2021 and July 2023, and the capital cancellation registration of NT$155,534 and NT$94,559 thousand was completed on November 30, 2021 and July 13, 2023. However, since the parent company has not yet collected such investment amount, such amount is not deducted from the initial investment amount at end of the current period for Ultra Capteur.

(Note 5): All amounts have been offset in full during the preparation of the financial statements.

Ultra Chip Inc. and Subsidiaries

Information on investments in Mainland China

2023

Table 7

Unit: In thousands of foreign currency amount, NT$ thousand

I. Information on the investee in Mainland China, including the company name, main business item, paid-in capital, investment method, inward and outward remittance of funds, shareholding percentage, investment income or loss, carrying amount of the investment and repatriations of investment income:

Investee in Mainland China Company name	Main business item	Paid-in capital	Investment method	Outward remittances at the beginning of the period Accumulated investment amount	Outward remittance or repatriation of investment amount at beginning of the current period		End of period outward remittance Accumulated investment amount	Investee Current profit and loss	Ownership percentage of direct or indirect investment of parent company	Recognized in current period recognized (Note 2)	Investment, end of period Book value (Note 2)	Up to current period Repatriated investment income
					Outward remittance	Repatriation						
Jinghong	IC sales and after-sale service	USD 5,400 (Note 3)	Note 1(2)	$ 213,829 (USD 7,000)	$ 12,838 (USD 400)	$ - (USD -)	$ 226,667 (USD 7,400)	($ 5,581) (USD 179)	100 (註 1)	($ 5,581) (USD 179)	$ 19,422 (USD 633)	$ -
Dongguan Ultra Chip	IC research and development, sales and after-sale service	USD 6,700	Note 1(2)	207,810 (USD 6,700)	- (USD -)	- (USD -)	207,810 (USD 6,700)	(10,812) (USD 347)	100 (註 2)	(10,812) (USD 347)	24,277 (USD 791)	-

Note 1: Jinghong Inc. was established based on the investment of JPS invested by the parent company, and its foreign enterprise investment approval certificate issued by Shanghai Municipal People's Government and the business license issued by the Administration for Industry and Commerce of Shanghai City, and Investment Review Committee of MOEA's approval letters of Jing-(89)-Tou-Shen-II-Zi No. 89029030 Letter, (103)-Jing-Shen-II-Zi No. 10300279970, (103)-Jing-Shen-II-Zi No. 10300279980 Letter, (104)-Jing-Shen-II-Zi No. 10400131930 Letter, (106)-Jing-Shen-II-Zi No. 10500348410 and (107)-Jing-Shen-II-Zi. No. 10700288370 have been obtained.

Note 2: Dongguan Ultra Chip was established based on the investment of Ultra Chip HK invested by JPS with the investment by the parent company, and its business license issued by the Administration for Industry and Commerce of Dongguan City, foreign enterprise investment approval certificate issued by Hong Kong Special Administrative Region, and Investment Review Committee of MOEA's approval letters of Jing-(100)-Tou-Shen-II-Zi No. 1000424390 Letter, (102)-Jing-Shen-II-Zi No. 10200368970 Letter, (104)-Jing-Shen-II-Zi No. 10400040890 and (105)-Jing-Shen-II-Zi. No. 10500035920 have been obtained.

Note 3: Jinghong (Shanghai) Inc. executed capital deduction to cover accumulated loss during June 2018, and the capital cancellation registration of USD 2,000 thousand was completed on June 6, 2018. However, since the parent company has not yet collected such investment amount, such amount is not deducted from the accumulated outward remittance of investment amount at end of the current period for Jinghong (Shanghai) Inc.

II. Upper limit on the amount of investment in Mainland China:

Accumulated outward remittance for investment in Mainland China region at end of the period	Investment amount approved by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ 434,477 (USD 14,100)	$ 434,477 (USD 14,100)	$ 1,434,818 (Note 3)

Note 1: The investment types are classified into the following four types, and the types for indication are as follows:

(1) Investment in Mainland China companies via third region fund remittance.

(2) Investment in Mainland China companies through a company invested and established in a third region.

(3) Through investment in an existing company in a third region for further investment in the Mainland China company.

(4) Other methods, example: entrusted investment.

Note 2: The current investment profit or loss recognition basis is the financial statements audited by the CPAs.

Note 3: According to the provision of Paragraph 9 of Article 5 of the “Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China”, the equation for the maximum investment amount of the parent company is NT$2,391,364 thousand ×60% = NT$1,434,818 thousand.

Ultra Chip Inc. and Subsidiaries

Significant direct or indirect transactions through a third area with investee in mainland area, and the prices and terms of payment, unrealized gain or loss and other relevant information

2023

Table 8

Unit: NT$ thousand

Name of the related party	Relationship between the parent company and related party	Transaction type	Amount	Transaction terms			Notes/Accounts Receivable (Payable)		Unrealized (gain) loss
				Price	Payment terms	Comparison with regular transactions	Balance	Percentage (%)	
Dongguan Ultra Chip	The company is an investee 100% owned by the parent company	Sale	$ 130,404	Price negotiation between both parties	Net 60 days	No difference	$ 18,400	9	$ 12,798

Independent Auditors' Report

To the Board of Directors and Shareholders of Ultra Chip Inc.:

Audit Opinion

We have audited the parent company only balance sheet as of December 31, 2023 and 2022 and the parent company only statement of comprehensive income, parent company only statement of changes in equity, parent company only statement of cash flows for January 1 to December 31, 2023 and 2022, and notes to the parent company only financial statements, including a summary of significant accounting policies, of Ultra Chip Inc. (referred to as "the Company").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for January 1 to December 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We have conducted our audits in accordance with the Regulation Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Auditing Standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. The auditors of the firm subject to the independence regulations have maintained independent from the Company in accordance with the Code of Ethics and performance other obligations of such Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the Company for the year 2023. Such matters have been reflected in the entirety of the parent company only financial statements audited and throughout the process of the opinion formation. We do not provide opinions separately for such matters.

Key audit matters for the Company's 2023 parent company only financial statements for the year are stated as follows:

<u>Authenticity of operating revenue from key audit customers</u>

The operating revenue of Ultra Chip, Inc. mainly comes from the design and sale of display driver IC, and the customers (referred to as “key audit customers”) with operating revenue and gross profit margin fluctuations greater than the Company’s overall average level of change who are among the top 10 sales customer groups in 2023, their operating revenues are considered material to the parent company only financial statements. Whether the income actually occurred is the significant risk predefined in the Statements of Auditing Standards. Accordingly, we have listed whether the operating revenue from some of the key audit customers actually occurred as a key audit matter of the current year.

Please refer to Note 4(13) of the parent company only financial statements for detailed accounting policy on the income recognition. Please refer to Note 25 of the parent company only financial statements for relevant disclosure of the operating revenue.

Through understanding of relevant internal control procedures, we have designed relevant internal control audit procedures to cope with such risk, in order to verify and assess whether relevant internal control operations during sales transactions are effective, and we have also obtained the income statements of key audit customers for the whole year from the Company. After checking, adjustment and verification of data integrity, appropriate samples were selected from the statement, and the transaction party’s basic information, credit terms were examined and inquired, orders and shipping documents were randomly inspected, and the payment receipt party and transaction party were verified for consistency, in order to understand whether there has been any abnormality in the transactions. In addition, we have also reviewed whether there has been any subsequent major sales return and allowance, in order to determine whether there is any material misstatement in the income of key audit customers.

Responsibilities of Management Level and Those Charged with Governance for the Parent Company Only Financial Statements

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

In preparing the parent company only financial statements, the responsibilities of the management include 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.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

The purpose of our audit of the parent company only statements is to obtain reasonable assurance on whether the entirety of the parent company only financial statements contain any material misstatement caused by fraud or error, and to issue the audit report. The term of "reasonable assurance" refers to high level of assurance. Nevertheless, the audit performed according to the Auditing Standards cannot guarantee the discovery of material misstatement in the parent company only financial statements. Misstatements can arise from fraud or error. Misstatements 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 the parent company only financial statements.

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

1. Identify and assess the risk of material misstatement of the parent company only financial statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the 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 a necessary understanding of internal control concerning the inspection in order to design appropriate inspection procedures that are appropriate for the time being. The purpose, however, is not to effectively express opinions on the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.
4. According to the audit evidence obtained, evaluate the appropriateness of the continuous operation accounting basis and whether events or circumstances possibly generating material concerns on the continuous operation ability of the Company have significant uncertainty, and provide conclusion thereto. If we conclude that a material uncertainty exists, we are

required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. Nevertheless, future events or circumstances may cause the Company to have no ability for continuous operation.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including relevant notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence for the financial information of individual entities of the Company and provide opinion on the parent company only financial statements. We handle the guidance, supervision and execution of the audit on the Company and are responsible for preparing the opinion for the Company.

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 the governance units with statements that we have complied with relevant matters that may reasonably be thought to bear on our independence, and we have also communicated with the governance units on all relationships and other matters (including relevant protective measures) that may be considered to affect the independence of auditors.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Company's 2023 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare 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.

Deloitte Taiwan

CPA Hai-Yueh Huang	CPA Cheng-Chuan Yu
Securities and Futures Commission Approval Document No. Tai-Cai-Zheng-Liu-Zi No. 0920131587	Securities and Futures Commission Approval Document No. Tai-Cai-Zheng-Liu-Zi No. 0930128050

February 23, 2024

Ultra Chip Inc.

Parent Company Only Balance Sheet

December 31, 2023 and 2022

Unit: NT$ thousand

Code	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6)	$ 496,457	16	$ 772,624	20
1110	Financial assets at fair value through profit or loss - current (Note 7)	20,520	1	20,680	-
1136	Financial assets at amortized cost - current (Note 9)	113,361	4	113,399	3
1170	Accounts receivable (Notes 10 and 25)	197,604	6	139,138	4
1180	Accounts receivable - related party (Notes 10, 25 and 33)	18,400	-	21,647	1
130X	Inventories (Note 11)	866,466	28	1,302,101	34
1478	Refundable deposits - current (Note 17)	18,921	1	214,029	6
1479	Other current assets (Notes 17, 23 and 33)	85,735	3	115,858	3
11XX	Total current assets	1,817,464	59	2,699,476	71
	Non-current assets				
1510	Financial assets at fair value through profit or loss - non-current (Note 7)	76,104	3	12,460	-
1517	Financial assets at fair value through other comprehensive income - non-current (Note 8)	30,137	1	24,257	1
1550	Investments under equity method (Note 12)	66,467	2	118,144	3
1600	Property, plant and equipment (Note 13)	284,537	9	285,941	8
1755	Right-of-use assets (Note 14)	9,662	-	18,310	-
1760	Investment property (Note 15)	69,024	2	70,033	2
1780	Intangible assets (Note 16)	7,806	-	15,002	-
1840	Deferred income tax assets (Note 27)	165,696	5	132,894	4
1920	Refundable deposits - non-current (Note 17)	556,190	18	410,768	11
1990	Other non-current assets (Notes 17 and 23)	12,213	1	2,523	-
15XX	Total non-current assets	1,277,836	41	1,090,332	29
1XXX	Total assets	$ 3,095,300	100	$ 3,789,808	100
Code	**Liabilities and equity**				
	Current liabilities				
2100	Short-term borrowings (Note 18)	$ 300,000	10	$ -	-
2120	Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	10,000	-
2130	Contract liabilities - current (Note 25)	24,551	1	32,223	1
2170	Accounts payable (Notes 20 and 33)	161,628	5	152,001	4
2200	Other payables (Notes 21 and 33)	107,157	3	183,712	5
2230	Current income tax liabilities (Note 27)	50,669	2	71,570	2
2280	Lease liabilities - current (Note 14)	7,237	-	8,673	-
2320	Corporate bonds payable due in one year (Note 19)	30,175	1	778,025	20
2399	Other current liabilities (Notes 22 and 33)	3,030	-	62,741	2
21XX	Total current liabilities	684,447	22	1,298,945	34
25XX	Non-current liabilities				
2540	Long-term borrowings (Note 18)	35,000	1	-	-
2570	Deferred income tax liabilities (Note 27)	11,032	1	11,027	1
2580	Lease liabilities - non-current (Note 14)	2,483	-	9,720	-
2670	Other non-current liabilities (Notes 22 and 33)	615	-	675	-
	Total non-current liabilities	49,130	2	21,422	1
2XXX	Total liabilities	733,577	24	1,320,367	35
	Equity (Notes 24 and 29)				
	Capital				
3110	Common share capital	750,616	24	750,263	20
3140	Share capital collected in advance	124	-	1,528	-
3170	Share capital awaiting retirement	-	-	(240)	-
3100	Total share capital	750,740	24	751,551	20
3200	Capital surplus	356,529	12	356,199	9
	Retained earnings				
3310	Statutory reserves	204,243	6	152,168	4
3320	Special reserves	24,750	1	-	-
3350	Unappropriated earnings	1,045,161	34	1,237,817	33
3300	Total retained earnings	1,274,154	41	1,389,985	37
3400	Other equity	(16,156)	(1)	(24,750)	(1)
3500	Treasury shares	(3,544)	-	(3,544)	-
3XXX	Total equity	2,361,723	76	2,469,441	65
	Total liabilities and equity	$ 3,095,300	100	$ 3,789,808	100

The accompanying notes are an integral part of the parent company only financial statements.

Chairman: Yu-Tung Hsu Managerial Officer: Yu-Tung Hsu Accounting Officer: Sheng-Fang Wang

Ultra Chip Inc.

Parent Company Only Statement of Comprehensive Income

January 1 to December 31, 2023 and 2022

Unit: Expressed in NT$ thousand, except for earnings per share in NT$

Code		2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating revenue (Notes 25 and 33)	$ 1,530,862	100	$ 2,237,814	100
5000	Operating costs (Notes 11, 17, 26 and 33)	1,053,702	69	1,204,797	54
5900	Gross profit	477,160	31	1,033,017	46
5910	Unrealized gain with subsidiaries	(12,188)	-	(14,229)	(1)
5920	Realized gain with subsidiaries	13,738	1	16,687	1
5950	Net operating gross profit realized	478,710	32	1,035,475	46
	Operating expenses (Notes 26 and 33)				
6100	Selling and marketing expenses	50,789	3	47,406	2
6200	Administrative expenses	94,005	6	108,494	5
6300	Research and development expenses	204,468	14	268,098	12
6000	Total operating expenses	349,262	23	423,998	19
6500	Net other income and expenses (Notes 26 and 33)	2,884	-	2,496	-
6900	Operating profit	132,332	9	613,973	27
	Non-operating income and expenses (Notes 26 and 33)				
7100	Interest income	12,424	1	5,435	-
7190	Net miscellaneous income	8,973	-	10,531	-
7020	Other gains and losses	3,936	-	(11,144)	-
7050	Finance costs	(11,079)	(1)	(11,152)	-
7070	Share of loss on equity method of subsidiaries (Note 12)	(65,440)	(4)	(110,403)	(5)
7630	Net foreign exchange gain or loss	11,348	1	140,413	6
7000	Total non-operating incomes and expenses	(39,838)	(3)	23,680	1

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Code		2023 Amount	2023 %	2022 Amount	2022 %
7900	Net income before tax	$ 92,494	6	$ 637,653	28
7950	Income tax expenses (Note 27)	(8,325)	-	(120,367)	(5)
8200	Current net profit	84,169	6	517,286	23
	Other comprehensive income				
	Items not reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit programs (Note 23)	-	-	5,414	-
8316	Unrealized valuation gain or loss on investments in equity instruments at fair value through other comprehensive income	5,880	-	(20,161)	(1)
8349	Income taxes related to the items not re-classified (Note 27)	-	-	(1,949)	-
8310		5,880	-	(16,696)	(1)
	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of the financial statements of foreign operations (Note 24)	(1,003)	-	1,391	-
8399	Income tax related to items may be reclassified into profit or loss (Notes 24 and 27)	200	-	(278)	-
8360		(803)	-	1,113	-
8300	Total Other comprehensive income of the year	5,077	-	(15,583)	(1)
8500	Total comprehensive income (loss) for the year	$ 89,246	6	$ 501,703	22
	Earnings per share (Note 28)				
9710	Basic	$ 1.13		$ 7.01	
9810	Diluted	$ 1.12		$ 6.73	

The accompanying notes are an integral part of the parent company only financial statements.

Chairman: Yu-Tung Hsu Managerial Officer: Yu-Tung Hsu Accounting Officer: Sheng-Fang Wang

Ultra Chip Inc.

Parent Company Only Statement of Changes in Equity

January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

Code		Common share capital	Capital collected in advance	Share capital awaiting retirement	Capital surplus	Retained earnings: Statutory reserves	Retained earnings: Special reserves	Retained earnings: Unappropriated earnings	Other equity: Exchange differences on translation of the financial statements of foreign operations	Other equity: Unrealized valuation gain or loss on investments in debt instruments at fair value through other comprehensive income	Other equity: Unearned compensation of employees	Treasury shares	Total equity
A1	Balance as of January 1, 2022	$ 744,500	$ 6,300	$ -	$ 351,873	$ 84,603	$ 8,898	$ 1,033,733	($ 7,952)	$ 10,590	($ 677)	($ 30,382)	$ 2,201,486
	2021 Appropriation and distribution of retained earnings												
B1	Appropriation of legal reserve	-	-	-	-	67,565	-	(67,565)	-	-	-	-	-
B3	Provision of special reserve	-	-	-	-	-	(8,898)	8,898	-	-	-	-	-
B5	Shareholders' cash dividends	-	-	-	-	-	-	(258,000)	-	-	-	-	(258,000)
C15	Distribution of cash dividends by capital surplus	-	-	-	(37,000)	-	-	-	-	-	-	-	(37,000)
D1	2022 Net profit	-	-	-	-	-	-	517,286	-	-	-	-	517,286
D3	2022 Other comprehensive income (loss) after tax	-	-	-	-	-	-	3,465	1,113	(20,161)	-	-	(15,583)
L3	Treasury shares transferred to employees (Notes 24(6) and 29)	-	-	-	23,431	-	-	-	-	-	-	26,838	50,269
N1	Share-based payment transactions (Notes 24(1), (2) and 29)	5,763	(4,772)	(240)	14,557	-	-	-	-	-	(7,663)	-	7,645
M7	Changes in ownership interest in subsidiaries (Note 12)	-	-	-	2,759	-	-	-	-	-	-	-	2,759
O1	Adjustment of capital surplus of subsidiaries	-	-	-	579	-	-	-	-	-	-	-	579
Z1	Balance as of December 31, 2022	750,263	1,528	(240)	356,199	152,168	-	1,237,817	(6,839)	(9,571)	(8,340)	(3,544)	2,469,441
	2022 Appropriation and distribution of retained earnings												
B1	Appropriation of legal reserve	-	-	-	-	52,075	-	(52,075)	-	-	-	-	-
B3	Provision of special reserve	-	-	-	-	-	24,750	(24,750)	-	-	-	-	-
B5	Shareholders' cash dividends	-	-	-	-	-	-	(200,000)	-	-	-	-	(200,000)
D1	2023 Net profit	-	-	-	-	-	-	84,169	-	-	-	-	84,169
D3	2023 Other comprehensive income (loss) after tax	-	-	-	-	-	-	-	(803)	5,880	-	-	5,077
I1	Repurchase of convertible bonds (Notes 19, 24(1) and (2))	-	-	-	61	-	-	-	-	-	-	-	61
N1	Share-based payment transactions (Notes 24(1), (2) and 29)	1,033	(1,404)	(440)	(198)	-	-	-	-	-	3,517	-	2,508
C17	Changes in other capital reserves (Note 24(2))	-	-	-	89	-	-	-	-	-	-	-	89
O1	Adjustment of capital surplus of subsidiaries	-	-	-	378	-	-	-	-	-	-	-	378
T1	Cancellation of new restricted employee shares (Note 24(1))	(680)	-	680	-	-	-	-	-	-	-	-	-
Z1	Balance as of December 31, 2023	$ 750,616	$ 124	$ -	$ 356,529	$ 204,243	$ 24,750	$ 1,045,161	($ 7,642)	($ 3,691)	($ 4,823)	($ 3,544)	$ 2,361,723

The accompanying notes are an integral part of the parent company only financial statements.

Chairman: Yu-Tung Hsu   Managerial Officer: Yu-Tung Hsu   Accounting Officer: Sheng-Fang Wang

Ultra Chip Inc.
Parent Company Only Statement of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

Code		2023	2022
	Cash flows from operating activities		
A10000	Net income before tax	$ 92,494	$ 637,653
A20010	Income and expense item		
A20100	Depreciation expense	46,081	62,562
A20200	Amortization expense	10,090	10,700
A20400	Net loss (gain) on financial assets at fair value through profit or loss	(2,979)	10,940
A20900	Finance costs	11,079	11,152
A21200	Interest income	(12,424)	(5,435)
A21300	Dividend income	(1,493)	(1,458)
A21900	Compensation costs from share-based payments	1,894	26,423
A22400	Share of loss on equity method of subsidiaries	65,440	110,403
A22500	Net losses on disposal of property, plant and equipment	-	181
A23100	Gains on repurchase of corporate bonds	(957)	-
A23500	Losses (recovery gain) on impairment of refundable deposits	(14,980)	116,542
A23900	Unrealized gain from sale among affiliated companies	12,188	14,229
A24000	Realized gain from sale among affiliated companies	(13,738)	(16,687)
A24100	Net loss (gain) on foreign currency exchange	3,743	(55,069)
A30000	Net changes in operating assets and liabilities		
A31150	Accounts receivable	(63,486)	298,161
A31160	Accounts receivable - related party	2,966	19,612
A31200	Inventories	435,635	(877,013)
A31240	Other current assets	30,143	(57,918)
A31990	Other non-current assets	-	8,186
A32125	Contract liabilities - current	(7,672)	25,825
A32150	Accounts payable	12,286	(207,801)
A32180	Other payables	(56,571)	(10,884)
A32190	Other payables - related party	67	-
A32230	Other current liabilities	(746)	819
A33000	Cash provided by operating activities	549,060	121,123
A33100	Interest received	12,424	5,435
A33200	Dividends received	1,493	1,458

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Code		2023	2022
A33300	Interest paid	($ 368)	($ 320)
A33500	Income taxes paid	(61,823)	(165,668)
AAAA	Net cash inflow (outflow) from operating activities	500,786	(37,972)
	Cash flow from Investing activities		
B00040	Acquisition of financial assets carried at amortized cost	-	(83)
B00050	Disposal of financial assets measured at amortized cost	38	-
B00100	Acquisition of financial assets and liabilities at fair value through profit and loss	(58,761)	(12,000)
B02700	Proceeds from acquisition of property, plant and equipment	(52,026)	(62,752)
B04500	Acquisition of intangible assets proceeds	(15,244)	(14,435)
B03700	Decrease in refundable deposits	59,947	111,416
BBBB	Net cash inflow (outflow) from investing activities	(66,046)	22,146
	Cash flow from financing activities		
C00100	Increase in short-term borrowings	300,000	-
C00200	Decrease in short-term borrowings	-	(83,040)
C01600	Increase in long-term borrowings	35,000	-
C01300	Repurchase of corporate bonds	(769,287)	-
C03100	Decrease in guarantee deposits	(53,326)	(105,096)
C04020	Repaid principal of lease liabilities	(8,673)	(8,388)
C04500	Cash dividends paid	(200,000)	(295,000)
C04600	Issuance of new restricted shares	-	2,000
C04800	Exercise of employee stock options	731	3,215
C05100	Treasury shares sold to employees	-	26,775
C05400	Subsidiary equity acquired (Note 12)	(12,838)	(66,860)
C09900	Others (Note 24(2))	89	-
CCCC	Net cash outflow from financing activities	(708,304)	(526,394)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(2,603)	(928)
EEEE	Decrease in cash and cash equivalent	(276,167)	(543,148)
E00100	Cash and cash equivalents at the beginning of the year	772,624	1,315,772
E00200	Cash and cash equivalents at the end of year	$ 496,457	$ 772,624

The accompanying notes are an integral part of the parent company only financial statements.

Chairman: Yu-Tung Hsu Managerial Officer: Yu-Tung Hsu Accounting Officer: Sheng-Fang Wang

Ultra Chip Inc.

Notes to Parent Company Only Financial Statements

January 1 to December 31, 2023 and 2022

(Unless otherwise specified, amounts are in the unit of NT$ thousand)

I. Company History

The Company was established in August 14, 1999, and its main business is: design and sale of mobile display driver IC products.

The Company's shares were officially listed on Taipei Exchange (TPEx) for trading on March 14, 2014.

The parent company only financial statements were expressed in New Taiwan Dollars, which is the Company's functional currency.

II. Approval Date and Procedure of the Financial Statements

These parent company only financial statements were approved by the Board of Directors on February 23, 2024.

III. Application of New Standards, Amendments and Interpretations

(I) Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The application of the revised IFRSs approved and released by the FSC will not cause major changes to the Company's accounting policies.

(II) 2024 Applicable IFRSs Approved by FSC

New/Revised/Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Lease Liabilities from Sale and Leaseback"	January1, 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 Covered in Contract Terms"	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 New, Revised or Amended Standards and Interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The seller and lessee shall retrospectively apply the amendments to IFRS 16 to the sale and leaseback transactions signed after initial application of IFRS 16.

Note 3: Partial exemption from disclosure requirements upon first application of these amendments.

As of the date the parent company only financial statements were authorized for issue, the Company has assessed the possible impact that the amendment of aforementioned standards and interpretations would have on the Company's parent company only financial position and financial performance, and has determined that there would be no such material impact.

(III) IFRSs already announced by IASB but not yet endorsed and issued into effect by the FSC

New/Revised/Amended 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
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "First time of application of IFRS 17 and IFRS 9 - comparison information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above New, Revised or Amended Standards and Interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: Applicable to annual reporting periods beginning on or after January 1, 2025. When the amendment is applied for the first time, the effect is recognized in the retained earnings on the date of initial application. When the Company uses a non-functional currency as the presentation currency, the effects will be adjusted to the exchange differences on translation of foreign financial statements under equity as of the date of initial application.

As of the date the parent company only financial statements are authorized for issue, the Company continues to assess the impact of the amendment of aforementioned standards and interpretations on the Company's parent company only financial position and financial performance, which will be disclosed after the assessment is completed.

IV. Summary of Significant Accounting Polices

(I) Statement of Compliance

The preparation of the parent company only financial statements is based on the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of Preparation

The parent company only financial statements have been prepared on the historical cost basis expect for financial instruments that are measured at fair values.

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

1. Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
2. Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
3. Level 3 inputs: unobservable inputs for the asset or liability.

In preparing the parent company only financial statements, the equity method is adopted to the investments in subsidiaries or joint ventures. For the purpose of making the current profit and loss, other comprehensive income and equity in the parent company only financial statements identical to those in the Company's owner, several accounting treatment differences under individual and this basis are adjusted into "Investments Accounted for Using Equity Method", "Share of the Profit or Loss of Subsidiaries and Joint Ventures Accounted for Using the Equity Method", "Share of Other Comprehensive Income of Subsidiaries and Joint Ventures Accounted for Using Equity Method" and related items.

(III) Criteria for classifying assets and liabilities into current and non-current

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets that are expected to be realized within twelve months from the balance sheet date; and

3. Cash and cash equivalent (unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the date of balance sheet).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities that are to be settled within 12 months from the balance sheet date; and
3. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

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

(IV) Foreign currencies

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

Foreign currency monetary amount is translated at the closing rate at each date of the balance sheet. Such exchange differences due to settled monetary items or retranslated monetary items are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are translated based on the rates prevailing on the date when the fair value is determined. Exchange differences arising from the translation of non-monetary items are included in profit or loss for the current period, except for exchange differences arising from the translation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income.

Non-monetary items carried at historical cost is reported using the exchange rate at the date of the transaction and will not calculated again.

In preparing the parent company only financial statements, assets and liabilities from foreign operation, including subsidiaries or joint ventures whose location or currency are different from the Company, are translated into the presentation currency, the New Taiwan dollar, at the exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates at the period. The resulting currency translation differences are recognized in other comprehensive income.

(V) Inventories

Inventories include raw materials, work in process, finished products. The calculation of inventories adopts the weighted average method, and inventories are measured at the lower of cost or net realizable value. The lower of cost and net realizable value is based on the individual inventory items. Net realized value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

(VI) Investment in subsidiaries

The Company's investments in the subsidiaries are accounted for using the equity method.

Subsidiaries are entities which the Company holds the control of.

Under the equity method, an investment is initially recognized in the statements of financial positional cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiaries as well as the distribution received. In addition, the Company also recognizes its share in the changes in equities of subsidiaries.

The loss of shares of the subsidiary equals or exceeds the Company's interest in that subsidiary, including the carrying amount of that subsidiary under equity method and other long-term equity as the Company's net investment in that subsidiary, is recognized as loss according to proportion of shareholding.

Unrealized profit and loss from downstream transactions with a subsidiary are eliminated in the parent company only financial statements. Profit and loss from upstream and sidestream transactions between subsidiaries are recognized in the Company's parent company only financial statements only to the extent that interests in the subsidiary are not related to the Company.

(VII) Property, Plant and Equipment

Property, plant and equipment are recognized at costs and subsequently measured at costs of the amount less accumulated depreciation and accumulated impairment losses.

The Company's masks are amortized according to the production quantity based on the expected product life cycle, the rest adopts the straight-line basis for the recognition of depreciation. For each material part, depreciation is recognized independently. The Company reviews the estimated useful lives, residual values and depreciation method at least at the end of each reporting period, and with the effect of any changes in 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.

(VIII) Investment property

Investment property refers to property held for the purpose of earning rents or capital value increase or both. Investment property also includes lands currently held but future purpose not yet determined.

Self-owned investment property is originally measured based on the cost (including transaction cost), and is subsequently measured at costs of the amount less accumulated depreciation and accumulated impairment losses.

On derecognition of investment property, the difference between the net disposal proceeds and the carrying amount of the asset are recognized in profit or loss.

(IX) Intangible Assets

1. Independent acquisition

Intangible assets separately acquired with finite useful lives are originally measured with the cost; subsequently, measurement is made based on the amount obtained by deducting the accumulated amortization and accumulated impairment loss from the cost. Intangible assets are amortized using the straight-line basis within the useful life. The Company reviews the estimated useful lives, residual values and amortization method at least at the end of each reporting period, and with the effect of any changes in estimates accounted for on a prospective basis.

2. Derecognition

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

(X) Impairments of Property, Plant and Equipment, Right-of-use Assets, Investment Properties and Intangible Assets

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

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 impairment loss subsequently reverses, the carrying amounts of the asset or cash-generating units are increased to the revised recoverable amounts. However, the increased carrying amounts shall not exceed the carrying amounts of the assets or cash-generating units which were not recognized as impairment loss at the past period (less depreciation or amortization). The reversal of impairment loss is recognized as profit or loss.

(XI) Financial Instrument

Financial assets and financial liabilities are recognized on the balance sheet when the Company becomes a party to the contractual provisions of the instruments.

At initial recognition, the financial assets and liabilities are measured at its fair value. In the case of the financial assets and liabilities not at fair value through profit or loss, transaction costs are directly attributable to the acquisition or issue of financial assets and financial liabilities. 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

Regular way purchase and sale of financial assets are recognized and derecognized using trade date accounting.

(1) Classification of measurement

Financial assets held by the Company are classified to financial assets at fair value through other comprehensive income, financial assets measured at amortized cost and investments in equity instruments measured through other comprehensive income at fair value.

A. Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through income mainly refer to financial assets compulsorily measured at fair value through profit or loss. Financial assets compulsorily measured at fair value through profit or loss include the Company's unspecified equity instrument investment measured at fair value through other comprehensive income.

Financial assets measured at fair value through profit or loss are measured at fair value, and remeasured gains or losses (including any dividends or interests gained from the financial assets) are recognized in profit or loss. For the fair value determination method, please refer to Note 32.

B. Financial assets measured at amortized cost

When the financial assets invested by the Company satisfies the following two criteria at the same time, it is classified as the amortized cost financial assets:

a. Where the financial assets are held under certain business model, and the purpose of such model is to hold the financial assets in order to collect contract cash flows; and
b. Where contract terms generated cash flow of specific date, and such cash flow is completely for the payment of the interest of principle and external circulating principle amount.

After the amortized cost financial assets (including the cash and cash equivalents, financial assets measured at amortized cost, accounts receivable, other receivables and refundable deposits) are recognized originally, effective interest rate is used to determine the total carrying amount with the deduction of any amortized cost of impairment loss. Any currency exchange loss is recognized as profit or loss.

Except for the following two conditions, the interest income is calculated by multiplying the effective interest rate with the financial asset total carrying amount:

a. For purchased or originated credit-impaired financial assets, the interest income is calculated by multiplying the effective interest rate after credit adjustment with the financial asset amortized cost.
b. For non-purchased or originated credit-impaired financial assets but subsequently becoming credit-impaired financial assets, the interest income shall be calculated by multiplying the effective interest rate

from the next reporting period after the credit impairment with the financial asset amortized cost.

Credit losses on financial assets are significant financial difficulty of the issuer or borrower, a breach of contract, it becoming probable that the borrower will enter bankruptcy or other financial reorganization, or the disappearance of an active market for the financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within three 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.

C. Investments in equity instruments measured at fair value through other comprehensive income

On initial recognition, the Company may irrevocably designate investments in equity instruments that is not held for trading and not recognized as contingent consideration as at FVTOCI.

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value. Subsequently the changes in fair value are reported in other comprehensive income and accumulated in other equity. On disposal of investments, the accumulated profit or loss is directly transferred to retained earnings and it is not reclassified to profit or loss.

The dividend from investments in equity instruments measured at fair value through other comprehensive income are recognized in profit or loss upon the Company's right to receive payment is established, except for apparently the dividend representing the recovery of the partial investment cost.

(2) Impairment of financial assets

At the date of each balance sheet, the Company reviews expected credit losses to estimate the impairment loss of financial assets measured at amortized cost.

The loss allowance for accounts receivable is measured at an amount equal to useful lives expected credit losses. Other financial assets shall be evaluated if credit risk increases significantly after recognition. When the credit risk has not increased, a loss allowance is recognized at an amount equal to expected credit loss within 12 months. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from all possible default events over the expected life of a financial instrument.

Expected credit losses are weighted average credit losses with the probability of default events. The 12-month expected credit losses are expected credit losses that result from default events possible within 12 months after the reporting date. Lifetime expected credit losses result from all possible default events over the expected life of the financial instruments.

For the purpose of internal controls on credit risk, without considering the collaterals it holds, the Company determines the following events as a breach of contract:

A. There is internal or outside information prevails that it is not possible the borrower pays off the debt.

B. The overdue exceeds 90 days, unless there is reasonable and evident information prevails the extent of a breach of contract is more appropriate.

All impairment losses on the aforementioned financial assets is decreased its carrying amount through contra accounts.

(3) 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 financial assets 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. During the derecognition of a debt instrument measured at fair value through other comprehensive income in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that have been recognized in other comprehensive income is recognized in profit or loss. On derecognition of Investments in equity instruments measured at fair value through other comprehensive income, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2. Equity instruments

The debts and equity instruments issued by the Company are classified as financial liabilities or equity according to the substance of contract agreements and the definition of financial liabilities and equity instruments.

The equity instruments issued by the Company are recognized based on the amount obtained from the payment amount less the direct issuance cost.

The equity instruments of the Company reacquired are recognized and deducted under the equity item. The equipment instruments of the Company purchased, sold, issued or canceled are not recognized under the profit or loss.

2. Financial liabilities

(1) Follow-up measurement

Financial liabilities are measured at amortized cost using effective interest method; however, the situation where the recognition of interest expense of short-term payables is non-material is excluded.

(2) Derecognition of financial liabilities

On the derecognition of financial liabilities, the difference between their carrying amount and the consideration paid and payable , including any transfer of non-cash assets or liabilities, is recognized as profit or loss.

(XII) Convertible Corporate Bonds

The compound financial instruments (convertible corporate bonds) issued by the Company are classified as financial liabilities or equity according to the substance of contract agreements and the definition of financial liabilities and equity instruments, and its components are classified as financial liabilities and equity during the initial recognition.

During the initial recognition, the fair value of the liability component is estimated similar to nonconvertible instrument based on the market interest rate at that time, and before the execution of conversion or maturity date, it is measured at amortized cost using the effective interest method. The liability component of embedded non-equity derivatives is measured at fair value.

The conversion right classified as equity is equivalent to the remaining balance of the overall fair value of the compound instrument less the fair value of the liability independently determined, and after deducting the effect of income tax, it is recognized as equity, which is not subsequently measured. During the execution of the conversion right, its related liability component and amount of equity are then recognized as share capital and capital surplus - additional paid-in capital. If the conversion right of convertible corporate bonds is not executed by the maturity date, the amount recognized under equity is then recognized as capital surplus - additional paid-in capital.

Related transaction cost for the issuance of convertible corporate bonds is allocated to the liability of the instrument (recognized under the liability carrying amount) and the equity component (recognized under equity) according to the total price allocation ratio.

(XIII) Revenue Recognition

The Company allocates the transaction price to each performance obligation and recognizes the revenue when each of the obligation is satisfied after the customer has identified it.

1. Sales revenue

Income from sales of goods comes from the sale of mobile display driver IC products. Since the clients are eligible for pricing and using the products as well as responsible for reselling and taking the risk of depreciation upon the delivery of mobile display driver IC products according to the transaction terms, the Company shall recognize the revenue and accounts receivable upon the sale.

During the processing without incoming materials, the control on the ownership of the processed products is not yet transferred; therefore, revenue is not recognized for processing without incoming materials.

2. Income from technical service

The income from technical service refers to the income for provision of the design service of mobile display driver IC products.

According to the design service for mobile display driver IC products provided by the Company, relevant income is recognized during the provision of labor. The Company measures the completion progress according to the ratio of the cost incurred over the estimated total cost.

(XIV) Leases

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

For contracts containing lease and non-lease components, the Company allocates the consideration in the contract based on the relative independent price and handles it separately.

1. The Company as the lessor

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

Lease income of operating lease is recognized as an income on a straight-line basis over the lease term.

When the lease contains the elements of land and building at the same time, the Company determines whether nearly all risks and compensations attached to the ownership of each element have been transferred to the lessee, in order to evaluate the classification of each element as financing lease or operating lease. Lease payment is allocated to the land and building according to the relative ratio of the fair value of the land and building lease right on the contract establishment date. If lease payment can be reliably allocated to these two elements, each element is handled according to the applicable lease classification. If lease payment cannot be reliably allocated to these two elements, the entire lease is classified as financing lease. If these two elements clearly satisfy the operating lease standard, the entire lease is classified as operating lease.

2. The Company as the lessee

Except for payments for low-value asset leases and short-term leases applicable to exemption of recognition are recognized as expenses on a straight-line basis, the Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of the lease.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities, lease payments made before commencement date less lease incentives granted, initial direct costs as well as estimated costs to restore the underlying assets. Right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses and adjusted for any remeasurement of the lease liabilities. The right-of-use assets are presented on a separate line in the parent company only balance sheet.

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 (including fixed payments). The lease payments are discounted using the interest rate in a lease if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the incremental borrowing rate.

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

(XV) Employee Benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period.

2. Post-retirement benefits

For defined contribution plans, the amount of contribution payable in respect of service rendered by employees in that period should be recognized as expenses.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the Projected Unit Credit Method. Service cost (including current service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement (including actuarial gains and losses, change to asset limit effects and the return on plan assets after deduction of interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement at later period will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Net defined benefit asset shall not exceed the present value of refunds from the plan or reductions in future contributions to the plan.

(XVI) Share-based Payment Arrangements

The fair value at the grant date of the employee share options recognized as expensed using the straight-line basis over the vesting period, and the capital surplus - employee share options is also adjusted at the same time. It is recognized as an expense in full at the grant date if vesting immediately. The date of confirming employees' subscription number of treasury shares transferred to them by the Company is recognized as the grant date.

The fair value at the grant date of the new restricted employee shares is recognized as expense 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, and the capital surplus - new restricted employee shares (unearned compensation of employees) is also adjusted at the same time. It is recognized as an expense in full at the grant date if vesting immediately.

When the Company issues new restricted employee shares, the other equity (unearned compensation of employees) is recognized on the payment date, and the capital surplus - new restricted employee shares are also adjusted at the same time. When the issuance refers to compensated issuance and refund payment is required during resignation of employees, it shall be recognized as relevant payable. Employees resign during the vesting period are not required to return the dividends collected, and it is recognized as expense during the announcement of issuance dividends, and the retained earnings and capital surplus - new restricted employee shares are adjusted at the same time.

The Company revises the number of employee share options and the new restricted employees shares expected to vest on each balance sheet date. If there is any revision to the original estimates, the effect of such revision is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital surplus - employee share options and capital surplus - new restricted employee shares.

(XVII) Income Tax

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

1. Current tax

The Company has determined the current income (losses) and calculated taxes payable (receivable) in accordance with regulations established by the jurisdiction for income tax.

According to Income Tax Act in Republic of China, an additional income tax levied at undistributed surplus earnings are recognized in the income tax expense in the year of the resolution of the shareholders' meeting.

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

2. Deferred income tax

Deferred income tax is accounted for temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit or loss.

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

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits to realize the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at the date of balance sheet 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 deferred income tax asset to be recovered. The deferred income tax assets originally not recognized is also reviewed at the date of balance sheet and increased to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be recovered.

Deferred income tax liabilities and assets are measured at the tax rates that are expected to apply in the current period in which the liability is settled or the asset is recovered, based on tax rates and laws that have been enacted or substantively enacted by the date of balanced sheet. The measurement of deferred income tax liabilities and assets reflects the tax consequences that arise from the manner in which the Company expects, at the date of balance sheet, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred income tax

Current and deferred income tax 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 income tax are also recognized in other comprehensive income or directly in equity respectively.

V. Significant Accounting Judgments and Major Sources of Estimation Uncertainty

In the application of the Company's accounting policies, the 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 experiences and other factors that are considered relevant. Actual results may differ from these estimates.

When the Company develops significant accounting estimates, the management will continue to review the estimates and basic assumptions.

VI. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	$ 159	$ 160
Check and demand deposit	373,478	711,044
Cash equivalents (time deposits with original maturities within three months from the date of acquisition)	122,820	61,420
	$ 496,457	$ 772,624

The market rate intervals of cash and cash equivalents in banks at the end of the balance sheet date were as follows:

	December 31, 2023	December 31, 2022
Bank deposits	0.001%~1.45%	0.001%~1.05%

Time deposits with original maturities within three months from the date of acquisition	5.00%~5.30%	4.80%

VII. Financial instrument measured at fair value through profit or loss

	December 31, 2023	December 31, 2022
Financial assets-current		
Compulsorily measured at fair value through profit or loss		
Non-derivative financial assets		
Special stocks listed on TWSE(TPEx)	$ 20,520	$ 20,680
Financial liabilities - current		
Holding for transaction		
Derivatives (not under hedge accounting)		
- Convertible corporate bond redemption (reverse) repurchase option right (Note 19)	$ -	$ 10,000
Financial assets - non-current		
Compulsorily measured at fair value through profit or loss		
Non-derivative financial assets		
- Stocks	$ 46,591	$ -
- Limited Partnership	25,103	12,460
- Private equity	4,410	-
	$ 76,104	$ 12,460

VIII. Financial assets at fair value through other comprehensive income

Equity instrument investment

	December 31, 2023	December 31, 2022
Non-current		
Domestic investment		
Non-TWSE(TPex) listed stocks		
Common shares of Sync-Tech System Corp.	$ 21,594	$ 15,714
Common shares of INT Tech Co., Ltd.	8,543	8,543
	$ 30,137	$ 24,257

The Company invests in the common shares of Sync-Tech System Corp. and INT Tech Co., Ltd. in accordance with the long-term strategic objectives and expects to profit from the long-term investments. The management of the Company considers that if the short-term volatility at fair value of such investments recognized in profit or loss is not consistent with the aforementioned long-term investment plan, it will be determined that such investments are measured through other comprehensive income at fair value.

The Company subscribed the common shares of cash capital increase of Sync-Tech System Corp. at TN$3,365 thousand according to the shareholding percentage of 2.65% in March 2021. In addition, Sync-Tech System Corp. issued employee stock options in August 2023, August 2022 and July 2021, such that the shareholding percentage of the Company was reduced to 2.31%.

For information on the securities held as of the end of 2023, please refer to Table 3 of Note 38.

The dividend incomes received by the Company in 2023 and 2022 were NT$1,493 thousand and NT$1,458 thousand respectively.

IX. Financial assets measured at amortized cost

	December 31, 2023	December 31, 2022
Current		
Domestic investment		
Time deposits with original maturities exceeding three months from the date of acquisition	$ 109,835	$ 109,910
Restricted assets - time deposit (I)	3,526	3,489
	$ 113,361	$ 113,399

(I) Restricted assets - time deposit refers to the setting of pledge as the material purchase guarantee and the customs guarantee for imported goods. Please refer to Note 34 for details.

(II) The interest rate interval of financial assets measured at amortized cost is as follows:

	December 31, 2023	December 31, 2022
Time deposits with original maturities exceeding three months from the date of acquisition	1.53%~2.04%	1.405%~1.85%
Restricted assets - time deposit	1.09%	0.84%

X. Accounts receivable and accounts receivable - related party

	December 31, 2023	December 31, 2022
Accounts receivable		
Measured at amortized cost		
Total carrying amount	$ 198,138	$ 139,672
Less: Allowance for bad debt	(534)	(534)
	$ 197,604	$ 139,138
Accounts receivable - related party (Note 33)		
Measured at amortized cost		
Total carrying amount	$ 18,400	$ 21,647

The average credit period for selling products of the Company is 30~120 days. To mitigate credit risk, the management of the Company has designated functional working group responsible for decision on line of credit, credit approval and other supervision to ensure proper action has been taken to collect overdue accounts receivable. In addition, the collectible amount of accounts receivable shall be reviewed individually at the date of balance sheet to ensure the uncollectible accounts receivable has been listed to appropriate impairment loss. According these, the management considers the Company's credit risk has significantly decreased.

The loss allowance for accounts receivable is measured at an amount equal to useful lives expected credit losses. The useful lives expected credit losses are calculated by using the provision matrix, and the customers' default on records and present financial position, economic trends, as well as GDP expectation and industry outlook are considered. The experience on the Company's credit losses presents that types of loss on different customer groups do not bring obvious differences. Accordingly, the provision matrix does not further classify the customer groups, and the rate of expected credit losses is set based on accounts receivable aging.

The loss allowance for accounts receivable and accounts receivable - related party of the Company measured according to the provision matrix is as follows:

December 31, 2023

	Not overdue	Overdue 1～30 days	Overdue 31～60 days	Overdue 61～90 days	Overdue exceeding 90 days	Total
Expected credit loss rate	-	-	-	-	100%	
Total carrying amount	$ 207,329	$ 8,365	$ 844	$ -	$ -	$ 216,538
Loss allowance for loss (lifetime expected credit loss)	-	-	-	-	-	-
Amortized cost	$ 207,329	$ 8,365	$ 844	$ -	$ -	$ 216,538

December 31, 2022

	Not overdue	Overdue 1～30 days	Overdue 31～60 days	Overdue 61～90 days	Overdue exceeding 90 days	Total
Expected credit loss rate	-	-	-	-	100%	
Total carrying amount	$ 153,873	$ 7,446	$ -	$ -	$ -	$ 161,319
Loss allowance for loss (lifetime expected credit loss)	-	-	-	-	-	-
Amortized cost	$ 153,873	$ 7,446	$ -	$ -	$ -	$ 161,319

The changes in allowance loss for accounts receivable were as follows:

	2023	2022
Balance at beginning of the year	$ 534	$ 534
Balance at end of the year	$ 534	$ 534

As of December 31, 2023 and 2022, the loss allowance for expected credit losses of the accounts receivable were both calculated and assessed at NTD 0 thousand. The loss allowance originally listed was NTD 534 thousand, which exceeded the amount of the provision, and the difference amount is not significant, so the loss allowance has not been adjusted.

XI. Inventories

	December 31, 2023	December 31, 2022
Work in progress	$ 766,409	$ 1,081,455
Raw materials	60,041	169,280
Finished products	40,016	51,366
	$ 866,466	$ 1,302,101

Inventory-related sales costs as of 2023 and 2022 were NT$1,048,949 thousand and NT$1,200,214 thousand respectively, and the sales costs include the inventory falling price loss of NT$163,857 thousand and NT$23,905 thousand respectively.

XII. Investments Under Equity Method

	December 31, 2023	December 31, 2022
Investment in subsidiaries	$ 66,467	$ 118,144

Investment in subsidiaries

	December 31, 2023	December 31, 2022
Non-public company		
JPS Group Holdings, Ltd. (B.V.I.)	$ 33,751	$ 37,029
Ultra Capteur Co, Ltd.	6,854	72,904
Ultradisplay Inc.	25,862	8,211

	$ 66,467	$ 118,144

(I) JPS Group Holdings, Ltd. (B.V.I.)was established in the British Virgin Islands in August 1999. The Company mainly invests in subsidiaries in the Mainland China region indirectly via JPS. For Information on Investees as of December 31, 2023, please refer to Tables 5 and 6 of Note 38. JPS Group Holdings, Ltd. (B.V.I.)The main operational risks of JPS Group Holdings, Ltd. (B.V.I.) and its subsidiaries refer to the political risk and exchange rate risk due to change of government policies and cross-strait change.

JPS Group Holdings, Ltd. (B.V.I.)executed cash capital increase of USD 400 thousand and USD 300 thousand (equivalent to NT$12,838 thousand and NT$9,060 thousand) in December 2023 and September 2022 respectively, and up to December 31, 2023, the paid-in capital was USD 12,300 thousand. The Company increased the investment according to the shareholding percentage of 100%, and registrations were also completed.

(II) Ultra Capteur Co, Ltd., established in Taiwan in December 2015, executed a cash capital increase of NT$68,000 thousand in April 2022. The Company did not increase investment of NT$57,800 thousand according to the shareholding percentage, such that its shareholding percentage was reduced from 100% to 94.05%. The difference between the investment cost and the net equity value was recognized as the capital reserve for NT$2,759 thousand. A capital deduction to cover a loss of NT$94,559 thousand was executed in July 2023. Up to December 31, 2023, the paid-in capital of Ultra Capteur Co, Ltd. was NT$76,908 thousand, and investment of the Company was NT$72,334 thousand.

(III) As of the balance sheet date, the ownership equity and voting rights percentage of subsidiaries held by the Company were as follows:

	December 31, 2023	December 31, 2022
JPS Group Holdings, Ltd. (B.V.I.)	100%	100%
Ultra Capteur Co, Ltd.	94.05%	94.05%
Ultradisplay Inc.	46.928%	46.928%

The gain (loss) on subsidiaries accounted for using equity method of the Company in 2023 and 2022 were as follows:

	2023	2022

JPS Group Holdings, Ltd. (B.V.I.)	($ 16,663)	($ 23,463)
Ultra Capteur Co, Ltd.	(66,428)	(56,605)
Ultradisplay Inc.	17,651	(30,335)
	($ 65,440)	($ 110,403)

The share of profit or loss and other comprehensive income of subsidiaries accounted for using the equity method in 2023 and 2022 are in accordance with auditors' reports of subsidiaries as of the same period.

XIII. Property, Plant and Equipment

Used by the Company

	Land	Buildings and structures	Office equipment	Instruments and equipment	Mask	Other equipment	Total
Costs							
Balance on January 1, 2023	$ 53,461	$ 126,257	$ 10,948	$ 55,020	$ 291,335	$ 32,922	$ 569,943
Addition	-	-	1,370	746	32,635	269	35,020
Disposal	-	-	-	-	(19,947)	-	(19,947)
Balance as of December 31, 2023	53,461	126,257	12,318	55,766	304,023	33,191	585,016
Accumulated depreciation							
Balance on January 1, 2023	-	5,261	7,963	33,471	221,458	15,849	284,002
Depreciation expense	-	2,525	1,254	1,847	26,093	4,705	36,424
Disposal	-	-	-	-	(19,947)	-	(19,947)
Balance as of December 31, 2023	-	7,786	9,217	35,318	227,604	20,554	300,479
Net as of December 31, 2023	$ 53,461	$ 118,471	$ 3,101	$ 20,448	$ 76,419	$ 12,637	$ 284,537
Costs							
Balance as of January 1, 2022	$ 53,461	$ 126,257	$ 10,038	$ 55,200	$ 234,733	$ 32,706	$ 512,395
Addition	-	-	1,223	-	70,795	216	72,234
Disposal	-	-	(313)	(180)	(14,193)	-	(14,686)
Balance as of December 31, 2022	53,461	126,257	10,948	55,020	291,335	32,922	569,943
Accumulated depreciation							
Balance as of January 1, 2022	-	2,736	7,178	31,891	192,406	11,081	245,292
Depreciation expense	-	2,525	1,098	1,760	43,064	4,768	53,215
Disposal	-	-	(313)	(180)	(14,012)	-	(14,505)
Balance as of December 31, 2022	-	5,261	7,963	33,471	221,458	15,849	284,002
Net amount as of December 31, 2022	$ 53,461	$ 120,996	$ 2,985	$ 21,549	$ 69,877	$ 17,073	$ 285,941

The property, plant and equipment of the Company had no material impairment loss in 2023 and 2022.

Except that masks are amortized according to the expected production quantity and based on the expected product life cycle, the other property, plant and equipment of the Company are depreciated on a straight-line basis over the estimated useful lives as follows:

Buildings and structures	50 years
Office equipment	3~4 years
Instruments and equipment	3~15 years
Other equipment	5 years

The property, plant and equipment of the Company are not under any setting of pledges.

XIV. Lease Agreements

(I) Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying amount of right-of-use assets		
Buildings	$ 7,492	$ 14,280
Transportation equipment	2,170	4,030
	$ 9,662	$ 18,310

	2023	2022
Addition to right-of-use assets		
Transportation equipment	$ -	$ 5,579
Depreciation expense of right-of-use assets		
Buildings	$ 6,788	$ 6,789
Transportation equipment	1,860	1,549
	$ 8,648	$ 8,338

(II) Lease liabilities

	December 31, 2023	December 31, 2022
Carrying amount of lease liabilities		
Current	$ 7,237	$ 8,673
Non-current	$ 2,483	$ 9,720

Ranges of discount rates for lease liabilities are as follow:

	December 31, 2023	December 31, 2022
Buildings	1.00%～1.55%	1.00%～1.55%
Transportation equipment	0.90%	0.90%

(III) Material eases and terms

The Company leases several buildings and transportation equipment for the use of offices and official business with a lease term of 2~5 years. Upon the termination of the lease period, the Company has no bargain purchase option for leased buildings and transportation equipment.

(IV) Information on other leases

	2023	2022
Expenses relating to short-term leases	$ 220	$ 284
Low-value asset lease expenses	$ 161	$ 161
Total cash outflow for leases	($ 9,197)	($ 9,053)

The Company selects several leases which qualify as short-term leases or low-value asset leases. The Group has elected to apply the recognition exemption; therefore, the right-of-use assets and lease liabilities for these leases are not recognized.

XV. Investment property

	Land	Buildings and structures	Total
Costs			
Balance on January 1, 2023	$ 21,683	$ 50,452	$ 72,135
Balance as of December 31, 2023	21,683	50,452	72,135
Accumulated depreciation			
Balance on January 1, 2023	-	2,102	2,102
Depreciation expense	-	1,009	1,009
Balance as of December 31, 2023	-	3,111	3,111
Net as of December 31, 2023	$ 21,683	$ 47,341	$ 69,024
Costs			
Balance as of January 1, 2022	$ 21,683	$ 50,452	$ 72,135
Balance as of December 31, 2022	21,683	50,452	72,135
Accumulated depreciation			
Balance as of January 1, 2022	-	1,093	1,093
Depreciation expense	-	1,009	1,009
Balance as of December 31, 2022	-	2,102	2,102
Net amount as of December 31, 2022	$ 21,683	$ 48,350	$ 70,033

The lease period for investment property lease is 2 years and 5 months. The lessee has no bargain purchase option on the investment property after the end of the lease period.

The operating lease payments receivable for the lease out of investment property is as follows:

	December 31, 2023	December 31, 2022
1st year	$ 3,689	$ 2,152
2nd year	3,689	-
	$ 7,378	$ 2,152

The Company adopts the general risk management policies to reduce the residual asset risk of the land, house and building leased upon the maturity of the lease period.

Investment properties are depreciated on a straight-line basis over the useful lives as follows:

Buildings and structures	
Main building	50 years

The fair value of the investment property was not evaluated by independent appraiser but had been evaluated by the management of the Company based on currently available lease contracts and market evidences of similar real property transaction prices. The fair value obtained from the valuation is as follows:

	December 31, 2023	December 31, 2022
Fair value	$ 85,871	$ 77,414

XVI. Intangible Assets

	Computer software	Other intangible assets	Total
Costs			
Balance on January 1, 2023	$ 50,416	$ 14,016	$ 64,432
Increase in the current period	-	2,894	2,894
Balance as of December 31, 2023	50,416	16,910	67,326
Accumulated amortization			
Balance on January 1, 2023	40,186	9,244	49,430
Amortization expense	8,952	1,138	10,090
Balance as of December 31, 2023	49,138	10,382	59,520
Net as of December 31, 2023	$ 1,278	$ 6,528	$ 7,806

Costs			
Balance as of January 1, 2022	$ 49,276	$ 11,592	$ 60,868
Increase in current period	1,140	2,424	3,564
Balance as of December 31, 2022	50,416	14,016	64,432

	Computer software	Other intangible assets	Total
Accumulated amortization			
Balance on January 1, 2022	$ 31,182	$ 7,548	$ 38,730
Amortization expense	9,004	1,696	10,700
Balance as of December 31, 2022	40,186	9,244	49,430
Net amount as of December 31, 2022	$ 10,230	$ 4,772	$ 15,002

The intangible assets of the Company had no material impairment loss in 2023 and 2022.

The Company's intangible assets use the straight-line basis over the following useful lives for amortization expense:

Computer software	3 years
Other intangible assets	3 years

Analysis of amortization expense by function:

	2023	2022
Selling and marketing expenses	$ 18	$ 29
Administrative expenses	37	73
Research and development expenses	10,035	10,598
	$ 10,090	$ 10,700

XVII. Other Assets

	December 31, 2023	December 31, 2022
Current		
Refundable deposits	$ 18,921	$ 214,029
Other receivables	$ 72	$ 3,923
Other receivables - related party (Note 33)	2,590	51,274
Prepayment for purchases	76,294	35,336

Net defined benefit assets - current (Note 23)	-	10,531
Overpaid sales tax	328	6,851
Business tax refunds receivable	4,768	5,736
Prepaid expenses	1,683	2,207
	$ 85,735	$ 115,858

	December 31, 2023	December 31, 2022
Non-current		
Refundable deposits	$ 556,190	$ 410,768
Prepayments for intangible assets	$ 12,213	$ 2,523

Refundable deposits refer to production capacity reserve guarantee bond and operating lease guarantee bond.

Since the production capacity utilization failed to meet the contract terms in 2022, the Company recognized a production capacity guarantee loss of NT$18,665 thousand and the estimated impairment loss of NT$97,877 thousand, both were accounted for under operating costs. In addition, in 2023, the Company estimated the recovery benefit of impairment loss on refundable deposits of NT$14,980 thousand and recognized it under operating costs in accordance with the contract and taking into account the change of market demand and the future production capacity utilization.

XVIII. Borrowings

(I) Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured loans		
Credit loans	$ 300,000	$ -

The interest rate range of short-term borrowings as of December 31, 2023 was 1.70% to 1.85%.

(II) Long-term borrowings

	December 31, 2023	December 31, 2022
Unsecured loans		
Bank loans	$ 35,000	$ -
Less: Amount due in one year	-	-
Long-term borrowings	$ 35,000	$ -

The Company obtained the low-carbon smart management project loan from the Ministry of Economic Affairs in 2023, and the MOEA subsidized the mobile interest rate of two-year fixed deposit of Chunghwa Post for one year. As of December 31, 2023, the interest rate actually borne by the Company was 0.50%. The borrowing period is from December 12, 2023 to December 12, 2026. After the grace period, the principal and interest are amortized on a monthly basis.

19. Bonds Payable

	December 31, 2023	December 31, 2022
Domestic unsecured convertible bonds	$ 30,175	$ 778,025
Less: Amount due in one year	(30,175)	(778,025)
	$ -	$ -

The Company issued 3-year second domestic unsecured convertible corporate bonds at 101% of face value of the bond at NT$800,000 thousand on December 27, 2021, coupon rate of 0%, and issued at 101% of the face value of the bond, for a total of NT$808,000 thousand, maturity date of December 27, 2024.

bondholders may convert the present convertible corporate bonds into common shares of the Company from the next day (March 28, 2022) of three full months after the maturity date to the maturity date (December 27, 2024), and the conversion price during issuance is NT$289.9. In addition, according to the provisions of the Regulations for Issuance and Conversion of Second Unsecured Convertible Corporate Bonds, for the period from March 28, 2022 to November 17, 2024, if the common stock closing price of the Company continues to reach 30% (inclusive) of the conversion price for thirty business days or the balance of the outstanding convertible bond is lower than 10% of the total original issuance amount, the Company may redeem the bond in cash based on the face value of the bond.

The Company adjusted the subscription price according to the equation specified in the Regulations for Issuance and Conversion of Second Domestic Unsecured Convertible Corporate Bonds in June 2022 and July 2023, and the exercise price was reduced from NT$289.90 per unit to NT$281.90 per unit, and from NT$281.90 per unit to NT$274.80 per unit, in the respective years. No incremental fair value was generated after the modification of the terms and conditions, and they were applied from the ex-dividend date on July 14, 2022 and August 14, 2023, respectively.

For the present convertible corporate bonds uses, December 27, 2023 (the date after two full years from the issuance) is used as the reverse repurchase base date for early reverse repurchase of the present convertible bonds by the bondholders. The bondholders may inform the stock affairs agency institution of the Company in writing 40 days before such date in order to request the Company to redeem the present convertible corporate bonds held by the bondholders in cash based on the face value of the bond.

The convertible corporate bonds include the liability and equity components, and the equity component is expressed as capital surplus - subscription right under the equity item. The effective rate for the initial recognition of the liability component is 1.40%; the option derivatives are measured at fair value through profit or loss.

The bondholders had requested to sell back convertible corporate bonds in the face value of NT$762,300 thousand to the Company before 2023 in accordance with these terms and conditions of the sellback. In addition, the Company exercised the repurchase for NT$7,100 thousand of convertible corporate bonds between March and October 2023, the book value of the components of the aforementioned transaction liabilities was NT$758,561 thousand and the (redemption) put option of NT$11,744 thousand, the difference from the Company's redemption price was NT$957 thousand, the Company recognized as gains on the repurchase of corporate bonds, recognized under the "Other gains and losses" account.

Issue amount (less transaction cost of NT$ 5,265 thousand)	$ 802,735
Equity component (less transaction cost of NT$231 thousand allocated to equity)	(35,289)
Financial liabilities measured at fair value through profit or loss - redemption (reverse repurchase) options (addition of transaction cost of NT$3 thousand allocated to financial assets)	(397)
Liability component as of issue date	767,049
Interest calculated at effective rate of 1.40%	144
Liability component as of January 1, 2022	767,193
Interest calculated at effective rate of 1.40%	10,832
Liability component as of December 31, 2022	$ 778,025
Liability component as of January 1, 2023	$ 778,025
Repurchase of corporate bonds	(758,561)
Interest calculated at effective rate of 1.40%	10,711
Liability component as of December 31, 2023	$ 30,175

XX. Accounts payable

	December 31, 2023	December 31, 2022
Accounts payable arising from operation		
Accounts payable	$ 159,515	$ 151,754
Accounts payable - related party (Note 33)	2,113	247

	$ 161,628	$ 152,001

For raw materials and products purchased by the Company, starting from the month of acceptance, the 25th day of the current month is the settlement day. The number of days for payment is determined according to the terms agreed by the Company and the suppliers. Presently, the payment terms are net 30~90 days.

XXI. Other payables

	December 31, 2023	December 31, 2022
Salary and bonus payables	$ 48,398	$ 42,194
Employee' and directors' remuneration payable	23,647	85,410
Payables on equipment	18,810	36,063
Other payables - related party (Note 33)	67	-
Payables on computer software	-	2,917
Others	16,235	17,128
	$ 107,157	$ 183,712

22. Other Liabilities

	December 31, 2023	December 31, 2022
Current		
Deposits received (1)	$ 78	$ 59,043
Sales return and allowance (2)	1,608	2,259
Others	1,344	1,439
	$ 3,030	$ 62,741
Non-current		
Deposits received (1)	$ 615	$ 675

(I) Deposits received are deposits received by the Company for leasing out investment properties.

(II) Sales return and allowance refer to, estimated under historical experiences, judgment of the management and other known reasons for the probable sales returns and allowances, and recognized as the deduction of operating revenue upon products are sold at the current period.

Sales return and allowance

	2023	2022
Balance at beginning of the year	$ 2,259	$ 1,550
Recognized in the current year	1,608	709
Offset in the current year	(2,259)	-
Balance at end of the year	$ 1,608	$ 2,259

XXIII. Retirement Benefits Plan

(I) Defined contribution plans

The pension system of the "Labor Pension Act" is applicable to the Company, belonging to the affirmed appropriation of pension plan under the management of the government, and pension is appropriated at the rate of 6% of the monthly salary of employees into the personal dedicated account of the Bureau of Labor Insurance.

(II) Defined benefit plans

The Company has labor pension system as defined benefit plans under the "Labor Standards Act" of R.O.C. The payment of the employee pension is made based on an employee's length of service and average monthly salary for the six-month period prior to retirement approved. The Company contributes an amount equal to 5% of salaries paid each month to the employee respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Upon approval by the Taipei City Government on December 28, 2022, the labor pension reserve for the remaining balance of NT$10,531 thousand in the Bank of Taiwan was withdrawn, and the amount was settled in January 2023. The Funds are operated and managed by the Bureau of Labor Funds, MOL, the Company does not have any right to intervene in the investments of the management strategy.

The amount of defined benefit plans recognized in the parent company only balance sheet is as follows:

	December 31, 2022
Fair value of plan assets	$ 10,531
Present value of defined benefit obligation	-
Net definite benefit assets (recognized under other current assets) (Note 17)	$ 10,531

Changes in net defined benefit assets are as follows:

	Fair value of plan assets	Present value of defined benefit obligation	Net definite benefit assets
Balance as of January 1, 2022	$ 22,841	($ 20,069)	$ 2,772
Service costs			
Repayment gains	-	2,331	2,331
Interest income (expense)	114	(100)	14
Recognized in profit or loss	114	2,231	2,345

Remeasurement			
Return on plan assets (excluding amounts included in net interest)	1,792	-	1,792
Actuarial loss- changes in financial assumptions	-	2,065	2,065
Actuarial gain - experience adjustments	-	1,557	1,557
Recognized in other comprehensive income	1,792	3,622	5,414
Repayment effects	-	14,216	14,216
Repayment payments	(14,216)	-	(14,216)
December 31, 2022	$ 10,531	$ -	$ 10,531

Due to the labor pension system under the "Labor Standards Act" of R.O.C. the Company is exposed to the following risks:

1. Investment risk: The pension funds are invested in domestic and foreign equity securities, debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds' designated authorities or under the mandated management. However, the distributable amount of plan assets of the Company shall not be less than the return calculated by the average interest rate on a two-year time deposit published by the local banks.
2. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation. However, the return on the debt investments of the plan assets will increase as well. The two will be partially offset on net defined benefit liabilities.
3. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

XXIV. Equity

(I) Capital

	December 31, 2023	December 31, 2022
Authorized shares (in thousands)	184,000	184,000
Authorized capital	$ 1,840,000	$ 1,840,000
Issued and paid shares (in thousands)	75,062	75,026
Issued capital	$ 750,616	$ 750,263
Share capital collected in advance	$ 124	$ 1,528

A holder of issued common shares with par value of NT$10 per share is entitled to vote and to receive dividends. Among the authorized capital, the 15,000 thousand shares of the share capital was reserved for employee stock options.

The Company's paid-in capital at the beginning of 2022 was NT$744,500 thousand, and in 2023 and 2022, new shares of NT$1,033 thousand and NT$3,763 thousand were issued, respectively, due to employees' exercise of stock options, and issuance of new restricted employee shares of NT$2,000 thousand were issued in August 2022. Because some employees resigned before the vesting day in 2022 and recovered NT$240 thousand of new restricted employee shares in 2022, and some of the vesting conditions were not met in 2023 for NT$440 thousand of the new restricted employee shares. The Company cancelled NT$680 thousand of new restricted employee shares in 2023. The paid-in capital as of December 31, 2023 was NT$750,616 thousand.

The Company has received NT$6,300 thousand for the exercise of employee stock options at the beginning of 2022, which is recognized under the "capital received in advance" and the change registration was completed in March 2022; the Company has received NT$1,528 thousand for the exercise of employee stock options at the beginning of 2023. In 2023, the amount NT$731 thousand from the exercise of employee stock options had been received. As of December 31, 2023, the change registration for NT$2,135 thousand had been completed, and a balance of NT$124 thousand was recorded in advance on share capital. As of the date of release of the parent company only financial statements, the registration change has not been completed.

For information on the employee stock option program and new restricted employee shares, please refer to Note 29.

(II) Capital surplus

	December 31, 2023	December 31, 2022
May be used for compensating loss, issuance of cash or replenishing share capital (1)		
Additional paid-in capital	$ 46,296	$ 10,192
Premium from convertible bonds	256,238	256,238
Premium from restricted employee stocks	5,405	5,405
Donations	3,088	3,088

Transaction of treasury stock - transfer-in amount of employee stock options and repurchase of convertible bonds	25,428	25,054
	336,455	299,977
<u>May be used for compensating loss only</u>(2)		
Lapsed stock option	1,173	1,173
Changes in equity net worth of subsidiary	3,928	3,550
	5,101	4,723
<u>Shall not be used for any purpose</u>(3)		
Employee stock options	6,485	7,772
Restricted employee stocks	7,138	8,438
Convertible corporate bonds subscription right	1,350	35,289
	14,973	51,499
	$ 356,529	$ 356,199

1. The capital surplus generated from the share premium, premium from convertible corporate bonds, premium from restricted employee stocks, assets received as gifts, employee stock options, and treasury stock converted from convertible corporate bonds repurchase may be used to offset a deficit. In addition, when the company has no deficit, such capital surplus may be distributed as cash or stock dividends to the paid-in capital. However, stock dividends may not exceed a certain percentage of the paid-in capital.
2. Lapsed stock options, and adjustment of capital surplus of subsidiaries accounted for under equity method of the parent company shall only be used to offset the deficit.
3. The capital surplus generated from the employee stock options, restricted employee shares and convertible corporate bonds subscription right shall not be used for any purpose.

	Additional paid-in capital	Premium from convertible bonds	Treasury share transactions	Lapsed stock option	Employee stock options	New restricted employee shares	Premium from restricted employee stocks	Changes in equity net worth of subsidiary	Convertible corporate bond equity component	Receipt of gifts
Balance as of January 1, 2022	$ 38,279	$ 256,238	$ 1,623	$ 1,173	$ 11,384	$ 4,587	$ -	$ 212	$ 35,289	$ 3,088
Share-based compensation	-	-	-	-	1,077	-	-	-	-	-
Issuance of new restricted employee shares	-	-	-	-	-	15,944	-	-	-	-
Adjustment of new restricted employee shares	-	-	-	-	-	(7,506)	-	-	-	-
Exercise of employee stock options	8,913	-	-	-	(4,689)	-	-	-	-	-
Treasury shares transferred to employees	-	-	23,431	-	-	-	-	-	-	-
Vested new restricted employee shares	-	-	-	-	-	(4,587)	5,405	-	-	-

Distribution of cash dividends by capital surplus	(37,000)	-	-	-	-	-	-	-	-	-
Failure of cash capital increase according to the shareholding percentage	-	-	-	-	-	-	-	2,759	-	-
Adjustment of capital surplus of subsidiaries		-	-	-	-	-	-	579	-	-
Balance as of December 31, 2022	10,192	256,238	25,054	1,173	7,772	8,438	5,405	3,550	35,289	3,088
Adjustment of new restricted employee shares	-	-	-	-	-	(1,740)	-	-	-	-
Cancellation of new restricted employee shares	-	-	-	-	-	440	-	-	-	-
Exercise of employee stock options	2,389	-	-	-	(1,287)	-	-	-	-	-
Repurchase of convertible corporate bonds	-	-	374	-	-	-	-	-	(313)	-
Convertible bond holder's exercise of sell-back right	33,626	-	-	-	-		-	-	(33,626)	-
Adjustment of capital surplus of subsidiaries	-	-	-	-	-	-	-	378	-	-
Others (Note 1)	89	-	-	-	-	-	-	-	-	-
Balance as of December 31, 2023	$ 46,296	$ 256,238	$ 25,428	$ 1,173	$ 6,485	$ 7,138	$ 5,405	$ 3,928	$ 1,350	$ 3,088

Note 1: An employee of the Company resigns during the period of the stock trust, and the Employee Stock Trust Management Committee sells the shares held in trust to a third party in accordance with the trust agreement. The Company recovered the remaining NT$89 thousand of the disposal proceeds deducting the amount to be returned to employees in 2023, which was deemed to be the Company's recovered shares and then re-issued, and credited to equity under capital reserves - premium of share issuance.

(III) Retained earnings and dividend policy

According to the earnings distribution policy of the Articles of Incorporation before amendment of the Company, when allocating earnings, the Company shall pay the tax, offset its losses, set aside its legal capital reserve at ten percent of the retained earnings, and then set aside or reverse special capital reserve in accordance with relevant laws or regulations; if here are earnings left, along with accumulated unappropriated surplus, the board of directors shall propose the surplus earning distribution for shareholders' meeting to determine the allocation of dividends and bonus. For the policy on the distribution of employees’ and directors’ remuneration specified in the Articles of Incorporation of the Company, please refer to Note 26 (8) Employees’ and Directors’ Remuneration.

The Company is currently under the corporate growth stage, and there will be plans for expansion of business and personnel as well as capital needs in the future years. The distribution of shareholders’ dividends and employees’ bonuses in the future may be made in the form cash or shares, and the cash dividends shall not be less than 10% of the total dividends. However, when the amount distributed per share for the cash dividends is less NT$0.5, the full amount of distribution may be changed to share dividends. For the ratio of the aforementioned distribution of earnings and the ratio of share and cash dividends, the Company may determine based on the actual profit and capital status and may also consider the capital budget of next year for planning, which may be adjusted according to the resolution of the shareholders' meeting.

Legal reserve shall be set aside until its balance equals the full amount of the paid-in capital. Legal reserve may be used to offset a deficit. When the Company has no deficit, the portion in excess of 25% of the paid-in capital may be used to distributed as dividends in stocks or cash.

For the appropriation of the net accumulated deduction amount of other equity of the previous period as special reserves, the Company shall only count the undistributed earnings of the previous period to make the appropriation.

On May 12, 2022, the shareholders' meeting of the Company approved a resolution to amend the Articles of Incorporation. It defined that for the appropriation of the net accumulated deduction amount of other equity of the previous period as special reserves, the net income after tax of the current period plus the items other than the net income after tax shall be counted for the amount of undistributed earnings of the current period in order to make the appropriation in case where the undistributed earnings of the previous period are insufficient. Before the amendment of the Articles of Incorporation, the Company appropriated such amount from the undistributed earnings of the previous period according to the laws.

The 2023 and 2022 proposal for distribution of earnings had been approved through resolutions of the shareholders' meetings of the Company respectively held on May 18, 2023 and May 12, 2022 as follows:

	Distribution of earnings	
	2022	2021
Statutory reserves	$ 52,075	$ 67,565
Special reserves	$ 24,750	($ 8,898)
Cash dividends	$ 200,000	$ 258,000
Cash dividend per share (NT$)	$ 2.67	$ 3.50

In addition, on May 12, 2022, the shareholders' meeting of the Company approved through resolution to distribute NT$37,000 thousand in cash by capital surplus, and the amount distributed per share was NT$0.50.

(IV) Special reserves

	2023	2022
Balance at beginning of the year	$ -	$ 8,898
Provision of special reserve	24,750	-
Reversal of special reserve		

	2023	2022
Other equity deduction reversed	-	(8,898)
Balance at end of the year	$ 24,750	$ -

(V) Other equity

1. Exchange differences on translation of the financial statements of foreign operations

	2023	2022
Balance at beginning of the year	($ 6,839)	($ 7,952)
Exchange differences arising from the translation of net assets of foreign operations	(1,003)	1,391
Income tax related to profit or loss from the translation of net assets of foreign operations	200	(278)
Balance at end of the year	($ 7,642)	($ 6,839)

The exchange difference related to the net assets of foreign operations translated from its functional currency to the presentation currency (i.e. New Taiwan Dollars) of the Company is directly recognized as the difference in exchange from the conversion of financial statements of overseas operating entities under the item of other comprehensive income.

2. Unrealized gain or loss on financial assets measured at fair value through other comprehensive income

	2023	2022
Balance at beginning of the year	($ 9,571)	$ 10,590
Current unrealized profit or loss		
Equity instruments	5,880	(20,161)
Balance at end of the year	($ 3,691)	($ 9,571)

3. Unearned compensation of employees

	2023	2022
Balance at beginning of the year	($ 8,340)	($ 677)

Issuance of new restricted employee shares in the current period	-	(16,590)
Basis expense for share recognition	1,894	1,852
Adjustment of remuneration cost estimate	1,623	7,075
Balance at end of the year	($ 4,823)	($ 8,340)

(VI) Treasury shares

The relevant information on the treasury shares held by the Company is as follows:

Unit: In thousand shares

Reason of recovering shares	Transfer shares to employees
Number of shares as of January 1, 2022	1,063
Decrease in current period	(939)
Number of shares as of December 31, 2022	124
Number of shares on January 1, 2023	124
Number of shares on December 31, 2023	124

In addition, on August 20, 2020, the board of directors of the Company approved the fourth repurchase of treasury for transfer to employees, and a total of 1,063 thousand shares were repurchased in 2020, with the repurchase amount of NT$30,382 thousand. The Company transferred 939 thousand shares to employees at NT$28.6 per share on December 19, 2022, which was recognized as the grant date. The net amount of disposal proceeds after deduction of necessary costs was NT$26,775 thousand. Please refer to Note 29 for more details.

XXV. Revenue

	2023	2022
Revenue from contracts with customers		
Sales revenue	$ 1,524,584	$ 2,223,777
Income from technical service	6,278	14,037
	$ 1,530,862	$ 2,237,814

Contract balance

	December 31, 2023	December 31, 2022
Accounts receivable (Note 10)	$ 197,604	$ 139,138
Accounts receivable - related party (Notes 10 and 33)	$ 18,400	$ 21,647
Contract liabilities - current		
Product sales	$ 24,551	$ 31,542
Design service	-	681
	$ 24,551	$ 32,223

The change of the contract assets and liabilities was mainly due to the difference between the time when the contract performance was satisfied and the time when the customer payment was made

The amounts of current revenue recognized for the contract liabilities at the beginning of the year and the contract obligations already satisfied in the last period were as follows:

	2023	2022
Contract liability at the beginning of the year recognized as revenue in current period		
Sale of goods	$ 7,414	$ 4,927
Design service	681	870
	$ 8,095	$ 5,797

XXVI. Net income

(I) Net other income and expenses

	2023	2022
Income from provision of service (Note 33(5))	$ 2,884	$ 2,677
Losses on disposal of property, plant and equipment	-	(181)
	$ 2,884	$ 2,496

(II) Depreciation and amortization expense

	2023	2022
An analysis of depreciation by function		
Operating cost	$ 17,936	$ 32,321
Operating expenses	28,145	30,241
	$ 46,081	$ 62,562
An analysis of amortization by function		
Operating expenses	$ 10,090	$ 10,700

(III) Net miscellaneous income

	2023	2022
Rental income (Note 33(6))	$ 5,116	$ 5,314
Dividend income (Note 8)	1,493	1,458
Revenue from management service (Note 33(6))	338	525
Gain from pension (Note 23)	-	2,345
Others	2,026	889
	$ 8,973	$ 10,531

(IV) Other gains and losses

	2023	2022
Valuation gain (loss) on financial assets at fair value through profit or loss	$ 2,979	($ 10,940)
Gains on repurchase of corporate bonds	957	-
Other expenses	-	(204)
	$ 3,936	($ 11,144)

(V) Finance costs

	2023	2022
Interest for convertible corporate bonds (Note 19)	$ 10,711	$ 10,832
Interest for band borrowings	225	100
Interest for lease liabilities	143	220
	$ 11,079	$ 11,152

(VI) Direct operating expenses arising from investment property

	2023	2022
Rental income generated	$ 1,205	$ 1,206

(VII) Employee benefit expenses

	2023	2022
Salary expense	$ 203,134	$ 263,826
Post-retirement benefit (Note 23)		
Defined contribution plans	9,687	8,991
Share-based payments (Note 29)		
Equity settlement	1,894	26,423
Labor and health insurance expenses	16,892	15,764
Remuneration of directors	2,972	5,677

Other employee benefits	7,394	9,054
Total employee benefit expenses	$ 241,973	$ 329,735

An analysis by function		
Operating cost	$ 1,703	$ 3,307
Operating expenses	240,270	326,428
	$ 241,973	$ 329,735

(VIII) Employees' and directors' remuneration

The Company accrued remuneration of employees and directors at the rates of 5%~18% and no higher than 5%, respectively, of net profit before income tax, remuneration of employees and directors. The estimates of the employees' and directors' remuneration for 2023 and 2022 according to the aforementioned Articles of Incorporation are as follows:

Estimated Rate

	2023	2022
Remuneration of employees	6.08%	7.40%
Remuneration of directors	2.00%	0.68%

Amount

	2023	2022
Remuneration of employees	$ 6,118	$ 51,334
Remuneration of directors	2,012	4,717

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

There is no difference between the actual distribution amount of the 2022 and 2021 remunerations of employees and directors and the amount recognized in the 2022 and 2021 parent company only financial statements.

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

(IX) Foreign exchange (loss) gain

	2023	2022
Total foreign exchange gain	$ 53,413	$ 207,419
Total foreign exchange loss	(42,065)	(67,006)
Net income	$ 11,348	$ 140,413

XXVII. Income Tax

(I) Main components of income tax expense recognized in profit or loss

	2023	2022
Current tax		
Generated in the current year	$ 29,327	$ 126,689
Additional income tax levied at undistributed earnings	6,913	13,734
Adjustment on prior years	4,682	(7,834)
	40,922	132,589
Deferred income tax		
Generated in the current year	(32,597)	(12,222)
Income tax expense recognized in profit or loss	$ 8,325	$ 120,367

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

	2023	2022
Income before tax from continuing operations	$ 92,494	$ 637,653
Income tax expense calculated at the statutory rate	$ 18,499	$ 127,531
Income with tax exemption	(943)	(642)
Non-deductible (recognized) expenses for tax purposes	(7,039)	19,612
Additional income tax levied at undistributed earnings	6,913	13,734
Investment tax credit used of the current year	(13,787)	(34,140)
Current adjustments with current income expense of previous year	4,682	(7,834)
Gain from surplus of taxable plan assets	-	2,106
Income tax expense recognized in profit or loss	$ 8,325	$ 120,367

(II) Income tax recognized in other comprehensive income

	2023	2022
Deferred income tax		
Generated in the current year		
- Translation of foreign operations	($ 200)	$ 278
- Remeasurements of defined benefit plans	-	1,949

Income tax recognized in other comprehensive income	($ 200)	$ 2,227

(III) Current income tax liabilities

	December 31, 2023	December 31, 2022
Current income tax liabilities		
Income taxes payable	$ 50,669	$ 71,570

(IV) Deferred income tax assets

Changes of deferred income tax assets were as follows:

2023

	Balance at beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Balance at end of the year
Deferred income tax assets				
Temporary differences				
Investment loss	$ 98,602	$ 3,333	$ -	$ 101,935
Unrealized inventory valuation loss	6,214	32,771	-	38,985
Unrealized impairment loss on refundable deposits	23,308	(2,996)	-	20,312
Cumulative translation difference of overseas investees accounted for under equity method	473	-	200	673
Others	4,297	(506)	-	3,791
	$ 132,894	$ 32,602	$ 200	$ 165,696
Deferred income tax liabilities				
Temporary differences				
Unrealized exchange gains	($ 11,027)	($ 5)	$ -	($ 11,032)

2022

	Balance at beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Balance at end of the year
Deferred income tax assets				
Temporary differences				
Investment loss	$ 93,909	$ 4,693	$ -	$ 98,602
Unrealized inventory valuation loss	9,296	(3,082)	-	6,214
Unrealized impairment loss on refundable deposits	-	23,308	-	23,308

Cumulative translation difference of overseas investees accounted for under equity method	$ 751	$ -	($ 278)	$ 473
Others	7,916	(1,670)	(1,949)	4,297
	$ 111,872	$ 23,249	($ 2,227)	$ 132,894

Deferred income tax liabilities				
Temporary differences				
Unrealized exchange gains	$ -	($ 11,027)	$ -	($ 11,027)

(V) Income tax examination

The tax authorities have examined the income tax returns for the profit-seeking enterprise income tax of the Company up to 2021.

XXVIII. Earnings Per Share

	2023	2022
Basic earnings per share	$ 1.13	$ 7.01
Diluted earnings per share	$ 1.12	$ 6.73

Weighted average number of ordinary shares in computation of earnings per share

Net income

	2023	2022
Current net profit	$ 84,169	$ 517,286
Earnings used in the computation of basic earnings per share	$ 84,169	$ 517,286
Effect of potentially dilutive ordinary shares:		
Post-tax interest for convertible corporate bonds	-	8,666
Earnings used in the computation of diluted earnings per share	$ 84,169	$ 525,952

Number of shares

Unit: In thousand shares

	2023	2022
Weighted average number of ordinary shares in computation of basic earnings per share	74,797	73,765
Effect of potentially dilutive ordinary shares:		
New restricted employee shares	111	397
Employee stock options	424	531
Remuneration of employees	129	712

Convertible Corporate Bonds	-	2,760
Weighted average number of ordinary shares in computation of diluted earnings per share	75,461	78,165

Since the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation would 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 was 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.

XXIX. Share-based Payment Arrangements

(I) Employee share option program

To attract and retain professional talents demanded by the Company, on June 6, 2018, the shareholders' meeting of the parent company approved through resolution that 1,000 thousand units of subscription warrants were to be issued, and each unit of subscription warrant was to subscribe one common share of the Company at a subscription price not less than 70% of the closing price of the common shares on the issue date.

The Company issued 1,000 thousand units of subscription warrants in October 2019. Each unit can be used to subscribe to one thousand common shares with a 6-year duration. After 2 years from the issue date, warrant holders can subscribe to a percentage of stock options granted.

The Company adjusted the subscription price according to the equation specified in the Regulations for Issuance and Subscription of Employee Stock Options in June 2022, and the exercise price was reduced from NT$21.29 per unit to NT$20.70 per unit. After the adjustment of the criteria, no additional fair value was generated, and it was applicable starting on the ex-dividend base date of July 14, 2022. The Company adjusted the subscription price according to the equation specified in the Regulations for Issuance and Subscription of Employee Stock Options in July 2023, and the exercise price was reduced from NT$20.70 per unit to NT$20.20 per unit. After the adjustment of the criteria, no additional fair value was generated, and it was applicable starting on the ex-dividend base date of August 14, 2023.

The Company did not issue new employee stock options in 2023 and 2022. Relevant information of employee stock options issued is as follows:

	2023		2022	
Employee stock options	Unit	Weighted-average exercise price (NT$)	Unit	Weighted-average exercise price (NT$)
Outstanding shares at beginning of the year	550	$ 20.70	704	$ 21.29
Options exercised in the current year	(36)	20.49	(154)	20.85
Outstanding shares at the end of the year	514	20.20	550	20.70
Options exercisable at the end of the year	514	20.20	550	20.70
Weighted-average remaining contractual life (years)	1.75		2.75	

The relevant compensation cost for employee stock options accounted for under fair value granted by the Company in 2019 adopts the Black-Scholes option valuation model to estimate the fair value of the stock options on the grant date, and the information on the weighted average of assumptions is as follows:

Share price on grant date	NT$31.70
Exercise price	NT$22.19
Expected volatility	39.25%
Expected duration	4~4.5 years
Risk-free interest rate	0.59%~0.61%

The stock option compensation cost and the capital surplus of the Company as of 2022 were NT$1,077 thousand.

(II) New restricted employee shares

To attract and retain professional talents demanded by the Company, the capital increase base date was set as August 28, 2019, at NT$10 per share, 500 thousand shares of new restricted employee shares were to be issued.

The vesting condition for new restricted employee shares is that after subscribing new restricted employee shares, for employees who have been employed for one, two and three years from the base date of capital increase and have achieved the performance required by the parent company, the percentages of shares granted to them are 30%, 30% and 40% respectively, in case where the vesting condition has been satisfied.

In 2022, the Company recognized a compensation cost of NTD 677 thousand due to the transaction of new restricted employee shares. As of December 31, 2022, the vesting period of the aforementioned new restricted employee shares has matured. Please refer to Note 24 (2) for the adjustment of capital surplus related to the vested new restricted employee shares.

On August 6, 2021, the Company's shareholders' meeting resolved to issue 1,000 thousand new restricted employee shares at NTD 10 per share. Subsequently, the board of directors resolved on July 29, 2022 to establish 200 thousand new restricted employee shares. The capital increase base date was August 31, 2022. The aforementioned restricted rights for employees failing to satisfy vesting conditions after new share subscription are as follows:

1. Employees assigned with the new restricted employee shares according to these Regulations, prior to satisfying the vesting conditions, all of such shares shall be submitted to the institution designated by the Company for custody, and shall also cooperate to complete all procedures and signing of relevant documents.
2. Prior to the vesting condition described in the preceding article are satisfied, the employees' rights are restricted, including but not limited to the following, and except for inheritance arising from death due to occupational accidents, employees shall not sell, pledge, transfer, provide as a gift, set, or make any disposal via other means on the new restricted employee shares subscribed under these Regulations.
3. The rights and obligations (including participation in allotment of shares, dividends, cash capital increase subscription, shareholders' meeting voting rights and election rights, etc.) of the new restricted employee shares during the vesting period are the same as the ones for the common shares issued by the Company.
4. After the issuance of new restricted employee shares and before the vesting conditions are satisfied, employees shall not request the Company or trustee designated by the Company to return the new restricted employee shares based on any excuse or method.

The vesting condition for new restricted employee shares is that after subscribing new restricted employee shares, for employees who have been employed for one, two, three and four years from the capital increase base date and have achieved the performance required by the parent company, the percentage of shares granted to them is equally 25%, in case where the vesting condition has been satisfied.

For the new restricted employee shares failing to satisfy the vesting conditions, the parent company will buy back such shares at the original issue price and cancel such shares according to the laws. For the status of buy-back and cancellation of shares due to failing to satisfy the vesting conditions (including the vesting period and overall financial performance indicator) in 2023 and 2022, please refer to Note 24(1).

For the aforementioned new restricted employee shares issued as of December 31, 2023, the total amount expensed was NT$7,891 thousand, which was subsequently recognized evenly according to the vesting period. For the period from August 31 to Dec, 31, 2023 and 2022, the compensation cost for the aforementioned recognition of the new restricted employee share transactions of the Company was NT$1,894 thousand and NT$1,175 thousand. In addition, the unearned compensation of employees was reduced by (NT$1,623 thousand) and (NT$7,075 thousand) respectively for the adjustment due to employee resignation rate. Up to December 31, 2023, the balance of the unearned compensation of employees was NT$4,823 thousand, which was used as the deduction from equity.

(III) Treasury shares transferred to employees

To stimulate and improve cohesion of employees, the board of directors of the Company reached a resolution on October 28, 2022 for the 2020 fourth buyback of treasury shares for transfer to employees, and a total of 1,063 thousand shares were repurchased in 2020, with the repurchase amount of NT$30,382 thousand. A total of 939 thousand shares were transferred in 2022, and relevant information is as follows:

	2022	
Treasury shares transferred to employees	Unit (thousand)	Weighted-average exercise price (NT$)
Outstanding shares at beginning of the year	-	$ -
Options granted in the current year	939	28.60
Options withdrawn in the current year	-	-
Options exercised in the current year	(939)	28.60
Options expired in the current year	-	-

Outstanding shares at the end of the year	-	-
Options exercisable at the end of the year	-	-
Weight average fair price of stock options granted (NT$)	$ 25.02	

The relevant compensation cost for transfer of treasury shares to employees accounted for under fair value granted by the Company in December 19, 2022 adopts the Black-Scholes option valuation model to estimate the fair value of the stock options on the grant date, and the information on the weighted average of assumptions is as follows:

Share price on grant date	NT$53.62
Exercise price	NT$28.60
Expected volatility	62.98%
Expected duration	3 days
Risk-free interest rate	0.86%

The compensation cost recognized for the transfer of treasury shares to employees of the Company in 2022 was NT$23,494 thousand.

XXX. Information on Cash Flows

(I) Non-cash transactions

The Company performed the following partial cash transaction investment activities in 2023 and 2022:

	2023	2022
Purchase of property, plant, and equipment with partial cash payment		
Purchase of mask equipment	$ 35,020	$ 72,234
Net change in payables on equipment	17,253	(9,445)
Foreign exchange gain or loss	(247)	(37)
Cash payment	$ 52,026	$ 62,752

	2023	2022
Purchase of intangible assets with partial cash payment		
Purchase of computer software	$ 2,894	$ 3,564

Net change in prepaid intangible assets	9,690	2,523
Net change in payables on computer software	2,917	5,461
Net change in long-term payables	-	2,630
Foreign exchange gain or loss	(257)	257
Cash payment	$ 15,244	$ 14,435

(II) Changes in liabilities arising from financing activities

2023

	January 1, 2023	Cash flow	Change in non-cash flow: Exchange rate effects	New leases	Interest expenses	Others	December 31, 2023
Short-term borrowings	$ -	$ 300,000	$ -	$ -	$ -	$ -	$ 300,000
Long-term borrowings	-	35,000	-	-	-	-	35,000
Corporate bonds payable	778,025	(769,287)	-	-	10,711	10,726	30,175
Deposits received	59,718	(53,326)	(5,699)	-	-	-	693
Lease liabilities	18,393	(8,673)	-	-	143	(143)	9,720
	$ 856,136	($ 496,286)	($ 5,699)	$ -	$ 10,854	$ 10,583	$ 375,588

2022

	December 31, 2022	Cash flow	Change in non-cash flow: Exchange rate effects	New leases	Interest expenses	Others	December 31, 2022
Short-term borrowings	$ 83,040	($ 83,040)	$ -	$ -	$ -	$ -	$ -
Corporate bonds payable	767,193	-	-	-	10,832	-	778,025
Deposits received	159,115	(105,096)	5,699	-	-	-	59,718
Lease liabilities	21,202	(8,388)	-	5,579	220	(220)	18,393
	$ 1,030,550	($ 196,524)	$ 5,699	$ 5,579	$ 11,052	($ 220)	$ 856,136

XXXI. Capital risk management

The Company manages its capital to ensure that all enterprises in the Group are able to maximize shareholders return as a going concern through the optimization of the debt and equity balance. The overall strategy of the Company has not been changed since 1999.

The Company's capital structure consists of equity (i.e., share capital, capital surplus, retained earnings and other equity).

The Company is allowed not to follow other external laws or regulations on capitals.

XXXII. Financial Instrument

(I) Information on fair value - financial instruments not measured at fair value

December 31, 2023

	Carrying amount	Fair value: Level 1	Level 2	Level 3	Total

Financial liabilities					
Financial liabilities at amortized cost					
- Convertible corporate bonds	$ 30,175	$ -	$ -	$ 30,107	$ 30,107

December 31, 2022

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities at amortized cost					
- Convertible corporate bonds	$ 778,025	$ -	$ -	$ 772,400	$ 772,400

The fair value measurement of the aforementioned Level 3 is determined according to the binary tree convertible bond valuation model.

(II) Information on fair value - financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Equity instruments				
- Special stocks listed on TWSE(TPEx)	$ 20,520	$ -	$ -	$ 20,520
- Limited Partnership	-	-	25,103	25,103
- Stocks	-	-	46,591	46,591
- Private equity	-	-	4,410	4,410
	$ 20,520	$ -	$ 76,104	$ 96,624
Financial assets at fair value through other comprehensive income				
Equity instrument investment				
- Non-TWSE(TPEx) listed stocks	$ -	$ -	$ 30,137	$ 30,137

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Equity instruments				
- Special stocks listed on TWSE(TPEx)	$ 20,680	$ -	$ -	$ 20,680
- Limited Partnership	-	-	12,460	12,460
	$ 20,680	$ -	$ 12,460	$ 33,140

Financial assets at fair value through other comprehensive income				
Equity instrument investment				
- Non-TWSE(TPEx) listed stocks	$ -	$ 8,543	$ 15,714	$ 24,257
Financial assets measured at fair value through profit or loss				
Derivatives				
- Convertible corporate bond redemption (reverse repurchase) option right	$ -	$ -	$ 10,000	$ 10,000

There was no transfer of fair value measurements between Level 1 and Level 2 for 2023 and 2022.

2. Reconciliation of Level 3 fair value measurements on financial instruments

2023

	Financial assets measured at fair value through profit or loss		Financial assets at fair value through other comprehensive income	
Financial assets	Equity instruments	Other instruments	Equity instruments	Total
Balance at beginning of the year	$ -	$ 12,460	$ 15,714	$ 28,174
Purchase	45,000	13,761	-	58,761
Recognized in profit or loss (other gains and losses)	1,591	3,292	-	4,883
Recognized in other comprehensive income (unrealized gain or loss on financial assets measured at fair value through other comprehensive income)	-	-	5,880	5,880
Transferred to Level 3	-	-	8,543	8,543
Balance at end of the year	$ 46,591	$ 29,513	$ 30,137	$ 106,241

Financial liabilities measured at fair value through profit or loss	Derivatives - convertible corporate bond (redemption) put option
Balance at beginning of the year	$ 10,000
Repurchase of corporate bonds	(11,744)
Recognized in profit or loss (other gains and losses)	1,744
Balance at end of the year	$ -

2022

Financial assets	Financial assets measured at fair value through profit or loss - Derivatives	Financial assets measured at fair value through profit or loss - Other instruments	Financial assets at fair value through other comprehensive income - Equity instruments	Total
Balance at beginning of the year	$ 880	$ -	$ 18,653	$ 19,533
Purchase	-	12,000	-	12,000
Recognized in profit or loss (other gains and losses)	(880)	460	-	(420)
Recognized in other comprehensive income (unrealized gain or loss on financial assets measured at fair value through other comprehensive income)	-	-	(2,939)	(2,939)
Balance at end of the year	$ -	$ 12,460	$ 15,714	$ 28,174

Financial liabilities measured at fair value through profit or loss	Derivatives - convertible corporate bond (redemption) put option
Balance at beginning of the year	$ -
Recognized in profit or loss (other gains and losses)	10,000
Balance at end of the year	$ 10,000

3. Valuation techniques and input value used in Level 2 fair value measurement

The equity investment in unlisted shares refers to financial assets with standard terms and conditions, and the fair value is determined and derived from the market price.

4. Valuation techniques and input value used in Level 3 fair value measurement

The convertible corporate bond redemption (reverse repurchase) option right is determined according to the binary tree convertible bond valuation model, and the fair value based on the information of observable share price at the end of the period, risk-free interest rate and risk discount rate.

For the equity investment in unlisted shares, the fair value of the investment subject matter is calculated by the public company comparable method. For the limited partnership and private equity, the fair value of the investment subject matter is calculated by the asset method.

The public company comparable method considers the enterprises of the same or similar business, and the transaction prices of the their shares in the active market, the value multiple implied in such price, and the liquidity reduction, in order to determine the value of the subject company. Significant unobservable inputs refer to the liquidity reduction.

The asset method evaluates the total market value of individual assets and individual liabilities covered by the subject matter, and considers no control right reduction and liquidity reduction, to reflect the overall value of the enterprise or business.

The risk discount rate considers the enterprise of the same or similar business, and its 3-year risk discount rate translated from the long-term credit loan is used as the reference value.

(III) Categories of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets measured at fair value through profit or loss		
Compulsorily measured at fair value through profit or loss	$ 96,624	$ 33,140
Amortized cost financial assets (Note 1)	1,403,595	1,726,802
Financial assets measured at fair value through other comprehensive income - equity instrument	30,137	24,257

Financial liabilities		
Financial assets measured at fair value profit or loss		
Financial assets measured at fair value through profit or loss	-	10,000
Measured at amortized cost (Note 2)	559,961	1,043,306

Note 1: Balance includes the financial assets at amortized cost of cash and cash equivalent, accounts receivable, accounts receivable - related party, financial assets measured at amortized cost, refundable deposits - current, other current assets - other receivables and other receivables - related party and refundable deposits - non-current, etc.

Note 2: Balance includes financial liabilities at amortized cost of long-term and short-term borrowings, accounts payable, other payables (excluding salaries, bonus, remuneration and pension payables), bonds payable, other current liabilities - deposits received and other non-current liabilities - deposits received.

(IV) Financial risk management objectives and policies

The main financial instruments of the Company include accounts receivable, financial assets measured at amortized cost - current and accounts payable, etc. The Financial Management Department of the Company provides service for each unit by organizing and coordinating the market operation nationally and internationally, supervising and reporting the internal risks by analyzing risk exposure according to the extent and breadth of risk, and managing financial risks associated with the Company's operation. Such risks include market risk (including exchange rate risk, interest rate risk and other price risks), credit risk and liquidity risk.

1. Market risk

The primary financial risks borne by the Company due to the Company’s operating activities refer to the risks of changes in foreign currency exchange rates (see (1) below) and changes in interest rates (see (2) below).

(1) Exchange rate risk

The Company's sales and purchase transactions are denominated in foreign currency, which exposes the Group to foreign currency risk.

Please see Note 37 for the carrying amount of monetary assets and liabilities denominated in non-functional currency at the date of balance sheet of the Company.

Sensitivity Analysis

The Company is mainly affected by fluctuations in USD.

The following table describes the Company's sensitivity analysis when NTD (functional currency) increases or decreases 1% with respect to the relevant foreign currency exchange rate. The rate of 1% is the sensitivity rate used when reporting foreign currency risk internally to the key management and represents the management's assessment of the reasonably likely change in foreign exchange rate. The sensitivity analysis only includes the foreign currency monetary items circulating at the external, and its translation at the end of year is adjusted based on the exchange rate change of 1%. The scope of the sensitivity analysis includes the bank deposits, accounts receivable, financial assets at amortized cost - current, refundable deposits, accounts payable and deposits received, etc. When NTD depreciates by 1% with respect to each relevant foreign currency, its effect on the net income after tax is as follows:

	Effect on USD	
	2023	2022
Profit or loss	$ 9,582	$ 8,742

(2) Interest rate risk

The carrying accounts of financial assets of the Company exposed to interest rate risk at the date of balance sheet are as follows:

	December 31, 2023	December 31, 2022
Fair value interest rate risk		
- Financial assets	$ 130,681	$ 69,319
- Financial liabilities	39,895	796,418
Cash flow interest rate risk		
- Financial assets	478,952	816,517
- Financial liabilities	335,000	-

Sensitivity Analysis

The following sensitivity analysis is determined in accordance with interest rate risk of non-derivative instruments at the date of balance sheet.

The rate of change is expressed as the increment or decrement by 25 basis points when reporting to the management personnel internally of the Company, which also represents the management's assessment of the reasonable interest rate change.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company’s pre-tax profit for the 2023 would increase/decrease by NT$360 thousand, which was mainly due to the Company’s exposure to the risks of bank deposits, financial assets at amortized cost - current, and the interest rate of restricted demand deposits.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company’s pre-tax profit for the 2022 would increase/decrease by NT$2,041 thousand, which was mainly due to the Company’s exposure to the risks of bank deposits, financial assets at amortized cost - current, and the interest rate of restricted demand deposits.

(3) Other price risk

The Company is exposed to price risk due to its holding of equity securities investments. These investments are strategic investments, not held for trading. The Company does not actively trade such investments.

<u>Sensitivity Analysis</u>

The following sensitivity analysis is based on the equity price exposure at the balance sheet date.

If the equity price had increased/decreased by 1%, the Company's other comprehensive income before tax for 2023 and 2022 would have increased/decreased by NT$301 thousand and NT$243 thousand, respectively, due to the changes in fair value.

The Company's sensitivity to price decreased in the current period mainly due to the decrease in fair value of the equity instrument investment held.

2. Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. Up to the balance sheet date, the Company’s maximum exposure to credit risk which will cause a financial loss to the Company due to failure of counterparties to discharge an obligation and financial guarantees provided by the Company could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Company adopts the policy of engaging in transactions with financial institutions and company organizations with proper reputation only. Accordingly, the Company's credit risk is mainly resulted from its top three main customers of the Company. As of December 31, 2023 and 2022, the aforementioned customers are accounted for 46% and 52% of the total accounts receivable respectively.

3. Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

The Company maintains sufficient bank deposits and bank financing quota while monitoring the expected and actual cash flows continuously, and also implements maturity combinational cooperation among financial assets and liabilities in order to achieve the objective of management of liquidity risk. As of December 31, 2023 and 2022, the information on the undrawn bank financing quota of the Company is as follows:

	December 31, 2023	December 31, 2022
Bank financing quota		
- Amount unused	$ 310,000	$ 446,775
- Amount used	335,000	-
	$ 645,000	$ 446,775

The analysis on the remaining contractual maturity for the non-derivative financial liabilities is performed based on the earliest date on which the Company may be required to pay, and is prepared based on the undiscounted cash flows of financial liabilities (including principle and estimated interest). Accordingly, for the bank loans to which the Company may be requested for immediate repayment are within the earliest period listed in the table below, and the probability of the banks exercising such right is not considered, and it is prepared based on the undiscounted cash flow of financial liabilities, including the cash flows of interest and principal. The analysis of other non-derivative financial liabilities maturity analysis is prepared according to the repayment date agreed.

December 31, 2023

	Request for payment on sight or shorter than 1 month	1~3 months	3 months~1 year	1~5 years
Non-derivative financial assets				
Non-interest bearing liabilities	$ 154,438	$ 38,007	$ 717	$ 623
Fixed-rate liabilities	-	-	30,600	-
Floating-rate liabilities	30,457	270,777	134	35,288
Lease liabilities	744	1,227	5,328	2,489
	$ 186,639	$ 310,011	$ 36,779	$ 38,400

December 31, 2022

	Request for payment on sight or shorter than 1 month	1~3 months	3 months~1 year	1~5 years
Non-derivative financial assets				
Non-interest bearing liabilities	$ 199,531	$ 60,288	$ 4,787	$ 675
Fixed-rate liabilities	-	-	800,000	-
Lease liabilities	744	1,379	6,692	9,788
	$ 200,275	$ 61,667	$ 811,479	$ 10,463

XXXIII. Related Party Transactions

Except for other notes disclosed, transactions between the Company and related parties are as follows.

(I) Name and relationship of related party

Name of the related party	Relationship with the Group
Ultra Capteur Co, Ltd.	Subsidiary of the Company (Subsidary)
Ultradisplay Inc.	Subsidiary of the Company (Subsidary)
Dongguan Ultra Chip Inc.	Subsidiary of Ultra Chip HK (Subsidiary)

(II) Operating revenue

Account item	Related party category/name	2023	2022
Operating revenue	Subsidiaries		
	Dongguan Ultra Chip Inc.	$ 130,404	$ 187,551

The transaction prices for the sale of goods by the Company to related parties, except that the subsidiary Dongguan Ultra Chip Inc. adopts the price negotiated by both parties, is the same as those to general customers, and the loan is collected according to the payment policy of net 60 days.

(III) Purchase

Related party category/name	2023	2022
Subsidiaries		
Ultra Capteur Co, Ltd.	$ 2,696	$ 2,555
Dongguan Ultra Chip Inc.	-	14
	$ 2,696	$ 2,569

For purchase, discount is deducted from the market price, in order to reflect the purchase quantity and the relationship with the related party.

(IV) Net other income and expenses

Account item	Related party category/name	2023	2022
Project research and development support service Revenue	Subsidiaries		
	Ultra Capteur Co, Ltd.	$ 2,742	$ 2,402
	Ultradisplay Inc.	142	275
		$ 2,884	$ 2,677

For the project research support service contract signed by the Company and subsidiaries Ultra Capteur Co., Ltd. and Ultradisplay Inc., the pricing and collection of relevant profit comply with the contract terms.

(V) Miscellaneous income

Account item	Related party category/name	2023	2022
Rental income	Subsidiaries		
	Ultra Capteur Co, Ltd.	$ 819	$ 1,002
	Ultradisplay Inc.	3,955	3,992
		$ 4,774	$ 4,994
Revenue from management service	Subsidiaries		
	Ultra Capteur Co, Ltd.	$ 338	$ 495
	Ultradisplay Inc.	-	30
		$ 338	$ 525

The above rental income is determined according to the market price, and collected on a monthly basis.

In 2023 and 2022, the Company leased offices and parking spaces to subsidiary Ultradisplay Inc., and guarantee deposits received were both NT$693 thousand.

(VI) Receivables from related parties (excluding loaning of funds to related parties)

Account item	Related party category/name	December 31, 2023	December 31, 2022
Accounts receivable - related party	Subsidiaries		
	Dongguan Ultra Chip Inc.	$ 18,400	$ 21,647
Other current assets (Other receivables)	Subsidiaries		
	Ultra Capteur Co, Ltd.	$ 2,098	$ 924
	Ultradisplay Inc.	492	350
		$ 2,590	$ 1,274

No deposits were collected for the receivables from related parties. No loss allowance was required for receivables from related parties in 2023 and 2022.

(VII) Payables to related parties (excluding borrowings from related parties)

Account item	Related party category/name	December 31, 2023	December 31, 2022
Accounts payable	Subsidiaries		
	Ultra Capteur Co, Ltd.	$ 2,113	$ 241
	Dongguan Ultra Chip Inc.	-	6
		$ 2,113	$ 247
Other payables	Ultra Capteur Co, Ltd.	$ 67	$ -

The balance of outstanding payables to related parties were without guarantees.

(VIII) Loaning of funds to related parties

Related party category/name	December 31, 2023	December 31, 2022
Subsidiaries		
Ultradisplay Inc.	$ -	$ 50,000

Interest income

Related party category/name	2023	2022
Subsidiaries		
Ultradisplay Inc.	$ 541	$ 382

The Company provided the subsidiary with an unsecured loan, with an interest rate of 1.16%, which was approximate to the market interest rate. In addition, no expected credit loss was generated based on the assessment. For loan of funds to others, please refer to Table 1 of Note 38.

(IX) Endorsements/guarantees

For the Company's endorsements/guarantees provided to related parties, please refer to Table 2 of Note 38.

(X) Remuneration of key management personnel

	2023	2022
Short-term employee benefits	$ 26,583	$ 39,985
Share-based payments	-	13,635
Post-retirement benefits	216	216
	$ 26,799	$ 53,836

The remuneration of directors and other key management personnel were determined by the Remuneration Committee in accordance with the individual performance and the market trends.

XXXIV. Pledged Assets

The assets of the Company listed below are provided for material purchase guarantee and customs guarantee for imported goods:

	December 31, 2023	December 31, 2022
Restricted assets - time deposit (financial assets measured at amortized cost - current)	$ 3,526	$ 3,489

XXXV. Significant Contingent Liabilities and Unrecognized Commitments

Significant contingent commitments or matters of the Company at the balance sheet date, excluding those disclosed in other notes, are as follows:

To ensure stable supply of raw materials, the Company has signed long-term raw material purchase contracts with numerous suppliers, and deposits are paid according the quantity agreed, which are also returned upon the completion of the contract terms.

XXXVI. Significant Subsequent Events

On January 24, 2024, the Board of Directors of the subsidiary, Ultra Capteur Co., Ltd., invested by the Company using equity method, resolved to conduct a cash capital increase by NT$70,000 thousand, and the Company had not increased its investment by NT$68,329 thousand in proportion to its shareholding. As of January 31, 2024, the

Company had its shareholding ratio increased from 94.05% to 95.75% after the completion of the cash capital increase.

XXXVII. Significant Information on Foreign-currency-denominated Assets And Liabilities

The following information is a summary of the foreign currencies other than the functional currencies of the Company. The exchange rate disclosed refers to the exchange rate for exchanging such foreign currencies into the functional currencies. The significant assets and liabilities denominated in foreign currencies are as follows:

December 31, 2023

	Foreign Currency	Exchange rate	Carrying amount
Financial assets			
Monetary items			
USD	$ 36,159	30.705 (USD:NTD)	$ 1,110,261
Financial liabilities			
Monetary items			
USD	4,952	30.705 (USD:NTD)	152,062

December 31, 2022

	Foreign Currency	Exchange rate	Carrying amount
Financial assets			
Monetary items			
USD	$ 33,784	30.710 (USD : NTD)	$ 1,037,532
Financial liabilities			
Monetary items			
USD	5,320	30.710 (USD : NTD)	163,369

The significant foreign exchange gains or losses (including realized and unrealized) were as follows:

	2023		2022	
Foreign Currency	Exchange rate	Net exchange gains (losses)	Exchange rate	Net exchange gains (losses)
USD	31.155 (USD:NTD)	$ 11,624	29.805 (USD : NTD)	$ 140,368

XXXVIII. Additional Disclosures

(I) Significant Transactions:

1. Loaning funds to others: Table 1.
2. Provision of endorsements/guarantees to others: Table 2.

3. Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliated companies, and the control portion in a joint venture): Table 3.
4. Marketable securities acquired and disposed at costs or prices at least NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4.
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.

(II) Information on Investees: Table 5.

(III) Information on investments in Mainland China:

1. Information on any investees in mainland China, showing the company 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. Significant direct or indirect transactions through a third area with the investee in the Mainland Area, and its prices and terms of payment, unrealized gain or loss are as follows: Table 7.
   (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None.
   (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 7.
   (3) The amount of property transactions and the amount of the resultant gains or losses: None.
   (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.

(5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.

(6) Other transactions that have a material effect on the profit or loss for the period or on the financial position: Table 7.

(IV) Information on major shareholders: names, numbers of shares held, and shareholding percentages of shareholders holding 5% or more of equity: There are no shareholders holding 5% or more of equity.

Ultra Chip Inc.

Loans of Funds to Others

2023

Table 1

Unit: NT$ thousand

No. (Note 1)	Lending company	Borrowing party	Transaction item	Whether it is a related party	Current period Maximum balance	Balance at the end of the period	Amount actually drawn	interest rate Range	Nature of loaning	Business transactions Amount	Reason for short-term financing needs	Allowance to be provided Bad debts	Collaterals		For individual entities Limit of capital lending (Note 2)	Nature of Total limit (Note 2)	Remarks
													Name	Value			
0	The Company	Ultra Capteur Co, Ltd.	Other Receivables from related parties	Yes	$ 50,000	$ 50,000	$ -	-	Need for short-term financing	$ -	Business revolving fund	$ -	None	$ -	$ 236,172	$ 944,689	
0	The Company	Ultradisplay Inc.	Other Receivables from related parties	Yes	100,000	100,000	-	-	Need for short-term financing	-	Business revolving fund	-	None	-	236,172	944,689	

Note 1: Fill in “0” for the parent company

Note 2: According to the Procedures for Loaning Funds to Others of the parent company, the limit standard is follows:

(1) The maximum total amount of loan fund shall not exceed 40% of the current net worth of the parent company (NT$2,361,723 thousand ×40% = NT$944,689 thousand).

(2) For companies or firms having short-term financing needs, the loan amount to individual company or firm shall not exceed 10% of the current worth of the parent company (NT$2,361,723 thousand ×10% = NT$236,172 thousand).

Ultra Chip Inc.

Provision of Endorsements/Guarantees to Others

2023

Table 2 Unit: NT$ thousand

No. (Note 1)	Endorsement/guarantee provider	Company name		For a single enterprise Limit of endorsements/guarantees (Note 3)	Maximum Endorsement Guarantee balance	Ending balance of endorsements/guarantees	Amount actually drawn	Amount of endorsement/guarantee collateralized by properties	Ratio of accumulated endorsement/guarantee to net equity per latest financial statements (%)	Maximum amount of endorsement/guarantee allowance (Note 3)	Endorsement Guarantee provided by parent company	Endorsement Guarantee provided by subsidiary	Endorsement/guarantee provided to Mainland China
		Company name	Relationship (Note 2)										
0	Parent company	Ultra Capteur Co, Ltd.	(2)	$ 7,288	$ 50,000	$ 20,000	$ 9,915	$ -	0.85	$ 708,517	Y	N	N

Note 1: Fill in "0" for the parent company.

Note 2: There are 7 types of relationships between the endorsements/guarantees provider and the endorsed/guaranteed party, please indicate the type of relationship:

(1) A company having business dealings with the Company.

(2) A company with more than 50% of voting shares directly and indirectly held by the Company.

(3) A company that directly and indirectly holds more than 50% of the voting shares of the Company.

(4) A company with more than 90% of voting shares directly and indirectly held by the Company.

(5) A company requiring mutual guarantee due to contract of projects between operators in the same industry or between joint proprietors according to the contract terms.

(6) A company under joint investment relationship such that all of the contributing shareholders provide endorsements/guarantees according to their shareholding percentages.

(7) Operators in the same industry engage in the sales contract of pre-sale house with performance joint and several guarantee according to the provisions of the Consumer Protection Act.

Note 3: According to the Operating Procedures for Endorsements/guarantees to Others of the parent company, the limit standard is follows:

(1) The maximum total amount of endorsement/guarantee to the external shall not exceed 30% of the current net worth of the parent company (NT$2,361,723 thousand×30% = NT$708,517 thousand).

(2) The maximum total amount of endorsement/guarantee to one single enterprise shall not exceed 20% of the current net worth of the parent company (NT$2,361,723 thousand×20% = NT$472,345 thousand) and the net worth of the guaranteed company (Ultra Capteur of NT$7,288 thousand).

(3) For endorsements/guarantees made due to business relationship, the individual endorsement/guarantee amount shall not exceed the amount of business transactions between both parties.

Ultra Chip Inc.

Marketable Securities Held At End Of The Period

December 31, 2023

Table 3

Unit: Unless otherwise specified, units in NT$ thousand, thousand shares

Holding company name	Marketable securities types and name	Relationship with issuer	Financial statement account	End of period				Remarks
				Shares/Units	Carrying amount	Shareholding percentage	Market value	
Parent company	Stock							
	Beili Biotechnology Investment Co., Ltd.	None	Financial assets measured at fair value through profit or loss - non-current	30,000	$ 31,820	1.50%	$ 31,820	Measured at fair value, Note 2
	Da Jun Venture Capital Co., Ltd.	None	Financial assets measured at fair value through profit or loss - non-current	15,000	14,771	4.00%	14,771	Measured at fair value, Note 2
	Sync-Tech System Corp.	None	Financial assets at fair value through other comprehensive income - non-current	679	21,594	2.31%	21,594	Measured at fair value, Note 2
	INT Tech Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	2,272	8,543	4.92%	8,543	Measured at fair value, Note 2
	Preferred stock							
	Union Bank of Taiwan Type A preferred stock	None	Financial assets measured at fair value through profit or loss - current	400	20,520	0.20%	20,520	Measured at fair value, Note 2
	Limited Partnership							
	Fuyu Private Equity Limited Partnership	None	Financial assets measured at fair value through profit or loss - non-current	-	25,103	3.00%	25,103	Measured at fair value, Note 2
	Private equity							
	SBI & PSMC JV FUND I LP	None	Financial assets measured at fair value through profit or loss - non-current	-	4,410	1.80%	4,410	Measured at fair value, Note 2

Note 1: The securities described in this table refers to shares, bonds, beneficiary certificates and securities derived from the aforementioned items within the scope of IFRS 9 “Financial Instruments”.

Note 2: For those measured at fair value, please indicate the carrying amount balance after the fair value valuation adjustment and deduction of loss allowance in the field of Carrying Amount. For those not measured at fair value, please indicate the carrying amount balance at amortized cost (with deduction of loss) in the field of Carrying Amount.

Note 3: For the information on investments in subsidiaries, please see Table 5 and Table 6 for details.

Ultra Chip Inc.

Total Purchases From Or Sales To Related Parties Amounting To At Least NT$100 Million or 20% Of The Paid-in Capital

2023

Table 4

Unit: Unless otherwise specified, unit in NT$ thousand

Company of purchase (sale)	Transaction party name	Relationship	Transaction Details				Abnormal Transaction and Reason		Notes/Accounts Receivable (Payable)		Remarks
			Purchase (Sale)	Amount	Percentage of total purchase (sale)	Credit period	Unit price	Credit period	Balance	Percentage of total notes, accounts receivable (payable)	
The Company	Dongguan Ultra Chip	Parent company to subsidiary	(Sale)	($ 130,404)	(9%)	Net 60 days	Price negotiation between both parties	No difference	$ 18,400	9%	
Dongguan Ultra Chip	The Company	Subsidiary to parent company	Purchase	130,404	100%	Net 60 days	Price negotiation between both parties	No difference	(18,400)	(94%)	

Ultra Chip Inc.

Name On Investees, Location And Other Relevant Information

January 1 to December 31, 2023

Table 5

Unit: In thousands of foreign currency amount, NT$ thousand, thousand shares, thousand units

Name of Investor	Name of investee	Location	Main business item	Initial investment amount		End of term holding			Investee Profit (loss) of the current period (Note 1)	Current investment profit (loss) recognized (Notes 1 and 2)	Remarks
				End of current period	End of last year	Number of shares	Percentage (%)	Carrying amount			
Parent company	JPS	British Virgin Islands	Investment holding company	$ 664,976	$ 652,138	Common shares 1,230,012 Preferred stock 8	100	$ 33,751	($ 16,663)	($ 16,663)	Subsidiaries
Parent company	Ultra Capteur	R.O.C.	Wholesale and manufacturing of electronic parts and components	316,800 (Note 4)	316,800	Common shares 7,233	94.05	6,854	(70,630)	(66,428)	Subsidiaries
Parent company	Ultradisplay	R.O.C.	Wholesale and manufacturing of electronic parts and components	37,355	37,355	Common shares 7,630	46.928	25,862	38,103	17,651	Subsidiaries
JPS	Ultra Chip HK	Hong Kong	Investment holding company	USD 6,800	USD 6,800	Common shares 6,800	100	USD 882	(USD 349)	(USD 349)	Sub-subsidiary

Note 1: The financial statements of the current period of the company have been audited by the CPAs.

Note 2: It refers to the investment profit or loss recognized for each subsidiary.

Note 3: Please see Table 6 for related information on investees in Mainland China.

Note 4: Ultra Capteur executed capital deduction to cover accumulated loss during November 2021 and July 2023, and the capital cancellation registration of NT$155,534 and NT$94,559 thousand was completed on November 30, 2021 and July 13, 2023. However, since the parent company has not yet collected such investment amount, such amount is not deducted from the initial investment amount at end of the current period for Ultra Capteur.

Ultra Chip Inc.

Information on investments in Mainland China

January 1 to December 31, 2023

Table 6

Unit: In thousands of foreign currency amount, NT$ thousand

I. Information on the investee in Mainland China, including the company name, main business item, paid-in capital, investment method, inward and outward remittance of funds, shareholding percentage, investment income or loss, carrying amount of the investment and repatriations of investment income:

Investee in Mainland China Company name	Main business item	Paid-in capital	Investment method	Outward remittances at the beginning of the period Accumulated investment amount	Outward remittance or repatriation of investment amount at beginning of the current period		End of period outward remittance Accumulated investment amount	Investee Current profit and loss	Ownership percentage of direct or indirect investment of parent company	Recognized in current period recognized (Note 2)	Investment, end of period Book value (Note 2)	Up to current period Repatriated investment income
					Outward remittance	Repatriation						
Jinghong	IC sales and after-sale service	USD5,400 (Note 3)	Note 1(2)	$ 213,829 (USD 7,000)	$ 12,838 (USD 400)	$ - (USD -)	$ 226,667 (USD 7,400)	($ 5,581) (USD179)	100 (Note 1)	($ 5,581) (USD 179)	$ 19,422 (USD 633)	$ -
Dongguan Ultra Chip	IC research and development, sales and after-sale service	USD6,700	Note 1(2)	207,810 (USD 6,700)	- (USD -)	- (USD -)	207,810 (USD 6,700)	(10,812) (USD347)	100 (Note 2)	(10,812) (USD 347)	24,277 (USD 791)	-

Note 1: Jinghong Inc. was established based on the investment of JPS invested by the parent company, and its foreign enterprise investment approval certificate issued by Shanghai Municipal People's Government and the business license issued by the Administration for Industry and Commerce of Shanghai City, and Investment Review Committee of MOEA's approval letters of Jing-(89)-Tou-Shen-II-Zi No. 89029030 Letter, (103)-Jing-Shen-II-Zi No. 10300279970, (103)-Jing-Shen-II-Zi No. 10300279980 Letter, (104)-Jing-Shen-II-Zi No. 10400131930 Letter, (106)-Jing-Shen-II-Zi No. 10500348410 and (107)-Jing-Shen-II-Zi. No. 10700288370 have been obtained.

Note 2: Dongguan Ultra Chip was established based on the investment of Ultra Chip HK invested by JPS with the investment by the parent company, and its business license issued by the Administration for Industry and Commerce of Dongguan City, foreign enterprise investment approval certificate issued by Hong Kong Special Administrative Region, and Investment Review Committee of MOEA's approval letters of Jing-(100)-Tou-Shen-II-Zi No. 1000424390 Letter, (102)-Jing-Shen-II-Zi No. 10200368970 Letter, (104)-Jing-Shen-II-Zi No. 10400040890 and (105)-Jing-Shen-II-Zi. No. 10500035920 have been obtained.

Note 3: Jinghong (Shanghai) Inc. executed capital deduction to cover accumulated loss during June 2018, and the capital cancellation registration of USD 2,000 thousand was completed on June 6, 2018. However, since the Company has not yet collected such investment amount, such amount is not deducted from the accumulated outward remittance of investment amount at end of the current period for Jinghong (Shanghai) Inc.

II. Upper limit on the amount of investment in Mainland China:

Accumulated outward remittance for investment in Mainland China region at end of the period	Investment amount approved by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ 434,477 (USD 14,100)	$ 434,477 (USD 14,100)	$ 1,434,818 (Note 3)

Note 1: The investment types are classified into the following four types, and the types for indication are as follows:

(1) Investment in Mainland China companies via third region fund remittance.

(2) Investment in Mainland China companies through a company invested and established in a third region.

(3) Through investment in an existing company in a third region for further investment in the Mainland China company.

(4) Other methods, example: entrusted investment.

Note 2: The current investment profit or loss recognition basis is the financial statements audited by the CPAs of parent company in Taiwan.

Note 3: According to the provision of Paragraph 9 of Article 5 of the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China", the equation for the maximum investment amount of the Company is NT$2,391,364 thousand ×60% = NT$1,434,818 thousand.

Ultra Chip Inc.

Significant direct or indirect transactions through a third area with investee in mainland area, and the prices and terms of payment, unrealized gain or loss and other relevant information

January 1 to December 31, 2023

Table 7

Unit: NT$ thousand

Name of the related party	Relationship between the parent company and related party	Transaction type	Amount	Transaction terms			Notes/Accounts Receivable (Payable)		Unrealized (gain) loss
				Price	Payment terms	Comparison with regular transactions	Balance	Percentage (%)	
Dongguan Ultra Chip	The company is an investee 100% owned by the parent company	Sale	$ 130,404	Price negotiation between both parties	Net 60 days	No difference	$ 18,400	9	$ 12,798

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Ultra Chip, Inc.

Chairman Yu-Tung Hsu