Stock Code: 3294

Annual Report is available at:
The Company's Website:
https://www.megaforce.com.tw
Market Observation Post System:
https://mops.twse.com.tw

Megaforce Company Limited

Advancement, Accessibility, and Sustainability

2023 ANNUAL REPORT

Printed on April 30, 2024

Note：
If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language version shall prevail.

※Spokesperson

Name: Chia-Cheng, Chang

Title: Chief Financial Officer

Tel.: (02) 8226-5118

E-mail: IR@megaforce.com.tw

※Deputy Spokesperson

Name: Yen-Hua, Huang

Title: Director of Group Finance

Tel.: (02) 8226-5118

E-mail: IR@megaforce.com.tw

※Address and Telephone Number of Head Office, Branch, and Plant

Plant	Address	Tel.
Head Office	1F., No.5, Ziqiang St., Tucheng Dist., New Taipei City	(02)2268-7790
Headquarter	17F.-4, No.16, Jian 8th Rd., Zhonghe Dist., New Taipei City	(02)8226-5118
Zhonghe Office	14F., No.16, Jian 8th Rd., Zhonghe Dist., New Taipei City	(02)8226-3077
Chiayi Plant	No. 6, Gongye 3rd Rd., Xingnan Village, Minxiong Township, Chiayi County	(05)220-9707

※Stock Transfer Agent

Name: Agency Department of CTBC Bank

Address: 5F., No. 83, Sec. 1, Chongqing S. Rd., Taipei City

Website: https://ecorp.ctbcbank.com/cts/index.jsp

Tel.: (02)6636-5566

※The CPAs Attesting the Most Recent Annual Financial Statements

Name of the CPAs:Yen-Ta,Su and Mei-Yen, Chen

Firm Name: KPMG in Taiwan

Address: 68F., No. 7, Sec. 5, Xinyi Rd., Taipei City (Taipei 101 Building)

Website: https://www.kpmg.com.tw

Tel.: (02)8101-6666

※The name of any exchanges where the Company’s securities are listed offshore, and the method by which to access information on the offshore securities: Not applicable

※Company website: https://www.megaforce.com.tw

Contents

I. Letter to Shareholders

Dear Shareholders:

We would like to thank all our shareholders for the support to Megaforce. In 2023, inflation and geopolitical influences suppressed end market demand and affected profits. However, we strived to improve production capacity efficiency, cost control, and develop new businesses actively, it was getting better in 2023H2. The company's operating results for 2023 and operating plan overview for 2024 are described as follows:

I. The 2023 Operating Results

Operating results and financial condition

The Company's 2023 consolidated operating revenue was NT$4,138 million, a decrease of 14.41% compared with that in 2022, the annual consolidated net loss was NT$129 million, compared with the loss in 2022, the loss decreased by 27million and the earnings per share (EPS) was NT-0.995. The important financial ratios are analyzed as follows：

Items	2023	2022
Operating Revenue	4,138,158	4,834,937
Operating Cost	3,580,213	4,351,713
Gross Profit	557,945	483,224
Operating Expenses	604,397	568,106
Operating Profit or Loss	(46,452)	(84,882)
Non-operating Revenue and Expense	39,078	70,031
Current Profit or Loss attributable to the Parent Company	(129,394)	(156,567)
Earnings Per Share (NTD)	(0.995)	(1.198)

Budget Implementation

The company did not announce its financial forecasts of the fiscal year 2023; therefore, the budget execution status is not listed.

Financial Revenue and Expense and Profitability Analysis

The financial structure and profitability of the company in 2023 are listed as follows:

Analysis Items		2023	2022
Financial structure	Ratio of debt to assets (%)	60.69	56.37
	Ratio of long-term fund to property, plant and equipment (%)	384.95	284.18
Solvency	Current ratio (%)	205.39	160.36
	Quick ratio (%)	182.25	136.07
Profitability	Return on assets (%)	(2.04)	(2.45)
	Return on shareholders' equity (%)	(5.94)	(6.74)
	Ratio of net income before tax to paid-in capital (%)	(0.56)	(1.12)
	Profit ratio (%)	(3.21)	(3.35)
	Earnings per share (NTD)	(0.995)	(1.198)

Research and development status

◎ R&D achievements

- Class 10,000 SurgiBubble and Smart control module surgical platform development
- 8 mm/10 mm/12 mm/15 mm endobag surgical disposable product
- Vein finder medical imaging facility development
- Medical AR imaging system development completed
- Medical FIR therapeutic module
- Implementation of the plan for smart machining and transformation in mold manufacturing applications
- Development and production of smart parking column mechanisms
- Development of smart health wearable devices
- Development of smart home devices (water sterilization)
- Successful development of halogen-free ultraviolet-curable dual-cure acrylic adhesive
- Fluororubber surface coating methods and low-shrinkage epoxy structural adhesive
- EzARGO 720P & 1080P MP
- AR LBS Trigger6.0 shipping
- Complete 1st LBS HOE sample
- Shipping 3.8CC compact LCOS AR glasses sample
- Single color LBS shipping

◎ Future research and development plans

- Submission of generic product to Canadian and FDA regulatory bodies
- Actuator semi-automation
- Scented pacifier for baby market (customized silicone material for LSR)
- Vein finder medical imaging facility production
- Medical AR imaging system production
- Electrophysiotherapy device home use
- Assembly and testing of the entire intelligent overhead vehicle identification system
- Assembly and testing of smart parking columns and charging piles.
- Smart manufacturing - scientific injection mold temperature monitoring.
- Research and development of new materials - low-shrinkage conductive PEEK material, thermal conductive PA material, high-rigidity wear-resistant PPS/PTFE material
- Complete Compact LCOS 1.5 CC OE for AR Glasses sample
- MP compact LCOS 3.8CC optical engine for AR Glasses
- Completed LBS 720p samples
- Develop Retinal Imaging Display device and MP

Outlook

The year 2023 marks the beginning of the post-pandemic recovery. However, the global economy continues to be subject to the impact of inflation and geopolitics. The central banks of major economies are still raising interest rates, the overall economic slowdown, the political and economic competition between the U.S. and China, and changes in the supply chain have affected the Company’s operations. still have a significant impact. With the hard work of every employee of the Ingenious Group, although the Company eventually made a loss, there has been significant improvement compared to the previous year, and the Company is confident to look forward to the future.

Clayton Christensen, associate professor at Harvard Business School, once said: "Faced with the never-ending technological revolution, it is like climbing a hill in the mud, but you have to stay on top of it forever. As long as you stop and take a breath, you may overturn instantly. "We are about to face the challenges of integration in East China and customers’ continuous requirements for technological innovation. The Company will strive to face these difficulties through strengthening communication, improving corporate quality and resource integration. This is the only way for transformation and growth.

Looking forward to the new year, we look forward to the maintenance of existing businesses, and the significant growth of new businesses, such as AI applications and biomedicine, and other niche products, which are also expected to be the keys to the Company's breakthrough. The chairman will lead all employees of Megaforce to continue their struggles and overcome various challenges together, and look forward to enjoying the fruits of growth together in the future.

II. The 2024 Operating Plan Overview

Operating strategy

- Use the core value to establish a trending industry
- Solicit international customers continuously to increase market share
- Provide comprehensive services to strategic customers
- Enhance resource integration and support for strategic products
- Improve competitiveness with innovative approaches and thinking, and develop niche businesses with industry advantages
- Disperse operational risks with regional production by establishing new factories and duplicating and improving the management model
- Activate assets to maximize the efficiency of the group resources
- Promote smart mold processes to improve efficiency and reduce cost
- Refine technology to promote industrial value-added operation
- Promote cross-industry cooperation to expand the industrial ecosystem
- Emphasize the importance of talent retention and cultivation, and enhance competitiveness
- Construct system integration and technology development capability to help the Group transform from a component manufacturer to a system integration solution provider in order to enhance value-added services and create revenue and profits

Expected Quantity of Sale and Reference

The company's expected quantity of sale is based on the overall industry environment and changes in the market, as well as the company's production capacity and business development.

However, the company has not disclosed its financial forecast for 2024, and the product categories are diverse and the units are different, making it difficult to present them one by one, so it does not intend to disclose the expected sales volume.

Important Production and Marketing Policy

- Increase the ratio of automated production, reduce process costs, and improve product yield rate
- Reduce bad debts, review inventory, and consolidate assets in idling
- Initiate factory integration or adjustment (including the establishment of factory in Mexico, Malaysia, and Minxiong, Taiwan) in accordance with the market size and the timeliness of customer service
- Develop and expand business and regional resources in North America and Japan
- Enhance the research, development, and application of plastic materials to achieve optimized molding and to enhance market competitiveness
- Work with customers to develop new products actively in order to meet the market trends and seize business opportunities
- Actively develop niche products to reduce the risk of price competition from competitors
- Enhance core technical capabilities and create the best market differentiation with excellent mold development capabilities and process technology

III. The Company’s Future Development Strategy

- Develop international brand customers continuously
- Provide one-stop-shop service continuously
- Transfer production base, adjust production mode rapidly, and enhance customer and market differentiation and deployment
- Develop and expand micro-molding and molding technology
- Development and application of polymer materials in medical materials, medical devices, and green industrie
- AI application, system integration, optoelectronic products, and environmental protection and energy saving industries

IV. Affected by the External Competitive Environment, Regulatory Environment, and Overall Business Environment

- Geopolitical conflicts (such as the Russo-Ukrainian War and the Middle East), and the impact on raw materials, energy supply, and cost
- The rise in crude oil prices has indirectly caused the cost of plastic materials to go up and affected the profits
- Inflation has a direct and indirect impact on operations, such as material and cash flow costs
- The energy conservation issues have affected the operating costs and supply chain; also, continue to improve the resource utilization efficiency and the research and development of environmentally friendly materials
- Environmental protection awareness and regulations are becoming more stringent; therefore, the expenditure and management cost of environmental protection equipment in each factory is increasing as a result
- Enhance the global deployment and minimize the impact of various policies on the company’s operations China
- China, during the process of transforming from a world’s factory to the world’s market, actively observes the migration of export-oriented customers and strives to solicit domestic-oriented customers
- Customers’ risk-reducing strategy by diversifying suppliers brings new opportunities and threats to the industry
- The Chinese government's cancellation of some preferential conditions of ECFA for Taiwan will have an impact on the company's production and operational risks
- Continuously observe possible influences of regional economic cooperation organizations, such as the “Regional Comprehensive Economic Partnership (RCEP)” and “Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)”
- After the United States presidential election, the opportunities and threats caused by possible changes of the North American investment environment and China policy

In prospect, Megaforce will work with a prudent, optimistic, and relentless attitude held up high to create higher value for the company and shareholders. Gratitude to all shareholders for the long-term support and affirmation. We sincerely express the deepest gratitude!

Wishing you all good health, peace, and auspiciousness.

Sincerely,

Chairman Wen-Lin, Hsu

II. Company Profile

I. Date of Incorporation

The company's date of Incorporation: October 15, 1991.

II. Company History

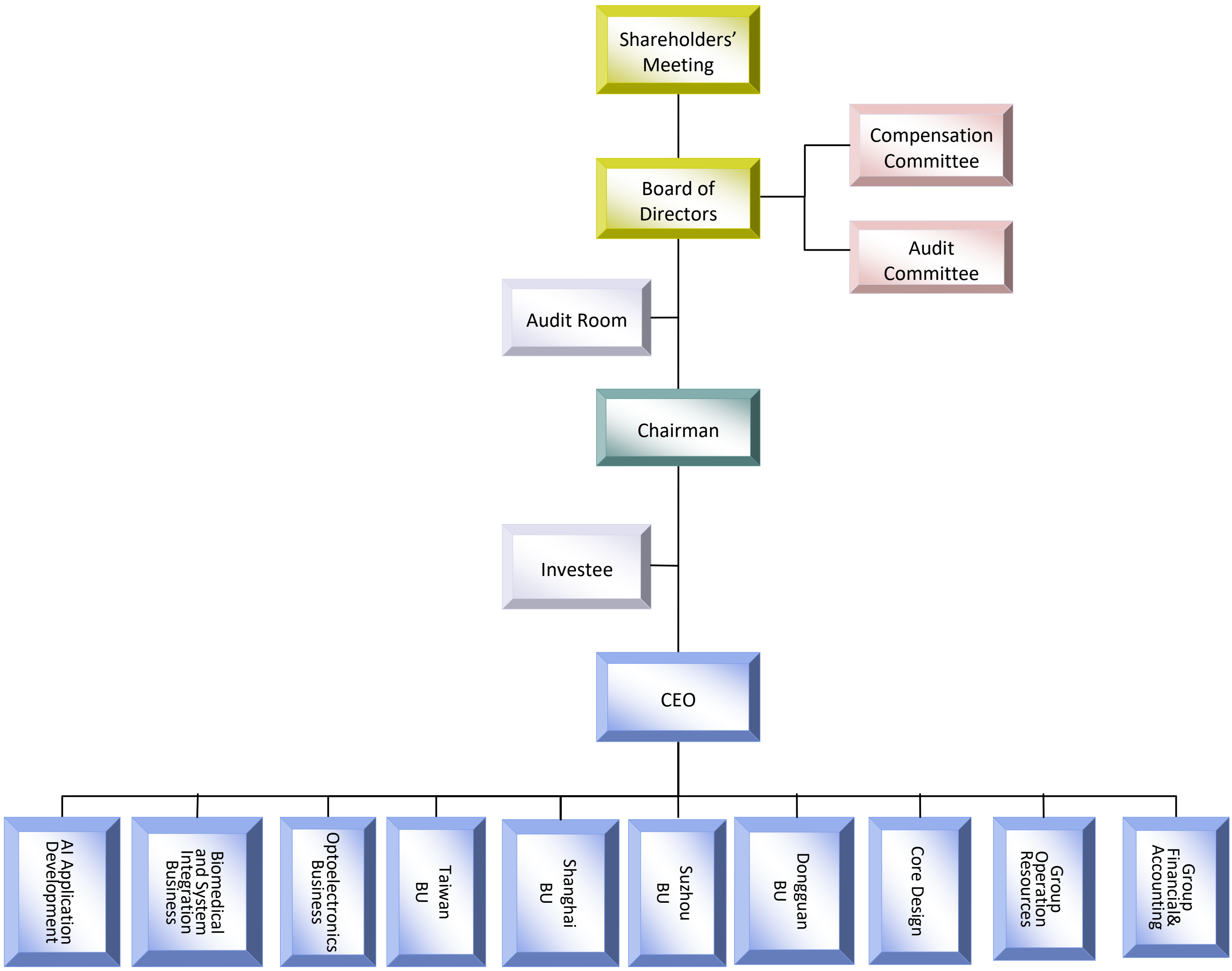
Year/Month	Milestones
October 1991	The company was established in Xinzhuang City, Taipei County with a capital stock of NT$10 million.
January 1992	Invested in Megaforce Co., (HK) Ltd. with 100% shareholding obtained.
April 1997	The company and factory were relocated to Tucheng Industrial Park, Tucheng City, Taipei County.
June 2003	Stock shares were traded publicly.
September 2003	Indirectly invested in Shanghai Yingji Electronic Plastic Co., Ltd. and Suzhou Yingji Electronic Plastic Co., Ltd. with 51% equity obtained.
May 2004	Indirectly invested in Shanghai AB Megaforce Co., Ltd. with 51% equity obtained.
November 2004	Indirectly invested in Shanghai Shanghua Painting Co., Ltd. with 60% equity obtained.
May 2005	An optical factory was established in Shulin.
August 2005	Increased the shareholding in Shanghai Yingji Electronic Plastic Co., Ltd. and Suzhou Yingji Electronic Plastic Co., Ltd. to 100% by increasing the shareholding in the third region.
October 2005	Stocks shares were traded in the Emerging market.
March 2006	Indirectly invested in Suzhou Intentech Co., Ltd. with 100% equity obtained.
April 2007	Stock shares were traded on the Taipei Exchange.
March 2008	Indirectly invested in MegaMobilE (China) International Co., Ltd. with 95% equity obtained.
April 2008	Indirectly invested in Dongguan Yingshu Electronic Technology Co., Ltd. with 100% equity obtained.
December 2008	Qualified the CG6004 (general version) corporate governance system evaluation certification of Taiwan Corporate Governance Association.
December 2009	Indirectly invested in Dongguan Shijian Light Electron Technology Co., Ltd. with 70% equity obtained.
March 2010	Qualified the CG6005 (general version) corporate governance system evaluation certification of Taiwan Corporate Governance Association.
March 2010	Increased the investment in Shanghai AB Megaforce Co., Ltd. to 90% shareholding.
August 2010	Transferred 100% equity of Best Solution International Inc. and MegaMobilE (China) International Co., Ltd.
November 2011	The Compensation Committee was established.
April 2012	Qualified the CG6007 (general version) corporate governance system evaluation certification of Taiwan Corporate Governance Association.
June 2013	Megachamp Investment Company Limited was established with 100% equity obtained.
January 2014	Indirectly invested in DJ Applied Biotechnology Co., Ltd. and its subsidiaries through Megachamp Investment Company Limited with 33.2% equity obtained.
September 2014	Suzhou Intentech Co., Ltd. merged Suzhou Yingji Electronic Plastic Co., Ltd.
December 2015	Mega1 Company Limited was established with 100% equity obtained.
August 2016	Megaforcemx, S. DE R.L. DE C.V., the subsidiary, was established with 100% equity obtained.
November 2016	Dongguan Shijie Megaforce Electronics Factory was renamed as Dongguan Megaforce Electronic Technology Co., Ltd. with 100% equity obtained.
June 2018	The Audit Committee was established.
February 2019	Megaforce International Corporation, the subsidiary in the United States, was established with 100% equity obtained.
September 2019	Megaforce SDN. BHD., the subsidiary in Malaysia was established with 100% equity obtained.
August 2019	Dongguan Megaforce Electronic Technology Co., Ltd. merged with Dongguan Yingshu Electronic Technology Co., Ltd.
February 2020	Chiayi Minxiong Factory was established.
November 2021	Invested in Barintec Co., Ltd. with 64.79% equity obtained accumulatively.
September 2023	The Shanghai subsidiaries signed agreements to cooperate with the policy for relocation.

III. Corporate Governance Report

I. Organization

(I) Organizational Structure

Organization Chart of Megaforce Company Limited



(II) Business Operation of Each Department

Audit Office	▪ Draft internal audit plan, and perform inspections according to the plan with an audit report issued. ▪ Supervise the establishment and inspection mechanism of the internal control system. ▪ Audit the implementation of the business center's business objectives, plans, and budgets.
Chirman and CEO	▪ Responsible for setting the group's business strategies and goals. ▪ Develop operating plans and annual budgets. ▪ Supervise the implementation of business objectives and business plans of affiliated units.
Group Financial Accounting	▪ Provide financial and management statements. ▪ Group accounting and taxation planning. ▪ Stock affair operation. ▪ Banking. ▪ Financing planning and execution. ▪ Implement corporate governance related measures.
Group Operation Resources	▪ Establishment of Group Quality Assurance System ▪ Group supply chain affairs ▪ Responsible for the integration of information management system and ERP system ▪ Human resources operating procedure and management system ▪ Planning and implementation of administration, general affairs, general practices, and other works ▪ Planning and implementation of legal and intellectual property matters
Core Design	▪ Plan for the company's R&D direction and strategy, combine market information and analyze technology and resource costs, take charge of the R&D, design, pilot run, and review of v new products and new technologies. ▪ Introduction of new manufacturing process and new materials; external technical support and contact; improvement of manufacturing process ▪ Cultivation and implementation of core technical capabilities
Dongguan BU	▪ Integrate Dongguan areas for the establishment of differentiation to enhance competitiveness, and plan and implement sales and production in accordance with the unit's objectives derived from the Group's operations in order to achieve operational objectives. ▪ Plan and implement the unit's short-term, mid-term, and long-term development strategies in accordance with the Group's strategy.
Suzhou BU	▪ Integrate Suzhou area for the establishment of differentiation to enhance competitiveness, and plan and implement sales and production in accordance with the unit's objectives derived from the Group's operations in order to achieve operational objectives. ▪ Plan and implement the unit's short-term, mid-term, and long-term development strategies in accordance with the Group's strategy.
Shanghai BU	▪ Integrate Shanghai and Malaysia areas for the establishment of differentiation to enhance competitiveness, and plan and implement sales and production in accordance with the unit's objectives derived from the Group's operations in order to achieve operational objectives. ▪ Plan and implement the unit's short-term, mid-term, and long-term development strategies in accordance with the Group's strategy.
Taiwan BU	▪ Main domestic production bases for the establishment of differentiation to enhance competitiveness, and plan and implement sales and production in accordance with the unit's objectives derived from the Group's operations in order to achieve operational objectives. ▪ Plan and implement the unit's short-term, mid-term, and long-term development strategies in accordance with the Group's strategy.
Biomedical and System Integration Business	▪ Plan biomedical business direction and strategy. ▪ Combine market information, create market channels, and provide integrated services of high-end medical materials in Taiwan and abroad. ▪ Integrate the North American area for the establishment of differentiation to enhance competitiveness, and plan and implement sales and production in accordance with the unit's objectives derived from the Group's operations in order to achieve operational objectives. ▪ Establish differentiation to enhance competitiveness, and plan and implement sales and production to achieve operational objectives.
AI Application Development	▪ Plan the development and deployment of AI, optomechanical and electrical industries. ▪ Implement high-level integration and manufacturing of optoelectronics, product sales and production to achieve operational goals ▪ Plan and implement the unit's short-term, mid-term, and long-term development strategies in accordance with the Group's strategy.

II. Board of Directors and Management Team

(I) Directors、Supervisors

1. Information on the Director's Name, Experience (Education), Shareholding, and Nature

April 30, 2024; Unit: Shares

Title (Note 1)	Nationality	Name	Gender Age (Note 2)	Date elected or Appointed	Term of Office	Date First Elected or Appointed (Note 3)	Shareholding When Elected or Appointed		Current Shareholding		Current Shareholding of Spouse and Minor Children		Shareholding in the Name of Others		Main Working (Education) Experience (Note 4)	Concurrent Positions in the Company and Other Companies	Spouse or Relatives within the Second Degree of kinship who are Officers, Directors, or Supervisors of the Company			Remarks (Note 5)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C.	Wen-Lin, Hsu	Male 71–80 years old	7.27.2021	3 years	5.23.2003	4,964,508	3.76	4,991,508	3.78%	189,358	0.14	0	0	Department of Mechanical Engineering, Lunghwa Junior College of Technology Chairman, Techron Co., Ltd. CEO, Megaforce Group	CEO, Megaforce Group Chairman, Megaforce Group Co.,Ltd. Chairman, Megaforce International Co.,Ltd. Chairman, Newforce Global Limited. Chairman, Megaforce SDN. BHD. Director, Barintec Co., Ltd. Chairman, Shanghai Yingji Electronic Plastic Co., Ltd. Chairman, Shanghai Shanghua Painting Co.,Ltd Chairman, Shanghai AB Megaforce Co., Ltd. Chairman, Suzhou Intentech Co.,Ltd. Chairman, Dongguan Megaforce Electronic Technology Co., Ltd. Chairman, Megachamp Investment Co., Ltd. Chairman, Mega1 Co., Ltd. Chairman, Ying Fan Investment Co., Ltd. Director, Anguil Technology Co., Ltd. President, Yu Jin Ltd.	Director / Senior Manager	Wan-Sheng, Hsu / Li-Kai, Chen	Father and daughter / Son-in-law	
Vice Chairman	R.O.C.	Tung-Hui, Chiang	Male 61–70 years old	7.27.2021	3 years	5.23.2003	1,312,956	0.99	1,404,956	1.06%	0	0.00	0	0	Department of Mechanical Engineering, National Taiwan University Manager, Techron Co., Ltd. President,Megaforce Co., Ltd.	President, Megaforce Co., Ltd. Group Operation Resources president and chief information security officer, Megaforce International Co.,Ltd. Director, Shanghai Yingji Electronic Plastic Co., Ltd. Director, Shanghai Shanghua Painting Co.,Ltd. Director, Suzhou Intentech Co.,Ltd. Director, Dongguan Megaforce Electronic Technology Co., Ltd. Director, Mega1 Co., Ltd. Director, Ying Fan Investment Co., Ltd.	None	None	None	

Title (Note 1)	Nationality	Name	Gender Age (Note 2)	Date elected or Appointed	Term of Office	Date First Elected or Appointed (Note 3)	Shareholding When Elected or Appointed		Current Shareholding		Current Shareholding of Spouse and Minor Children		Shareholding in the Name of Others		Main Working (Education) Experience (Note 4)	Concurrent Positions in the Company and Other Companies	Spouse or Relatives within the Second Degree of kinship who are Officers, Directors, or Supervisors of the Company			Remarks (Note 5)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C.	Le-Li, Lu (Representative of Ying Fan Investment Co., Ltd.)	Male 61–70 years old	7.27.2021	3 years	7.27.2021	38,483,802	29.15	38,983,802	29.53	0	0	0	0	MBA－Controllership, St. John's University Vice president, Fengyao group Co.,Ltd. CFO, Megaforce Group Co.,Ltd. Chief of Staff of Megaforce Group	Director, APOGÉE Handcraft Co., Ltd.	None	None	None	
Director	R.O.C.	Wan-Sheng, Hsu (Representative of Ying Fan Investment Co., Ltd.)	Female 41–50 years old	7.27.2021	3 years	6.23.2015	38,483,802	29.15	38,983,802	29.53	63,000	0.05	0	0	MCom, University of Queesland－Applied Finance SCPM(Stanford Certified Project Manager), Stanford University Audit Department, KPMG Taiwan	Executive Assistant ,CEO's Office, Megaforce Co., Ltd. Director, Megaforce International Corporation Director, Super Bravo Bio Co., Ltd. Director, Worldwide applied biomedicine Co., Ltd. Supervisor, Super Good Bio Co., Ltd. Director, Barintec Co., Ltd.	Chairman / Senior Manager	Wen-Lin Hsu / Li Kai, Chen	Father and daughter / Husband and wife	
Independent director	R.O.C.	Ching-Kong , Chao	Male 61–70 years old	7.27.2021	3 years	6.16.2006	0	0	0	0	0	0	0	0	Ph.D. Lehigh University－Mechanical Engineering M.S. National Taiwan University－Mechanical Engineering Visiting Professor, Department of Engineering Science, University of Oxford, UK Director, Society of Theoretical and Applied Mechanics of the Republic of China	Chair Professor, National Taiwan University of Science and Technology－Mechanical Engineering Editorial Board, Journal of Mechanics Editorial Board, Journal of Thermal Stresses Director, Society of Theoretical and Applied Mechanics of the Republic of China	None	None	None	

Title (Note 1)	Nationality	Name	Gender Age (Note 2)	Date elected or Appointed	Term of Office	Date First Elected or Appointed (Note 3)	Shareholding When Elected or Appointed		Current Shareholding		Current Shareholding of Spouse and Minor Children		Shareholding in the Name of Others		Main Working (Education) Experience (Note 4)	Concurrent Positions in the Company and Other Companies	Spouse or Relatives within the Second Degree of kinship who are Officers, Directors, or Supervisors of the Company			Remarks (Note 5)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent director	R.O.C.	Hai-Pang, Chiang	Male 51–60 years old	7.27.2021	3 years	6.16.2006	0	0	0	0	0	0	0	0	Ph.D. National Taiwan University－Electrical Engineering Director,Institute of Optoelectronic Sciences, National Taiwan Ocean University Professor, National Taiwan Ocean University－Optoelectronic and Materials Technology Supervisor,Taiwan Optical Engineering Society Adjunct Research Fellow, Natioanal Applied Research Labortories Adjunct Research Fellow, Institute of Physics, Academia Sinca	Distinguished Professor, National Taiwan Ocean University－Optoelectronic and Materials Technology	None	None	None	
Independent director	R.O.C.	Wan-Hua, Hsieh	Male 41–50 years old	4.3.2024	3 years	4.3.2024	0	0	0	0	0	0	0	0	Master of Accounting and Finance and Taxation from Feng Chia University Acountant,WAN-SHIN Certified Public Accounting Firm, Teacher of taxation laws at 3people cram school, Teacher of taxation laws at Jhih Guang Group (easywin).	Acountant,WAN-SHIN Certified Public Accounting Firm Teacher of taxation laws at 3people cram school Teacher of taxation laws at Jhih Guang Group (easywin)	None	None	None	

Note 1: The corporate shareholder shall have the name of the corporate shareholder and the representative listed separately (the representative of the corporate shareholder shall indicate the name of the corporate shareholder) with Table 1 below filled out.
Note 2: Please indicate the actual age, which can be expressed in intervals, such as 41–50 years old or 51–60 years old.
Note 3: Fill in the time serving as the company’s director for the first-time, and indicate if there is any interruption during the term of office.
Note 4: Experience related to incumbent position, describe the job title and job responsibility during the employment, if any, with the commissioned CPA Firm for audit or its affiliated enterprises.
Note 5: If the chairman, President, or the individual (top management) holds equivalent position are the same person, spouses, or relatives in the first-degree of kinship to each other, please detail the reason, rationality, necessity, and countermeasures (for example, increase the number of independent directors, the majority of directors are not concurrently serving as employees or Mangers).
Note 6: The company established an Audit Committee to replace the supervisors on June 8, 2018.
Note 7: Director Mr. Hsien-Yu, Kuo resigned as a director on February 3, 2023.
Note 8: Director Mr. Chun-Nan, Pai resigned as a independent director on February 6, 2024.

2. Major Shareholders of the Corporate Shareholders

April 30, 2024

Name of Corporate Shareholders (Note 1)	Major Shareholders of the Corporate Shareholders (Note 2)	Shareholding Ratio
Ying Fan Investment Co., Ltd.	Wen-Lin, Hsu	26.41%
	Yu-Mei, Hsu	18.94%
	Tung-Hui, Chiang	12.33%
	Shin Bao Investment Co., Ltd.	10.68%
	Chi Kong Investment Co., Ltd.	7.14%
	Min-Hsiung, Chu	4.25%
	Fong-Jen, Lin	2.65%
	Chin-Bao, Liao	2.60%
	Ze-Yu, Lin	2.09%
	Huo-Tsao, Lin	1.64%

Note 1: The director who is a representative of a corporate shareholder should have the name of the corporate shareholder filled in.

Note 2: Fill in the name and shareholding ratio of the major shareholders of the corporate shareholder (the top-ten shareholders in shareholding). If their major shareholders are corporate shareholders, it is necessary to also fill out Table 2.

Note 3: If the corporate shareholder is not a company organization, the name and shareholding ratio of the shareholder to be disclosed as stated in the preceding paragraph refer to the name, capital contribution, or investment ratio of the investor or contributor (please refer to the announcement of the Judicial Yuan). The contributor who had passed away should be noted as "deceased."

3. The Major Shareholders of the Major Shareholder that is a Juridical Person

April 30, 2024

Name of Juridical Person (Note 1)	Major Shareholders of Juridical Person (Note 2)	Shareholding Ratio
Shin Bao Investment Co., Ltd.	Tsung-Lin, Chu (President)	80%
Chi Kong Investment Co., Ltd.	Ru-Ping, Kang (President)	0.43%

Note 1: If the major shareholders stated in Table 1 are corporate shareholders, it is necessary to fill in the name of the juridical person.

Note 2: Fill in the name and shareholding ratio of the major shareholders of the corporate shareholder (the top-ten shareholders in shareholding).

Note 3: If the corporate shareholder is not a company organization, the name and shareholding ratio of the shareholder to be disclosed as stated in the preceding paragraph refer to the name, capital contribution, or investment ratio of the investor or contributor (please refer to the announcement of the Judicial Yuan). The contributor who had passed away should be noted as "deceased."

4. Disclosure of the Professional Qualifications of Directors and Supervisors and Independence of Independent Directors

April 30, 2024

Conditions / Name	Professional Qualification and Experience (Note 1)	Compliance of Independence (Note 2)	Number of Other Public Companies in which the Individual is concurrently serving as an Independent Director
Wen-Lin, Hsu	Professional Qualifications: Possesses expertise in leadership, operational judgment, business management, crisis management, rich industrial knowledge and international market vision, but none of the events stated in Article 30 of the Company Act. Experience: Graduated from Department of Mechanical Engineering of Lunghwa University of Science and Technology; former chairman of Kerdian Co., Ltd.; incumbent CEO of Megaforce Group, director of Megaforce Group's subsidiaries, and director of Anguil Technology Co., Ltd.	Non-independent directors; therefore, it is not applicable.	0
Tung-Hui, Chiang	Professional Qualifications: Possesses expertise in leadership, operational judgment, business management, crisis management, rich industrial knowledge and international market vision, but none of the events stated in Article 30 of the Company Act. Experience: Graduated from Department of Mechanical Engineering of National Taiwan University; former manager of Kedian Co., Ltd.; incumbent President of Megaforce Co., Ltd. and the director of Megaforce Group's subsidiary.		0
Le-Li, Lu	Professional Qualifications: Possesses expertise in leadership, operational judgment, business management, crisis management, financial accounting, rich industrial knowledge and international market vision, but none of the events stated in Article 30 of the Company Act. Experience: Graduated from MBA-Controllership, St. John's University; former CFO of Taiwan Green Point Enterprises Co., Ltd.,Vice president of Fengyao group Co.,Ltd. and the CFO of Megaforce Group Co.,Ltd.; Chief of Staff of Megaforce Group；incumbent Director of APOGÉE Handcraft Co., Ltd.		0

Conditions / Name	Professional Qualification and Experience (Note 1)	Compliance of Independence (Note 2)	Number of Other Public Companies in which the Individual is concurrently serving as an Independent Director
Wan-Sheng, Hsu	Professional Qualifications: Possesses expertise in business management and financial accounting, but none of the events stated in Article 30 of the Company Act. Experience: Earn degrees of MCom, University of Queensland – Applied Finance; SCPM (Stanford Certified Project Manager), Stanford University; incumbent special assistant to the CEO's office of Megaforce Group, the director of Megaforce Group's subsidiary, and the representative of the corporate director of the company invested by Megaforce.	Non-independent directors; therefore, it is not applicable.	0
Ching-Kong, Chao	Professional Qualifications: Possesses expertise in professional knowledge of the industry, but none of the events stated in Article 30 of the Company Act. Experience: Earn Ph.D. degree from the Department of Mechanical Mechanics of Lehigh University in the United States; former visiting professor of the Department of Engineering Science, University of Oxford, UK; incumbent chair professor of the Department of Mechanical Engineering, Taiwan University of Science and Technology, executive editor of the Journal of Mechanics, the executive editor of the International Journal of Thermal Stress, and the executive of the "Society of Theoretical and Applied Mechanics of the Republic of China."	1. There has been no direct or indirect interest in the company within the two years prior to the election, and none of the person, spouse, or relatives within the second degree of kinship has served as a director (including independent directors) or an employee of the company, affiliated enterprises, or companies with a specific relationship with the company, and does not hold shares in the company. 2. There has been no service in business, legal, financial, accounting, and others provided to the company or affiliated enterprises in the past two years, and has not received any relevant remuneration.	0
Hai-Pang, Chiang	Professional Qualifications: Possesses expertise in professional knowledge of the industry, but none of the events stated in Article 30 of the Company Act. Experience: Earn Ph.D. degree from the Institute of Electrical Engineering, National Taiwan University; incumbent Distinguished Professor of the Department of Optoelectronics and Materials Technology of National Taiwan Ocean University.	1. There has been no direct or indirect interest in the company within the two years prior to the election, and none of the person, spouse, or relatives within the second degree of kinship has served as a director (including independent directors) or an employee of the company, affiliated enterprises, or companies with a specific relationship with the company, and does not hold shares in the company. 2. There has been no service in business, legal, financial, accounting, and others provided to the company or affiliated enterprises in the past two years, and has not received any relevant remuneration.	0

Wan-Hua,Hsieh	Professional Qualifications: Possesses expertise in finance,taxation and accounting, but none of the events stated in Article 30 of the Company Act. Experience: Earn master degree of Accounting and Finance and Taxation from Feng Chia University；Accountant of WAN-SHIN Certified Public Accounting Firm, Teacher of taxation laws at 3people cram school, Teacher of taxation laws at Jhih Guang Group (easywin)；incumbent WAN-SHIN Certified Public Accounting Firm accountant, Teacher of taxation laws at 3people cram school, Teacher of taxation laws at Jhih Guang Group (easywin).	1. There has been no direct or indirect interest in the company within the two years prior to the election, and none of the person, spouse, or relatives within the second degree of kinship has served as a director (including independent directors) or an employee of the company, affiliated enterprises, or companies with a specific relationship with the company, and does not hold shares in the company. 2. There has been no service in business, legal, financial, accounting, and others provided to the company or affiliated enterprises in the past two years, and has not received any relevant remuneration.	0

Note 1: Professional qualifications and experience: Describe the professional qualifications and experience of each individual director and supervisor. For those who are members of the Audit Committee with expertise in accounting or finance, describe their accounting or financial background and work experience; also, indicate whether they are subject to any of the events stated in Article 30 of the Company Act.

Note 2: Describe the independence of each independent director in details, including but not limited to whether the person, spouse, and relatives within the second degree of kinship are a director, supervisor, or employee of the company or any of its affiliated enterprise; the number of shares of the company and shareholding ratio held by the person, spouse, and relatives within the second degree of kinship (or in the name of others); whether a director, supervisor, or employee of a company (refer to Article 3, Paragraph 1, Subparagraph 5–8 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies") that has a specific relationship with the company, and the amount of remuneration received for providing business, legal, financial, accounting, and other services to the company or its affiliated enterprises in the last 2 years.

Note 3: Please refer to the best-practice reference examples on the website of the Corporate Governance Center of Taiwan Stock Exchange for the guidelines on disclosures.

5. Board Diversity and Independence

(I) Board Diversity: Please refer to Summary Description III-(I) on P.28–P.29 of (III) The implementation of the corporate governance and its deviation from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and the reasons of of the annual report.

(II) Independence of the Board of Directors: The company has three independent directors appointed, accounted for 43% of all directors. The company's Board of Directors complies with the requirement of independence. Except for Wen-Lin, Hsu the Chairman and Wan-Sheng, Hsu the Director, are relatives within the second degree of kinship, the other directors, independent directors, and between independent directors and directors are not a spouse or a relative within the second degree of kinship to one another.

Note 1: Professional qualifications and experience: Describe the professional qualifications and experience of each individual director and supervisor. For those who are members of the Audit Committee with expertise in accounting or finance, describe their accounting or financial background and work experience; also, indicate whether they are subject to any of the events stated in Article 30 of the Company Act.

Note 2: Describe the independence of each independent director in details, including but not limited to whether the person, spouse, and relatives within the second degree of kinship are a director, supervisor, or employee of the company or any of its affiliated enterprise; the number of shares of the company and shareholding ratio held by the person, spouse, and relatives within the second degree of kinship (or in the name of others); whether a director, supervisor, or employee of a company (refer to Article 3, Paragraph 1, Subparagraph 5–8 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies") that has a specific relationship with the company, and the amount of remuneration received for providing business, legal, financial, accounting, and other services to the company or its affiliated enterprises in the last 2 years.

Note 3: Please refer to the best-practice reference examples on the website of the Corporate Governance Center of Taiwan Stock Exchange for the guidelines on disclosures.

(II) Information on the President, Vice President, Senior Manager, and Officers of Departments and Branches

April 30, 2024; Unit: Shares

Title (Note 1)	Nationality	Name	Gender	Date Rlected or Appointed	Shareholding		Shareholding of Spouse and Minor Children		Shareholding in the Name of Others		Main Career (Academic) Achievements (Note 2)	Concurrent Positions at Other Companies	Mangers who are Spouses or Relatives within the Second Degree of Kinship			Remarks (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chief Executive Officer	R.O.C.	Wen-Lin ,Hsu	Male	12.16.2010	4,991,508	3.78%	189,358	0.14%	0	0	Department of Mechanical Engineering, Lunghwa Junior College of Technology Chairman, Techron Co.,Ltd. CEO, Megaforce Group Co.,Ltd.	Chairman, Megaforce International Co.,Ltd. Chairman, Newforce Global Limited. Chairman, Megaforce SDN. BHD. Director, Barintec Co., Ltd. Chairman, Shanghai Yingji Electronic Plastic Co., Ltd. Chairman, Shanghai Shanghua Painting Co.,Ltd. Chairman, Shanghai AB Megaforce Co., Ltd. Chairman, Suzhou Intentech Co.,Ltd. Chairman, Dongguan Megaforce Electronic Technology Co., Ltd. Chairman, Megachamp Investment Co.,Ltd. Chairman, Mega 1 Co., Ltd. Chairman, Ying Fan Investment Co., Ltd. Director, Anguil Technology Co., Ltd. President, Yu Jin Ltd.	Senior Manager	Li-Kai, Chen	Son-in-law	
General Manager	R.O.C.	Tung-Hui, Chiang	Male	12.1.2021	1,404,956	1.06%	0	0	0	0	Department of Mechanical Engineering, National Taiwan University Manager, Techron Co.,Ltd. President, Megaforce Co.,Ltd. Group Operation Resources president and chief information security officer, Megaforce International Co.,Ltd.	Director, Shanghai Yingji Electronic Plastic Co., Ltd. Director, Shanghai Shanghua Painting Co.,Ltd Director, Suzhou Intentech Co.,Ltd. Director, Dongguan Megaforce Electronic Technology Co., Ltd. Director, Mega 1 Co., Ltd. Director, Ying Fan Investment Co., Ltd.	None	None	None	
Chief Strategy Officer	Singapore	Cheng, Chao	Male	2.15.2019	120,000	0.09%	0	0	0	0	Department of Engineering, Kennedy Western University CMO, LITE-ON Technology Corporation Senior Vice President, Quanta Computer Inc. CEO, 3M PC Touch (Singapore) Pte Limited.	Independent Director, Jean Co., Ltd. Independent Director, Leader Electronics Inc.	None	None	None	
Chief Financial Officer and Corporate Governance Officer	R.O.C.	Chia-Cheng, Chang	Male	1.20.2017	50,000	0.04%	0	0	0	0	Dept. of Accounting, National Chung Hsing University Senior Manager, Audit Department, PwC Taiwan Spokesman, Megaforce International Co.,Ltd.	Supervisor, Shanghai Yingji Electronic Plastic Co., Ltd. Supervisor, Shanghai Shanghua Painting Co.,Ltd. Supervisor, Suzhou Intentech Co.,Ltd. Supervisor, Dongguan Megaforce Electronic Technology Co., Ltd. Supervisor, Shanghai AB Megaforce Co., Ltd. Supervisor, Mega 1 Co.,Ltd. Independent Director, S&S Heathcare Holding Ltd. Director, Super Bravo Bio Co., Ltd. (Legal Representative)	None	None	None	

Title (Note 1)	Nationality	Name	Gender	Date Elected or Appointed	Shareholding		Shareholding of Spouse and Minor Children		Shareholding in the Name of Others		Main Career (Academic) Achievements (Note 2)	Concurrent Positions at Other Companies	Mangers who are Spouses or Relatives within the Second Degree of Kinship			Remarks (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Shanghai BU President	R.O.C.	Cheng-An, Lee	Male	9.1.2012	70,000	0.05%	0	0	0	0	EMBA, Shanghai Jiao Tong University Manager, Dynacast International Inc.	Director and General Manager, Shanghai Yingji Electronic Plastic Co., Ltd. Director and General Manager, Shanghai Shanghua Painting Co.,Ltd.	None	None	None	
Taiwan BU Vice President	R.O.C.	Huo-Tsao, Lin	Male	1.1.2016	147,727	0.11%	0	0	0	0	Department of Bussiness, National Open University Team Leader of Molding, Huaju Enterprise Co., Ltd.	NA	None	None	None	
Suzhou BU Junior VP	R.O.C.	Tsung-Ho, Ou	Male	3.1.2022	40,001	0.03%	0	0	0	0	Graduate Institute of Chemical Engineering , Tamkang University Manager, Foxconn Technology Corporation	Director and General Manager, Suzhou Intentech Co.,Ltd.	None	None	None	
Dongguan BU Vice President	R.O.C.	Ming-Wei, Hsu	Male	3.1.2021	917,339	0.69%	0	0	0	0	Department of International Trade, Soochow University Sales Representative, New Century Infocomm Tech Co., Ltd.	Director and General Manager,Dongguan Megaforce Electronic Technology Co., Ltd. Director, Megaforcemx , S. de R.L. de C.V.	None	None	None	
Biomedical and system integration Business – Junior VP	R.O.C.	Li-Kai, Chen	Male	3.1.2021	73,000	0.06%	1,523,640	1.15%	0	0	Ph.D., University of California, Merced－BioEngineering and Small Scale Technology Director,R&D of Medical Division, MicroBase Technology Corporation	Managing Director , Megaforce International Corporation Director, Mei Jia Fu Shi Investment Co.,Ltd.	None	None	None	
Core Design BU Junior VP	R.O.C.	Cheng-Ching, Hsia	Male	3.1.2021	100,000	0.08%	0	0	0	0	Dept. of computer engineering, Lunghwa Junior College of Technology Team Leader, Lih Rong Electronic Enterprise Co., Ltd.	NA	None	None	None	

Note 1: The information disclosure should include the President, Vice President, Senior Manager, officers of departments and branches, and those who hold a position equivalent to the President, Vice President, or Senior Manager, regardless of their titles.

Note 2: Experience related to incumbent position, describe the job title and job responsibility during the employment, if any, with the commissioned CPA Firm for audit or its affiliated enterprises.

Note 3: If the chairman, President, or the individual (top management) holds equivalent position are the same person, spouses, or relatives in the first-degree of kinship to each other, please detail the reason, rationality, necessity, and countermeasures (for example, increase the number of independent directors, the majority of directors are not concurrently serving as employees or Mangers).

III. Remuneration and Compensation Paid to Directors, Supervisors, The President, and Vice President

(I) Remuneration of Directors, Independent Directors, Supervisors, President, and Vice President

1.Remuneration of Directors and Independent Directors

Unit: NT$ thousand; thousand shares

Title	Name	Director's Remuneration								Ratio of the Total Amount (A+B+C+D) to Net Income (Note 10)		Receipt of Remuneration by Part-time Employees								Ratio of the Total Amount (A+B+C+D+E+F+G) to Net Income (Note 10)		Receipt of Remuneration from the Invested Enterprises Other than the Subsidiaries or Parent Company (Note 11)
		Remuneration (A) (Note 2)		Severance and Pension (B)		Director's Remuneration (C) (Note 3)		Business Practice Expense (D) (Note 4)				Salary, Bonus, Special Expense, etc. (E) (Note 5)		Severance and Pension (F) (Note 14)		Employee's Remuneration (G) (Note 6)						
		The Company	All Companies included in the Financial Report (Note 7)	The Company	All Companies included in the Financial Report (Note 7)	The Company	All Companies included in the Financial Report (Note 7)	The Company	All Companies included in the Financial Report (Note 7)	The Company	All Companies included in the Financial Report (Note 7)	The Company	All Companies included in the Financial Report (Note 7)	The Company	All Companies included in the Financial Report (Note 7)	The Company		All Companies included in the Financial Report (Note 7)		The Company	All Companies included in the Financial Report	
																Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Director	Wen-Lin, Hsu	150	150	0	0	0	0	35	35	185 (0.14%)	185 (0.14%)	5,440	5,440	691	691	0	0	0	0	6,316 (4.88%)	6,316 (4.88%)	0
Director	Tung-Hui, Chiang	100	100	0	0	0	0	20	20	120 (0.09%)	120 (0.09%)	4,600	4,600	562	562	0	0	0	0	5,282 (4.08%)	5,282 (4.08%)	0
Director	Le-L,i Lu	92	92	0	0	0	0	30	30	122 (0.09%)	122 (0.09%)	1,134	1,134	788	788	0	0	0	0	2,044 (1.58%)	2,044 (1.58%)	0
Director	Wan-Sheng ,Hsu	75	75	0	0	0	0	35	35	110 (0.09%)	110 (0.09%)	1,303	1,303	0	0	0	0	0	0	1,413 (1.09%)	1,413 (1.09%)	0
Director	Hsien-Yu, Kuo (Note 12)	0	0	0	0	0	0	0	0	0 (0.00%)	0 (0.00%)	0	0	0	0	0	0	0	0	0 (0.00%)	0 (0.00%)	0
Independent Director	Chun-Nan, Pai (Note 13)	240	240	0	0	0	0	37	37	277 (0.21%)	277 (0.21%)	0	0	0	0	0	0	0	0	277 (0.21%)	277 (0.21%)	0
Independent Director	Ching-Kong, Chao	240	240	0	0	0	0	56	56	296 (0.23%)	296 (0.23%)	0	0	0	0	0	0	0	0	296 (0.23%)	296 (0.23%)	0
Independent Director	Hai-Pang ,Chiang	240	240	0	0	0	0	56	56	296 (0.23%)	296 (0.23%)	0	0	0	0	0	0	0	0	296 (0.23%)	296 (0.23%)	0

1. Please describe the policy, system, standard, and structure for the remuneration of independent directors, and the correlation with the amount of remuneration in terms of their responsibilities, risks, time spent, and other factors:
   The company's remuneration payment policy for the independent directors is stipulated as "An amount not more than 5% of the company's net income before tax, if any, that is before deducting the remuneration distributed to employee and director and supervisor, but after appropriating an amount equivalent to the accumulated loss should be distributed as remuneration to directors and supervisors" in accordance with the Articles of Incorporation. The company has a Remuneration Committee" set up to formulate and regularly review the annual and long-term performance objectives and remuneration policies, systems, standards, and structures of independent directors. Evaluate the realization of independent directors' performance objectives, and stipulate the remuneration content and amount for each independent director by referring to the general payment standard of the industry, and taking into account the time invested by each independent director, the responsibilities assumed, the achievement of personal objectives, the performance at other positions assumed, the salary and remuneration paid by the company to those in the same position in recent years, as well as evaluating personal performance based on the achievement of the company's short-term and long-term business objectives, the company's financial status, and the reasonableness of the correlation between the company's operating performance and future risks.
2. In addition to the disclosure in the aforementioned table, the remuneration received by the directors of the company for providing services to all companies included in the financial report in the most recent year (such as serving as a consultant not an employee of the parent company/all companies included in the financial report/invested enterprises): None.

* Relevant information on directors (general directors who are not independent directors) and independent directors should be listed separately.

Note 1: The names of directors should be listed separately (corporate shareholders should list the names of juridical person shareholders and representatives separately), classified by general directors or independent directors individually, and the payment amounts should be disclosed collectively. The directors who are also serving as the President or Vice President of the company concurrently should fill out this form and Table (3-1), or Table (3-2-1) and (3-2-2).

Note 2: It refers to the remuneration of directors in the most recent year (including director salaries, job allowance, severance pay, various bonuses, and incentives).

Note 3: Fill in the amount of remuneration paid to directors with the approval of the Board of Directors in the most recent year.

Note 4: It refers to the relevant business practice expenses of the directors in the most recent year (including transportation expenses, special expenses, allowances, dormitory, business car, and in-kind). When accommodation, car, and other means of transportation or exclusive personal expense account are provided, the nature and cost of the assets provided, the actual or estimated rent at fair market prices, fuel, and other payments shall be disclosed. In addition, for the designated chauffeur, if any, the payment paid by the company should be noted, however, such amount will not be included in the remuneration.

Note 5: It refers to the salary, job allowance, severance pay, bonuses, incentives, transportation allowance, special expenses, allowances, dormitories, business car and other in-kind received by the directors who are also employees (including serving as President, Vice President, other Mangers, and employees) concurrently in the most recent year. When accommodation, car, and other means of transportation or exclusive personal expense account are provided, the nature and cost of the assets provided, the actual or estimated rent at fair market prices, fuel, and other payments shall be disclosed. In addition, for the designated chauffeur, if any, the payment paid by the company should be noted, however, such amount will not be included in the remuneration. In addition, the salary expenses recognized in accordance with IFRS2 "Share-Based Payment," including the acquisition of employee stock warrants, new restricted employee shares, and participation in cash capital increase subscription shares, should also be included in remuneration.

Note 6: It refers to the directors who are also an employee (including the President, V.P., and other Mangers and employees) receiving employee remuneration (including stocks and cash) should disclose the amount of employee remuneration distributed by the Board Of Directors in the most recent year. If such amount cannot be estimated, the proposed distribution amount for this year shall be calculated proportionally to the actual distribution amount of last year with the attachment Form 1-3 filled out accordingly.

Note 7: Disclose the tota l amount of remuneration paid to the directors of the company by all companies (including the company) in the consolidated report.

Note 8: Disclose the name of the director in the respective column of the remuneration table where they belong.

Note 9: Disclose the total amount of remuneration paid to each director of the company by all companies (including the company) in the consolidated financial report; also, disclose the name of the director in the respective column of the remuneration table where they belong.

Note 10: Net income refers to the net income expressed in the standalone financial report for the most recent year.

Note 11: a. It is necessary to fill in the amount of remuneration received by the company's directors from the invested companies other than the subsidiaries or the parent company (if the answer is "NO," please state "NO").

b. If the directors receive remuneration from the invested company other than the subsidiaries or the parent company, the amount received should be filled in column "I" on the remuneration table and the column should be renamed as "Parent Company and All In vested Enterprises."

c. The "remuneration" refers to the salary and remuneration (including remuneration of employees, directors, and supervisors) and business practice fees received by the directors of the company for serving as the directors, supervisors, or Mangers of the invested companies other than the subsidiaries or the parent company.

Note 12: Director Mr.Hsien-Yu, Kuo resigned as a director on February 3, 2023.

Note 13: Director Mr. Chun-Nan, Pai resigned as a independent director on February 6, 2024.

Note 14: The company established an Audit Committee to replace the supervisors on June 8, 2018.

Note 15: The appropriated amount of severance and pension of the company and all the companies included in the financial report is NT$2,041 thousand and the actual payment amount is NT$788 thousand.

∗The content of remuneration disclosed in this form is different from the concept of income stipulated in the Income Tax Act; therefore, this form is intended for information disclosure not for taxation purposes.

2.Remuneration of the President and Vice President

Unit: NT$ thousand; thousand shares

Title	Name	Salary (A) (Note 2)		Severance and Pension (B) (Note 12)		Bonus, Special Expense, etc. (C) (Note 3)		Employee's Remuneration (D) (Note 4)				Ratio of Total Amount (A+B+C+D) to Net Income (%) (Note 8)		Receipt of Remuneration from the Invested Enterprises other than the Subsidiaries or Parent Company (Note 9)
		The Company	All Companies included in the Financial Report (Note 5)	The Company	All Companies included in the Financial Report (Note 5)	The Company	All Companies included in the Financial Report (Note 5)	The Company		All Companies included in the Financial Report (Note 5)		The Company	All Companies included in the Financial Report	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chief Executive Officer	Wen-Lin, Hsu	24,490	26,738	2,801	2,801	5,471	5,471	0	0	0	0	32,762 (25.32%)	35,010 (27.06%)	0
General Manager	Tung-Hui, Chiang													
Shanghai BU President	Cheng-An, Lee													
Chief Strategy Officer	Cheng, Chao													
Chief of Staff	Le-Li, Lu													
Chief Financial Officer and Corporate Governance Officer	Chia-Cheng, Chang													
Taiwan BU Vice President	Huo-Tsao, Lin													
Dongguan BU Vice President	Ming-Wei, Hsu													

*The information disclosure should include those who hold a position equivalent to the President and Vice President (such as President, CEO, Director), regardless of their titles.

Remuneration Ranges

Remuneration Ranges paid to Each President and Vice President of the Company	Name of President and Vice President	
	The Company (Note 6)	All Companies in the Financial Statements (Note 7)E
Below NT$1,000,000	None	None
NT$1,000,000 (inclusive) – NT$2,000,000 (exclusive)	Le-Li,Lu	Le-Li,Lu
NT$2,000,000 (inclusive) – NT$3,500,000 (exclusive)	Cheng-An, Lee / Ming-Wei, Hsu / Huo-Tsao, Lin / Makoto Masuda	Ming-Wei, Hsu / Huo-Tsao, Lin / Makoto Masuda
NT$3,500,000 (inclusive) – NT$5,000,000 (exclusive)	Cherng, Chao / Chia-Cheng, Chang	Cherng, Chao / Cheng-An, Lee / Chia-Cheng, Chang
NT$5,000,000 (inclusive) – NT$10,000,000 (exclusive)	Wen-Lin, Hsu / Tung-Hui, Chiang	Wen-Lin, Hsu / Tung-Hui, Chiang
NT$10,000,000 (inclusive) – NT$15,000,000 (exclusive)	None	None
NT$15,000,000 (inclusive) – NT$30,000,000 (exclusive)	None	None
NT$30,000,000 (inclusive) – NT$50,000,000 (exclusive)	None	None
NT$50,000,000 (inclusive) – US$100,000,000 (exclusive)	None	None
Over NT$100,000,000	None	None
Total	None	None

Note 1: The names of the President and Vice President should be listed separately, and the payment amounts should be disclosed collectively. If the director concurrently serves as the President or Vice President, please fill out this form and Table (1-1), or (1-2-1) and (1-2-2).

Note 2: Please fill in the salary, job allowance, and severance pay of the President and Vice President in the most recent year.

Note 3: Fill in the bonuses, incentives, transportation expenses, special expenses, allowances, dormitories, business car, in-kind provisions, and other remuneration amount paid to the President and Vice President in the most recent year. When accommodation, car, and other means of transportation or exclusive personal expense account are provided, the nature and cost of the assets provided, the actual or estimated rent at fair market prices, fuel, and other payments shall be disclosed. In addition, for the designated chauffeur, if any, the payment paid by the company should be noted, however, such amount will not be included in the remuneration. In addition, the salary expenses recognized in accordance with IFRS2 "Share-Based Payment," including the acquisition of employee stock warrants, new restricted employee shares, and participation in cash capital increase subscription shares, should also be included in remuneration.

Note 4: Please fill in the amount of employee remuneration (including stocks and cash) distributed to the President and Vice President approved by the Board of Directors in the most recent year. If such amount cannot be estimated, the proposed distribution amount for this year shall be calculated proportionally to the actual distribution amount of last year with the attachment Form 1-3 filled out accordingly.

Note 5: Disclose the total amount of remuneration paid to the President and Vice President of the company by all companies (including the company) included in the consolidated financial report.

Note 6: Disclose the total amount of remuneration paid to each President and Vice President by the company and the name of the President and Vice President in the respective column of the remuneration table where they belong.

Note 7: Disclose the total amount of remuneration paid to each President and Vice President of the company by all companies (including the company) included in the consolidated financial report; also, disclose the name of the President and Vice President in the respective column of the remuneration table where they belong.

Note 8: Net income refers to the net income expressed in the standalone financial report for the most recent year.

Note 9: a. It is necessary to fill in the amount of remuneration received by the company's President and Vice President from the invested companies other than the subsidiaries or the parent company (if the answer is "NO," please state "NO").

b. If the President and Vice President receive remuneration from the invested company other than the subsidiaries or the parent company, the amount received should be filled in column "E" on the remuneration table and the column should be renamed as "Parent Company and All Invested Enterprises."

c. The "remuneration" refers to the salary and remuneration (including remuneration of employees, directors, and supervisors) and business practice fees received by the President and Vice President of the company for serving as the directors, supervisors, or Mangers of the invested companies other than the subsidiaries or the parent company.

Note 10:Chief Of Staff, Mr. Le-Li, Lu retired on May 1, 2023.

Note 11:R &D Officer of the Optoelectronics Business Unit Mr.Makoto Masuda step down as a R &D Officer of the Optoelectronics Business Unit on Apr.1,2024.

Note 12: The appropriated amount of severance and pension of the company and all the companies included in the financial report is NT$2,801 thousand, and the actual payment amount is NT$788 thousand.

*The content of remuneration disclosed in this form is different from the concept of income stipulated in the Income Tax Act; therefore, this form is intended for information disclosure not for taxation purposes.

The Top Five Highest paid Executives of the TWSE/TPEx Listed Companies (Individual Disclosure of Name and Payment of Remuneration) (Note 1)

Unit: NT$ thousand; thousand shares

Title	Name	Salary (A) (Note 2)		Severance and Pension (B)		Bonus, Special Expense, etc. (C) (Note 3)		Employee's Remuneration (D) (Note 4)				Ratio of the Total Amount (A+B+C+D) to Net Income (Note 6)		Receipt of Remuneration from the Invested Enterprises Other than the Subsidiaries or Parent Company (Note 7)
		The Company	All Companies included in the Financial Report (Note 5)	The Company	All Companies included in the Financial Report (Note 5)	The Company	All Companies included in the Financial Report (Note 5)	The Company		All Companies included in the Financial Report (Note 5)		The Company	All Companies included in the Financial Report	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chief Executive Officer	Wen-Lin, Hsu	4,470	4,470	691	691	970	970	0	0	0	0	6,131 (4.74%)	6,131 (4.74%)	0
General Manager	Tung-Hui, Chiang	3,806	3,806	562	562	794	794	0	0	0	0	5,161 (3.99%)	5,161 (3.99%)	0
Shanghai BU President	Cheng-An, Lee	2,150	3,210	108	108	906	906	0	0	0	0	3,163 (2.44%)	4,224 (3.26%)	0
Chief Strategy Officer	Cheng, Chao	3,240	3,240	108	108	730	730	0	0	0	0	4,078 (3.15%)	4,078 (3.15%)	0
Chief Financial Officer	Chia-Cheng, Chang	2,642	2,642	108	108	772	772	0	0	0	0	3,522 (2.72%)	3,522 (2.72%)	0

Note 1: The so-called "top five executives with the highest pay" refers to the Mangers of the company. The standards for the identification of relevant Mangers refer to the "Mangers" defined in the Tai-Tsai-Zhen-(III)-Zi No. 0920001301 Order by the former Securities and Futures Administration Commission of the Ministry of Finance on March 27, 2003. As for the calculation and recognition principle of "the top five highest remunerations," it is based on the total amount of salaries, severance pay and pensions, bonuses, and special expenses received by the company's Mangers from all companies included in the consolidated financial report, including the amount of employee remuneration (that is, the total amount of "A+B+C+D"), ranked top five orderly. The aforementioned Mangers who are also a director concurrently shall fill out this form and the aforementioned form (1-1).

Note 2: Fill in the salary, job allowance, and severance pay of the top five highest paid executives in the most recent year.

Note 3: Fill in the bonuses, incentives, transportation expenses, special expenses, allowances, dormitories, business car, in-kind provisions, and other remuneration amount for the top five highest paid executives in the most recent year. When accommodation, car, and other means of transportation or exclusive personal expense account are provided, the nature and cost of the assets provided, the actual or estimated rent at fair market prices, fuel, and other payments shall be disclosed. In addition, for the designated chauffeur, if any, the payment paid by the company should be noted, however, such amount will not be included in the remuneration. In addition, the salary expenses recognized in accordance with IFRS 2 "Share-Based Payment," including the acquisition of employee stock warrants, new restricted employee shares, and participation in cash capital increase subscription shares, should be included in the calculation of remuneration.

Note 4: It refers to the employee remuneration (including stocks and cash) to be received by the top five highest paid executives according to the resolution of the Board of Directors in the most recent year, if such amount cannot be estimated, the proposed distribution amount for this year shall be calculated proportionally to the actual distribution amount of last year with the attachment Form 1-3 filled out accordingly

Note 5: Disclose the total amount of remuneration paid to the top five highest paid executives of the company by all companies (including the company) included in the consolidated financial report.

Note 6: Net income refers to the net income expressed in the standalone financial report for the most recent year.

Note 7: a. It is necessary to fill in the amount of remuneration received by the top five highest paid executives of the company from the invested companies other than the subsidiaries or the parent company (if the answer is "NO," please state "NO").

b. The "remuneration" refers to the salary and remuneration (including remuneration of employees, directors, and supervisors) and business practice fees received by the top five highest paid executives of the company for serving as directors, supervisors, or Mangers of the invested companies other than the subsidiaries or the parent company.

Note 8: The appropriated amount of severance and pension of the company and all the companies included in the financial report is NT$2,801 thousand, and the actual payment amount is NT$788 thousand.

*The content of remuneration disclosed in this form is different from the concept of income stipulated in the Income Tax Act; therefore, this form is intended for information disclosure not for taxation purposes.

3. The name of the Mangers who receive Employee Remuneration and the Respective Amount

   The company had no earnings in 2023; therefore, no employee remuneration was distributed.

(II)Analyze the Ratio of the Total Remuneration paid to the Company’s Directors, Supervisors, President, and Vice President in the Most Recent 2 Years by the Company and all Companies in the Consolidated Financial Statements to the Net Income; explain the Policies, Criteria and Combination, the Procedures for Determining Remuneration, and the Correlation to Operating Performances and Future Risks.

1. Analyze the Ratio of the Total Remuneration paid to the Company’s Directors, Supervisors, President, and Vice President in the Most Recent 2 Years by the Company and all Companies in the Consolidated Financial Statements to the Net Income

Item / Title	Ratio of Total Remuneration to Net Income			
	2022		2023	
	The Company	All Companies included in the Financial Statements	The Company	All Companies included in the Financial Statements
Director	(11.15%)	(11.15%)	(12.30%)	(12.30%)
Supervisor (Note 2)	0%	0%	0%	0%
President and Vice President	(22.69%)	(24.08%)	(25.32%)	(27.06%)

Note 1: The “market price” of stock dividends is calculated by the TWSE/TPEx Listed Companies based on the average closing price of the last month in the most recent fiscal year; for non-TWSE/TPEx Listed Companies, it is calculated based on the net value at the end of the accounting period of the year that the earnings belong to. Net income refers to the net income expressed for the most recent year.

Note 2: The company established an Audit Committee to replace the supervisors on June 8, 2018.

2. The Remuneration Payment Policies, Criteria and Combination, the Procedures for Determining Remuneration, and the Correlation to Operating Performances and Future Risks

(1)Director

Annual directors' remuneration and the compensation level of peers, the company's overall operations and the director's remuneration distribution ratio stipulated in the articles of association, etc. will be considered, and the compensation will be paid after the recommendation of the remuneration committee is submitted to the board of directors for discussion and approval. There are also fixed remuneration and carriage fees and other remuneration.

(2)President and Vice President

It includes salary, bonus, and employee remuneration The company bases on the relevant personnel regulations to determine salaries and bonuses, and considers the contribution of each position holder to the company’s operations and his/her personal performance for a reasonable distribution of remuneration. The Board of Directors bases on the earnings in the distribution year and the percentage or range of remuneration defined in the Articles of Incorporation to have the employee remuneration resolved for distribution; also, take into account the degree of contribution made by each individual and the recommendation of the Remuneration Committee that will be deliberated and resolved by the Board of Directors before carrying out a reasonable distribution of employee remuneration.

(3) The so-called consideration of the company’s overall operations and the degree of contribution to the company’s operations in the aforementioned remuneration policy in the last two paragraphs are highly relevant to performance evaluation, including financial indicators (such as the company’s revenue and net income before tax achievement rate) and non-financial indicators (such as participating in new product development, the substantiation of strategic development, and the compliance with laws and regulations and operational risks of the departments under supervision); also, consider the degree of participation, stability, and loyalty to the company of each director, President, and Vice President in the company’s operations in order to avoid the impact of future risks on the company.

IV.Implementation of Corporate Governance

(I) The operation of the Board of Directors

1. Information on the operation of the Board of Directors

The Board of Directors held 7 meetings in 2023 with the attendance of directors and supervisors as follows:

Title	Name (Note 1)	Actual Number of Attendances (B)	Number of Attendances by proxy	Actual Attendance Rate (%) [B/A] (Note 2)	Remarks
Chairman	Wen-Lin, Hsu	7	0	100%	
Vice Chairman	Tung-Hui, Chiang	4	3	57%	
Director	Ying Fan Investment Co., Ltd. Representative: Le-Li, Lu	6	1	86%	
Director	Ying Fan Investment Co., Ltd. Representative: Wan-Sheng, Hsu	7	0	100%	
Director	Hsien-Yu, Kuo(note3)	0	0	0	
Independent Director	Chun-Nan, Pai(note4)	5	2	71%	
Independent Director	Ching-Kong, Chao	7	0	100%	
Independent Director	Hai-Pang, Chiang	7	0	100%	

Other matters required to be recorded:

I. If the operation of the Board of Directors is under any of the following circumstances, the meeting date, term, proposal content, all independent directors' opinions, and the Company's handling of their opinions should be described:

(I) Matters addressed in Article 14-3 of the Securities and Exchange Act
No such event has ever occurred. Please refer to P.53–P.55 for important resolutions of the Board of Directors.

(II) In addition to the aforementioned matters, other resolutions of the Board of Directors to which were objected or dissented by an independent director in writing or in records.
No such event has ever occurred. Please refer to P.53–P.55 for important resolutions of the Board of Directors.

II. Regarding the director's recusal due to a conflict of interest, the director's name, the proposal content, the reasons for recusal, and the participation in voting should be stated.
No such event has ever occurred. Please refer to P.53–P.55 for important resolutions of the Board of Directors.

III. TWSE/TPEx Listed Companies should disclose information on the periodicity and duration, scope, method, and content of the self-performance evaluation (or peer evaluation) by the Board of Directors.
The company has formulated the "Rules for Performance Evaluation of Board of Directors." Please refer to P.24 for details on the implementation of the evaluation of the Board of Directors.

IV. Evaluate the objective for enhancing the functions of the Board of Directors (establishing an Audit Committee, enhancing information transparency, etc.) and its implementation in the current year and the most recent year.

1. The company established the Compensation Committee on November 25, 2011 with the members appointed by the Board of Directors. Assist the Board of Directors in implementing and evaluating the company's overall remuneration and welfare policies and the remuneration of board directors and Mangers.
2. The company established the Audit Committee on June 8, 2018 with the participation of all independent directors so to assist the Board of Directors in supervising the company's quality and integrity in the implementation of accounting, auditing, financial reporting processes, and financial control.
3. The company appointed the corporate governance officer on January 29, 2021 to provide the Board of Directors with the information needed to comply with laws and regulations and perform business operation; also, to assist board directors in taking office and completing continue education.
4. The company ranked the top 6%–20% among all TPEx Listed Companies in the 5th–9th term of Corporate Governance Evaluation.

V. The attendance of independent directors in each board meeting in 2023 ◎: Attended in person

2023	1.18.2023	3.15.2023	5.3.2023	6.7.2023	8.9.2023	9.26.2023	11.8.2023
Chun-Nan, Pai	◎	◎	◎	◎	entrust	◎	entrust
Ching-Kong, Chao	◎	◎	◎	◎	◎	◎	◎
Hai-Pang, Chiang	◎	◎	◎	◎	◎	◎	◎

Note 1. If the directors and supervisors are a juridical person, it is necessary to disclose the name of the corporate shareholder and its representative.

Note 2: (1) The resignation date of a director or supervisor before the end of the fiscal year should be indicated in the remark column. The actual attendance rate (%) is calculated based on the number of board meetings convened and the actual attendance during the term of office.
(2) If there is a re-election of directors and supervisors before the end of the fiscal year, both the new and old directors and supervisors should be indicated in writing, including the election status as former, newly elected, or re-elected indicated in the remark column. The actual attendance rate (%) is calculated based on the number of board meetings convened and the actual attendance during the term of office.

Note 3: Director Mr.Hsien-Yu, Kuo resigned as a director on February 3, 2023.

Note 4: Independent director Mr. Chun-Nan, Pai resigned as a independent director on February 6, 2024.

2. Implementation of Board Evaluation

Evaluation Cycle (Note 1)	Evaluation Duration (Note 2)	Evaluation Scope (Note 3)	Evaluation Method (Note 4)	Evaluation Content (Note 5)
Implemented once a year	January 1, 2023 – December 31, 2023	The Board of Directors taking as a whole	Internal Self-evaluation of the Board of Directors	A. Degree of Participation in the Company's Business Operations B. Improve the Decision-making Quality of the Board of Directors C. Board Composition and Structure D. Election and Continuing Education of Board Directors E. Internal Control
		Individual Board Director	Self-evaluation of Individual Board Director	A. Grasp the Company's Objectives and Missions B. Director's Recognition of Responsibilities C. Degree of Participation in the Company's Business Operations D. Internal Relationship Management and Communication E. Professional and Continuing Education of Directors F. Internal Control
		Functional Committees	Self-evaluation of Individual Board Director	A. Degree of Participation in the Company's Business Operations B. Functional Committee's Recognition of Responsibilities C. Improve the Decision-making Quality of Functional Committees D. Composition of Functional Committees and Appointment of Members E. Internal Control

Note 1: Fill in the implementation cycle of the Board of Directors' evaluation, for example: implemented once a year.
Note 2: Fill in the duration of the Board of Directors' evaluation, for example: evaluate the performance of the Board of Directors for the period from January 1, 2019 to December 31, 2019.
Note 3: The scope of evaluation includes the performance evaluation of the Board of Directors, individual board director, and functional committees.
Note 4: Evaluation methods include internal self-evaluation by the Board of Directors, self-evaluation by individual board director, peer evaluation, appointment of external professional institutions, experts, or other appropriate methods for performance evaluation
Note 5: The evaluation content according to the scope of evaluation includes at least the following items:
(1) Performance evaluation of the Board of Directors: It includes at least the degree of participation in the company's business operations, the decision-making quality of the Board of Directors, the composition and structure of the Board of Directors, the selection and appointment of board directors and continuing education, internal control, etc.
(2) Performance evaluation of individual board director: It includes at least the grasp of the company's objectives and missions, board director's recognition of responsibilities, the degree of participation in the company's business operations, internal relationship management and communication, board directors' professional and continuing education, internal control, etc.
(3) Performance evaluation of functional committees: The degree of participation in the company's business operations, the functional committee's recognition of responsibilities, the decision-making quality of functional committees, the composition of functional committees and selection of members, internal control, etc.

(II) The Operation of the Audit Committee or the Participation of Supervisors in the Operation of the Board of Directors

Information on the Operation of the Audit Committee

A total of 5 Audit Committee meetings (A) held in 2022 with the attendance of independent directors as follows:

Title	Name	Actual Number of Attendances (B)	Number of Attendances by proxy	Actual attendance rate (%) (B/A) (Note 1 and Note 2)	Remarks
Convener	Chun-Nan, Pai	3	2	60%	
Members	Ching-Kong, Chao	5	0	100%	
Members	Hai-Pang, Chiang	5	0	100%	

Other Matters Required to be recorded:

I. If the Operation of the Audit Committee is under any of the Following Circumstances, the Meeting Date, Term, Proposal Content, all Independent Directors' Dissented Opinions, Qualified Opinion, or Material Suggestion Content, the Resolution of the Audit Committee, and the Company's Handling of Their Opinions should be described:

(I) Matters Listed in Article 14-5 of the Securities and Exchange Act:
No such event has ever occurred. Please refer to P.56-P.57 for important resolutions of the Audit Committee.

(II) In addition to the Aforementioned Matters, other matters that have not been approved by the Audit Committee but approved by more than two-thirds of all Board Directors.
No such event has ever occurred. Please refer to P.56-P.57 for important resolutions of the Audit Committee.

II. In the Implementation of an Independent Director's Recusal for being an Interested Party in a Proposal, the Independent Director's Name, the Proposal Content, the Recusal Reasons, and his or her participation in voting should be stated:
No such event has ever occurred.

III.Communication between Independent Directors, Internal Audit Officer, and CPA (including Major Matters, Methods and Results of Communication on the Company's Dinancial and Business Conditions):

(1) Communication method between independent directors and internal audit officer

1.The company's Audit Committee is composed of all independent directors, and the internal audit officer attends the Audit Committee meeting at least once every six months to communicate with the independent directors.

2.The company's Audit Office provides an audit report to all independent directors on a monthly basis with the "Audit Report Review Reply Form" enclosed. The monthly implementation and audit result has been fully communicated.

3.Summary of previous major communications conducted:

Date	Communication Matters	Communication Results
5.18.2023	1. The systematization of the group's internal control self-assessment operation in 2022 was originally expected to be completed by the end of December. Due to the large number of development projects in the Information Department, it was adjusted to be completed by the end of 2023. 2. Audit office organizational structure adjustment case. In response to the resignation of the former director of the Dongguan Audit Office at the end of February, a replacement	No objection.

	audit director was replaced by Taiwan. Therefore, the Taipei Audit Office and the Dongguan Audit Office were merged into the Taipei South China Audit Office; the Shanghai Audit Office was renamed the Shanghai East China Audit Office.	

(2) Communication methods between independent directors and the CPAs

1.The independent auditors of the company attend the "meeting for communication between auditing unit and governance unit" at least once every six months to communicate with the CPAs. The CPAs can directly contact the independent directors when necessary, and the communication is good.

2.Summary of previous communications conducted:

Date	Communication Matters	Communication Results
1.18.2023	Communicate with the accountant to discuss whether there is a functional conflict between the head of the North American manufacturing department and the head of the materials department and internal control matters?	After thorough discussion and communication, it was understood that the organizational structure was managed by the person in charge of the Operations Department. The authority to verify procurement prices lies with the Operations Department, so there is no problem of functional conflict.
3.15.2023	The three independent directors have served more than three consecutive terms, so it is necessary to plan candidates for the next term in advance.	No objection.

IV. The Duties and Powers of the Audit Committee are as follows:

1. Formulate or amend the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
2. Evaluate the effectiveness of the internal control system.
3. Formulate or amend the "Procedures for acquisition and disposal of assets," "Procedures for engaging in derivatives transactions," "Procedures for loaning of funds," "Procedures for making of endorsements/guarantees," and other material financial business activities in accordance with Article 36-1 of the Securities and Exchange Act.
4. Matters involving the interests of the board directors.
5. Material assets or derivatives transactions.
6. Material loaning of funds and endorsements/guarantees.
7. Offering, issuance, or private placement of "equity-type securities"
8. Appointment, dismissal, or remuneration of the independent auditors.
9. Appointment and dismissal of financial, accounting, or internal audit officers
10. Annual financial report and semi-annual financial report.
11. Other material matters stipulated by the company or the competent authority.

The resolution of the aforementioned item shall be approved by the majority of the Audit Committee members, and shall be submitted to the Board of Directors for resolution.

The matters stated in all subparagraph, except for subparagraph 10, in paragraph 1 can be implemented with the approval of two-thirds of the board directors if not approved by the majority of the Audit Committee members.

Note 1: The resignation date of an independent director before the end of the fiscal year should be indicated in the remark column. The actual attendance rate (%) is calculated based on the number of board meetings convened and the actual attendance during the term of office.

Note 2: If there is a re-election of independent directors before the end of the fiscal year, both the new and old independent directors should be indicated in writing, including the election status as former, newly elected, or re-elected indicated in the remark column. The actual attendance rate (%) is calculated based on the number of Audit Committee meetings convened and the actual attendance during the term of office.

Note3: Independent director Mr. Chun-Nan, Pai resigned as a independent director on February 6, 2024 and on April 3, 2024, the extraordinary meeting of shareholders by-elected Mr. Wan-Hua Hsieh as an independent director.

(III) The implementation of the corporate governance and its deviation from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and the reasons

The company has been certified by Taiwan Corporate Governance Association for the "CG6004," "CG6005," and "CG6007" corporate governance system evaluation. The Board of Directors members and governance units are committed to the implementation of corporate governance.

Also, the company was ranked the top 6%–20% among the TWSE/TPEx Listed Companies in the 5^{th}–9^{th} Corporate Governance Evaluation.

The company's directors and supervisors have actively participated in continuing education on topics related to corporate governance, which is disclosed in the "Corporate Governance" section of the Market Observation Post System.

Website: http://mops.twse.com.tw/mops/web/t93sc03_1

Evaluation Items	The State of Operations (Note)			Deviation from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and the reasons
	Yes	No	Summary Description	
I. Has the Company formulated and disclosed its corporate governance best-practice principles in accordance with the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?"	V		The company has formulated the "Corporate Governance Best-Practice Principles" in accordance with the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and has it disclosed on the Market Observation Post System and the company's website.	No material deviation
II. The Company's equity structure and shareholders' equity				
(I) Has the company established internal operating procedures to handle shareholders' recommendations, doubts, disputes, and litigations, and implemented them according to the procedures?		V	(I) The company has not yet formulated relevant operating procedures. A stock affair agency is entrusted to handle shareholder affairs currently, and the spokesperson, acting spokesperson, and the Group Finance Department are responsible for handling shareholder-related issues.	In planning
(II) Does the company have a list of the major shareholders who actually control the company and those who ultimately have control over the major shareholders?	V		(II) The company grasps the shareholding status and ultimate controller of directors, supervisors, managerial officers, and major shareholders with more than 10% shareholding, and reports the relevant information in accordance with the governing regulations.	No material deviation
(III) Has the Company established and implemented risk control and firewall mechanisms between the company and the affiliated enterprises?	V		(III) The financial and business transactions between the company and its affiliated enterprises are handled in accordance with the "Procedures for Transactions of Group Enterprises, Specified Companies, and Related Parties." An appropriate organizational control structure is established between the company and its subsidiaries with the "Regulations Governing Subsidiary Supervision and Management" formulated to substantiate the risk control and firewall mechanisms for subsidiaries.	No material deviation
(IV) Has the company formulated internal regulations to prevent insiders from trading securities using undisclosed market information?	V		(IV) The company has formulated the "Procedures for Handling Material Inside information," "Code of Ethical Conduct for Employees," and "Regulations Governing Insider Trading" to strictly prevent company employees from using unpublished market information to buy and sell securities.	No material deviation

Evaluation Items	The State of Operations (Note)			Deviation from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and the reasons
	Yes	No	Summary Description	
III. Composition and responsibilities of the Board of Directors (I) Does the Board of Directors formulate a diversity policy, and specific management objectives, and implementation for the composition of board directors?	V		(I) 1. The Board of Directors of the company approved the formulation of the "Corporate Governance Best-Practice Principles" on November 10, 2015. The policy of diversification is formulated in Chapter 3 "Strengthen the powers of the Board of Directors." The nomination and selection of the company's board directors is in compliance with the provisions of the company's Articles of Incorporation, the "Regulations Governing Election of Directors," and the "Corporate Governance Best-Practice Principles" to ensure the diversity and independence of directors. 2. Currently, there are seven directors serving the 11th term of the Board of Directors with Ms. Wan-Sheng, Hsu as the one and only female director with expertise in business management and financial accounting affairs. Mr. Wen-Lin, Hsu and Tung-Hui, Chiang are with expertise in leadership, business judgment, business management, crisis management, and has industry knowledge and international vision. Mr. Le-Li, Lu has expertise in leadership, business judgment, business management, crisis management, financial accounting, and has industry knowledge and international vision. There are three independent directors, including Mr. Ching-Kong, Chao and Mr. Hai-Pang, Chiang who have rich industry knowledge, providing professional guidance and suggestions, which will greatly contribute to the company's improvement of process efficiency and product quality, and Mr. Wan-Hua,Hsieh, with expertise in finance, taxation and accounting. 3. The directors and independent directors who are also employees of the company accounted for 43% and 43%, respectively. The company aims to have female directors elected and accounted for 10% of the Board of Directors in order to realize gender equality, currently, the female directors accounted for 14% of the Board of Directors. Except for the new independent director Mr. Wan-Hua,Hsieh, the other two independent directors have served for more than ten years. One director is between 71 and 80 years old, three directors are between 61 and 70 years old, one director is under 60 years old, and two directors are under 50 years old. 4. The Board of Directors has formulated a board director diversification policy and has it disclosed on the company's website and Market Observation Post System. 5. The sustainable inheritance of board directors and important management: [Board of Directors] The company continues to cultivate high-level managers to get familiar with the Group's operation and development, and to enhance their industrial knowledge and decision-making ability in line with the company's core values. The company uses the "Corporate Governance Best-Practice Principles" to substantiate the board director diversification policy, focus on gender equality, and equip them with diversified industrial experience and	No material deviation

Evaluation Items	The State of Operations (Note)			Deviation from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and the reasons
	Yes	No	Summary Description	
			professional capabilities in banking, finance, and accounting. The company's Board of Directors is composed with at least one female director designated for the realization of gender equality. The Group deployment has a flat organization adopted and ten business units classified and planned by functions. The senior managerial officers of the subsidiaries are assigned by the company to be in charge of the operation and management of the business units and to serve as a director to get themselves familiar with the operation of the Board of Directors. [Important management level] The company arranges strategic management meetings for mid-level and high-level executives (including the President) every year to conduct discussions and strategic planning in response to global market trends, rapid changes in the industrial environment, and severe competition in the industry; also, combine external resources to understand the industry and new knowledge and technology, and plan proactive and forward-looking business models. Also, help senior executives build up a systematic and innovative thinking, urge them to learn and understand the industrial environment and market demand trend, substantiate the core value of the enterprise, and find new growth momentum for mid-level and high-level executives through innovative development strategies. The company's important management regularly participates in the monthly operation and management meeting to understand the operation overview, and organizes internal and external training occasionally to improve the decision-making quality of the management (including management ability, professional skills, language learning, judgment and problem-solving ability, and enhancement of professional skills. and management ability) and to train the high-quality manpower needed for the sustainable development of the company. In addition to the policy of retaining talents, the company also recruits outstanding talents from market with an aim to increase the breadth and depth of the management by building up a talent pool with recruits from inside and outside the company. In addition, the company has formulated the "Regulations Governing Position Substitute" to help the substitutes learn about the management responsibilities in a timely manner in order to facilitate the sustainable development.	
(II) Does the company voluntarily establish functional committees other than the Compensation Committee and the Audit Committee?		V	(II) The company has not set up any functional committee except the Compensation Committee and the Audit Committee.	In planning.
(III) Does the company formulate the "Rules for Performance Evaluation of Board of Directors" and other performance evaluation methods, conduct a performance evaluation	V		(III) The company has formulated the "Rules for Performance Evaluation of Board of Directors" and the evaluation method, which has been implemented every year. The performance evaluation results of the Board of Directors in 2023 were	No material deviation.

<table>
<tr><th rowspan="2">Evaluation Items</th><th colspan="3">The State of Operations (Note)</th><th rowspan="2">Deviation from the “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td>annually and regularly, and report the performance evaluation results to the Board of Directors and apply it as a reference for the consideration of remuneration and nomination of each director?</td><td></td><td></td><td>reported to the Board of Directors on January 26, 2024, which is used as a reference in determining individual director’s remuneration and nomination for a new term.</td><td></td></tr>
<tr><td>(IV) Does the company regularly evaluate the independence and competency of the attesting CPAs?</td><td>V</td><td></td><td>(IV) The company regularly evaluates the independence and competency of the attesting CPAs once a year through the attesting CPA Independence Checklist. The evaluation items include the independence and professionalism of the attesting CPA, with reference to the Audit Quality Index Information (AQI) and accountants. This is a declaration of independence which is verifing that the company’s independence assessment checklist for the attesting CPAs has not violated independence and that they are competent. The assessment results will be reported to the audit committee and the board of directors in each year. In the most recent year, both the assessment criteria were reviewed and approved on March 15, 2023 and March 15, 2024, and the "Declaration of Independence" was issued by the attesting CPAs.
Attesting CPA independence checklist<table>
<tr><th>Independent evaluation items</th><th>Conform to</th></tr>
<tr><td>Whether the attesting CPA is a director or independent director of the company or the company’s affiliated enterprises?</td><td>V</td></tr>
<tr><td>Whether the attesting CPA is a shareholder of the company or the company’s affiliated enterprises?</td><td>V</td></tr>
<tr><td>Whether the attesting CPA collects salary form the company or the company’s affiliated enterprises?</td><td>V</td></tr>
<tr><td>Whether the attesting CPA provides audit services to the company for seven consecutive years?</td><td>V</td></tr>
<tr><td>Does the attesting CPA confirm that the CPA Firm to which it belongs has complied with the relevant independence norms?</td><td>V</td></tr>
<tr><td>Whether the co-CPAs of the CPA Firm to which they belong have served as directors, managerial officers of the company, or positions that have a material impact on the audit case within one year after resignation?</td><td>V</td></tr>
</table></td><td>No material deviation.</td></tr>
</table>

Evaluation Items	The State of Operations (Note)			Deviation from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and the reasons
	Yes	No	Summary Description	
IV. Do the TWSE/TPEx Listed Companies have a suitable and appropriate number of corporate governance personnel and appoint a corporate governance officer to be responsible for corporate governance related matters (including but not limited to providing information necessary for directors and supervisors to perform their business, assisting directors and supervisors in complying with laws and regulations, conducting board meeting and shareholders' meeting related matters in accordance with law, and preparing minutes of board meetings and shareholders' meetings)?	V		The Company has appointed a corporate governance officer to be responsible for corporate governance-related matters. The scope of duties of the corporate governance officer includes: Assisting directors in complying with laws and regulations and providing necessary information to them for business operation, assisting directors in their appointment and continuing education, handling matters related to board meetings and shareholders' meetings in accordance with the law, preparing minutes of meetings, and assisting the board of directors in strengthening its functions. Please refer to attached "Managerial Officer Training" on page 51 for the training status of corporate governance officer.	No material deviation.
V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers) and a special section for stakeholders on the company's website, and responded appropriately to important corporate social responsibility issues that are of concern to stakeholders?	V		The company maintains smooth communication channels with stakeholders, and respects and safeguards their legitimate rights and interests. Also, the company establishes a special section on the website for stakeholders so they can communicate with each other through the telephone or email disclosed on the website when necessary.	No material deviation.
VI. Has the company entrusted a professional stock affairs agency to handle shareholders' meetings related matters?	V		The company entrusts the Department of Agency of CTBC Bank to handle the shareholders' meeting related affairs in order to have the shareholders' meeting held legally and effectively.	No material deviation.
VII. Information Disclosure (I) Has the Company set up a website to disclose finance and business matters and corporate governance information?	V		(I) The company has the product information, technology research and development results, financial information and corporate governance-related information fully disclosed on the company's website at:	No material deviation.
(II) Has the Company adopted other means of information disclosure (such as setting up an English website, appointing dedicated personnel responsible for the collection and disclosure of company information, implementing a spokesperson system, and posting the company's investors conference on the website)?	V		(II) The company has an official website in both Chinese and English language to disclose company information in a timely manner and has a Group Finance Department to be responsible for collecting and disclosing information on shareholders, laws, investment, and markets. Also, a spokesperson system is established and implemented to respond to inquiries from investors and stakeholders.	No material deviation.
(III) Does the Company publicly announce and file annual financial statements within two months after the end of the fiscal year, and the financial statements for the first, second, and third quarters and the monthly operating status before the prescribed deadline?		V	(III) The company has not publicly announced and filed annual financial statements within two months after the end of the fiscal year, but has the financial statements for the first, second, and third quarters and the monthly operating status announced and filed before the prescribed deadline.	In planning.

Evaluation Items	The State of Operations (Note)			Deviation from the “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and the reasons
	Yes	No	Summary Description	
VIII. Does the company have any other important information that helps understand the corporate governance operation (including but not limited to employee rights, employee care, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk measurement standards, the implementation of customer policies, and the acquisition of the liability insurance by the company for directors and supervisors)?	V		◆ Employees’ rights and interests: The company appreciates the importance of labor–management relations, treats employees with integrity, and substantiates the Labor Standards Act. The chairman has a blog available for employees to express their opinions. The company handles employees’ suggestions and complaints in an open manner and practice to effectively resolve labor disputes. ◆ Employee Care: Encourage employees to participate in various training courses and technical seminars, pay group insurance premium in full for each employee, arrange regular health checkups, set up an employee welfare committee to enrich employee benefits and encourage employees to engage in club activities with partial subsidies provided. ◆ Investor Relations: The company has a Group Finance Department setup with dedicated personnel assigned to handle shareholders’ suggestions and inquiries, and has dedicated personnel assigned to maintain the information related to finance, business, Board of Directors, and shareholders’ meetings on the company’s website and the Market Observation Post System so as to ensure that investors can obtain the latest company news in a timely manner. ◆ Supplier Relations: The company maintains good communication with suppliers and good relationship. ◆ Stakeholders’ Rights: The company establishes various communication platforms for stakeholders with the latest information of the company provided; also, they can communicate and make suggestions with the company at any time in order to protect their legitimate rights and interests. ◆ Directors’ continuing education: The company arranges continuing education for directors occasionally with the relevant information disclosed in the “Corporate Governance” section of the Market Observation Post System. ◆ Implementation of risk management policies and risk measurement standards: The company has established the “Risk management policies and procedures” and various internal regulations to conduct various risk management and assessments successfully. ◆ Implementation of customer policy: The company maintains a stable and good relationship with customers ,the main customers have been with us for more than 10 to 20 years to create the best profits for the company. ◆ Liability insurance policy acquired by the company for directors: The company purchases liability insurance policy for directors every year with the relevant information disclosed on the Market Observation Post System.	No material deviation.

Evaluation Items	The State of Operations (Note)			Deviation from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and the reasons
	Yes	No	Summary Description	
IX. Please describe the improvements that have been made in response to the corporate governance evaluation results issued by the Corporate Governance Center of Taiwan Stock Exchange in the most recent year, and propose priorities and measures for those not yet improved. Those items that did not score in the 9th Corporate Governance Evaluation in 2022 had been improved and scored in the 10th evaluation, as follows:				

Evaluation index content	Improvement completed
Does the company upload the annual report in English version 16 days before the regular shareholders' meeting?	The company has uploaded the English version of its annual report on May 19, 2023 (16 days before the meeting).
Does the company upload the annual financial report in English version 16 days before the regular shareholders' meeting?	The company has uploaded its annual financial report disclosed in English on May 19, 2023 (16 days before the meeting).

Propose priorities and measures for those items that did not score in the 9th Corporate Governance Evaluation in 2022 and not yet improved as follows:

Evaluation index content	Propose priorities and measures for those items that are not yet improved.
Does the company simultaneously release important information in English?	The company has started to release important news in Chinese and English simultaneously from March 2024.
Does the company have more than half of its independent directors whose consecutive terms do not exceed three terms?	The company will conduct re-election at the 2024 shareholders' meeting.

Note: Regardless of the answer is "Yes" or "No," It must be explained in the "Remark" column of the summary report.

(IV) If the company has established a Compensation Committee, it is necessary to disclose its composition, responsibilities, and operations.

1. The Compensation Committee aims to assist the Board of Directors in implementing and evaluating the company's overall remuneration and welfare policies and the remuneration of directors and managerial officers. Compensation Committee members are to be appointed by the Board of Directors in accordance with the law and regulations. According to the company's Compensation Committee Charter, there should be 3–5 members appointed, and at least one of them should be an independent director.
2. The company had the Compensation Committee setup on November 25, 2011 with at least two meetings held in one year. Independent directors Chun-Nan, Pai, Hai-Pang, Chiang, and Ching-Kong, Chao are appointed as the Compensation Committee members currently; also, Mr. Chun-Nan, Pai is the convener and chairman of the meeting. On February 6, 2024, Mr. Chun-Nan, Pai resigned, and Mr. Hai-Pang, Chiang served as the convener and chairman of the meeting.

Information on the Compensation Committee members

Identity (Note 1)	Name \ Conditions	Professional qualifications and experience (Note 2)	Independence (Note 3)	Number of other public companies in which the individual is concurrently serving as a Compensation Committee member
Independent Director	Chun-Nan, Pai (Note 5)	Professional qualifications: With expertise in leadership, business judgment, business management and finance and accounting, and not subject to any of the provisions of Article 30 of the Company Act. Experience: Ph.D. of Laws from Chinese Culture University, President of BES Engineering Corporation, Chairman of Zhanhua Enterprise Management Consulting Co., Ltd., independent director of Concord Securities Co., Ltd., Chairman of Bomeng Investment Co., Ltd., legal person director representative of the corporate director of Taivex Therapeutics Corporation,and independent director of Advantage Biopharma Co., Ltd. Representative of the corporate director of China Petrochemical Development Corporation, Representative of the corporate director of Wei Lih Food Industrial Co., Ltd., Representative of the corporate director of Federal Intelligence CO., LTD.,Representative of the corporate director of BES Engineering Corporation, independent director of Uni-President Securities Co., Ltd.	1. He had no direct or indirect interest in the company within the two years prior to the election, and he or his spouse and relative within the second degree of kinship had not served as a director (including an independent director) or employee of the company, the company's affiliated enterprise, or a company that has a specific relationship with the company; also, did not hold any share of the company. 2. He did not provide the company or the company's affiliated enterprises with business, legal, financial, accounting, and other services in exchange for remuneration in the last 2 years.	1
Independent Director	Hai-Pang, Chiang	Professional Qualifications: With expertise in professional knowledge of the industry and not subject to any of the provisions of Article 30 of the Company Act. Experience: Ph.D. of Electrical Engineering from National Taiwan University, Chair and professor of the Institute of Optoelectronics Science, National Taiwan Ocean University, director and supervisor of Taiwan Photonics Society, part-time researcher of Taiwan Instrument Research Institute of National Applied Research Laboratories (NARLab) and part-time researcher of the Institute of Physics, Academia Sinica, Distinguished Professor of the Department of Optoelectronics and Materials Technology, National Taiwan Ocean University, and Professor of the Department of Optoelectronics and Materials Technology, National Taiwan Ocean University.	1. He had no direct or indirect interest in the company within the two years prior to the election, and he or his spouse and relative within the second degree of kinship had not served as a director (including an independent director) or employee of the company, the company's affiliated enterprise, or a company that has a specific relationship with the company; also, did not hold any share of the company. 2. He did not provide the company or the company's affiliated enterprises with business, legal, financial, accounting, and other services in exchange for remuneration in the last 2 years.	0
Independent Director	Ching-Kong, Chao	Professional Qualifications: With expertise in a finance,taxation and accounting, and not subject to any of the provisions of Article 30 of the Company Act. Experience: Ph.D. of Mechanical and Applied Mechanics from Lehigh University in the United States, visiting professor of the Department of Engineering Science, University of Oxford, UK, chair professor of the Department of Mechanical Engineering, National Taiwan University of Science and Technology, standing editor of The Chinese Journal of Mechanics and standing editor of the International Journal of Thermal Stresses, and Director of the Society of Theoretical and Applied Mechanics of the Republic of China.	1. He had no direct or indirect interest in the company within the two years prior to the election, and he or his spouse and relative within the second degree of kinship had not served as a director (including an independent director) or employee of the company, the company's affiliated enterprise, or a company that has a specific relationship with the company; also, did not hold any share of the company. 2. He did not provide the company or the company's affiliated enterprises with business, legal, financial, accounting, and other services in exchange for remuneration in the last 2 years.	0

Note 1: Please specify in the form the relevant working seniority, professional qualifications, experience, and independence of Remuneration Committee member. If the Remuneration Committee member is an independent director, make a note to refer to page ____ for Table 1 Relevant information on Directors and Supervisors (I). Please indicate the identity as independent director or others (for example, noted as a "convener") in the "Identity" column.

Note 2: Professional qualifications and experience: Describe the professional qualifications and experience of individual Remuneration Committee member.

Note 3: Independence conformity: Describe the independence conformity of the Remuneration Committee members, including but not limited to the party, spouse, and relatives within the second degree of kinship are or are not the directors, supervisors, or employees of the company or its affiliated enterprises; shareholding or shareholding ratio of the party, spouse, and relatives within the second degree of kinship (or in the name of others) in the company; are or are not directors, supervisors, or employees of a company (Refer to Article 6, Paragraph 1, Subparagraphs 5–8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange of the Taipei Exchange) that has a special relationship with the company; and the remuneration amount received for providing the company or the company's affiliated enterprises with business, legal, financial, accounting, and other services in the last 2 years.

Note 4: Please refer to the best-practice principles for information disclosure on the website of the Corporate Governance Center of Taiwan Stock Exchange.

Note 5: Director Mr. Chun-Nan, Pai resigned on February 6, 2024.

Information on the operation of the Compensation Committee

I. There are three members in the company's Compensation Committee to serve.
II.The term of 5th Compensation Committee members: August 6, 2021 to July 26, 2024.

The Compensation Committee held two meetings (A) in 2023. The qualifications and attendance of the Compensation Committee members are as follows:

Title	Name	Number of attendances in person (B)	Number of attendances by proxy	Attendance in person (%) (B/A) (Note)	Remark
Convener	Chun-Nan, Pai	1	1	50%	Resigned on 2.6.2024
Committee Members	Hai-Pang, Chiang	2	0	100%	New convener 3.5.2024
Committee Members	Ching-Kong, Chao	2	0	100%	

Other matters to be recorded:

I. If the Board of Directors does not accept or adjust the suggestions of the Compensation Committee, the date, term, proposal content, the resolution of the Board of Directors, and the Company's handling of the opinions of the Compensation Committee members (such as the remuneration resolved by the Board of Directors is superior to the suggestion made by the Compensation Committee should be described, including the deviation and the reasons): None Please refer to P.57 for the important resolutions of the Compensation Committee.

II. For the proposals by the Compensation Committee, if any member has objections or reservations with records or written statements made, the date, term, proposal content, and opinions of all members, its handling of the members' opinions should be stated: None

III. Responsibilities and powers of the Compensation Committee:

1.Periodically review the Compensation Committee Charter with suggestions for amendments proposed.
2.Formulate and regularly review annual and long-term performance objectives and remuneration policies, systems, standards, and structures of the company's directors and managerial officers.
3.Regularly evaluate the achievement of the performance objectives by the company's directors and managerial officers, and determine the content and amount of their personal remuneration in accordance with the evaluation results obtained from the performance evaluation standards.

The Compensation Committee shall follow the following principles to perform its responsibilities and powers:

(1) Ensure that the company's remuneration arrangements are in compliance with relevant laws and regulations and are sufficient to attract outstanding talents.
(2) The performance evaluation and remuneration of directors and managerial officers should refer to the standard payment of the industry, consider the personal performance evaluation result, time invested, responsibilities, achievement of personal objectives, performance in other positions, and the remuneration paid to those in the same position in recent years by the company, in other words, evaluate the rationality of the correlation among personal performance, the company's business performance, and future risks based on the achievement of the company's short-term and long-term business objectives, the company's financial status, etc.
(3) Do not guide the directors and managerial officers to engage in an act exceeding the company's risk tolerance in the pursuit of remuneration.
(4) The distribution of remuneration amount to the directors and senior managerial officers for their short-term performance and the timing of distributing variable remuneration should be determined with the industrial characteristics and the company's business nature taking into account.
(5) The content and amount of remuneration for directors and managerial officers should be determined with rationality taking into account. The determination of remuneration for directors and managerial officers should not materially deviate from financial performance. In the event that there is a material decline in profits or accumulated long-term loss, the remuneration should not be higher than that of in the previous year.
(6) Compensation Committee members may not participate in the discussions and voting in the proposal related to their personal remuneration.

The so-called remuneration in the preceding two paragraphs includes cash remuneration, stock options, dividends, retirement benefits or resignation benefits, allowances, and other measures with substantial rewards; also, its scope should be consistent with the remuneration of directors and managerial officers stated in the "Regulations Governing Information to be Published in Annual Report of Public Companies."

If decision-making and handling of any matter relating to the remuneration of directors and managerial officers of a subsidiary is delegated to the subsidiary but requires ratification by the Board of Directors of the company, the company's Compensation Committee shall be asked to make recommendations before the matter is submitted to the Board of Directors for deliberation.

Note:
(1) The resignation date of a Compensation Committee member before the end of the fiscal year should be indicated in the remark column. The actual attendance rate (%) is calculated based on the number of Compensation Committee meetings convened and the actual attendance during the term of office.
(2) If there is a re-election of Compensation Committee members before the end of the fiscal year, both the new and old Compensation Committee members should be indicated in writing, including the election status as former, newly elected, or re-elected indicated, as well as the election date, in the remark column. The actual attendance rate (%) is calculated based on the number of Compensation Committee meetings convened and the actual attendance during the term of office.
(3) Director Mr. Chun-Nan, Pai resigned on February 6, 2024.

(IV) The implementation of the sustainable development and its deviation from the "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and the reasons

<table>
<tr><th rowspan="2">Promotion items</th><th colspan="3">The State of implementation (Note 1)</th><th rowspan="2">Deviation from the "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description (Note 2)</th></tr>
<tr><td>I. Has the Company established a governance structure to promote sustainable development, and designated a full-time (part-time) unit to promote sustainable development, which is to be handled by the senior management with the authorization of the Board of Directors, and the actual supervision of the Board of Directors? (TWSE/TPEx Listed Companies should report the implementation status, not compliance or explanation.)</td><td>V</td><td></td><td>The company established the "Enterprise Sustainable Operation Taskforce" in 2021. The Taskforce members were recommended by the relevant units with the Group to organize and plan the sustainable operation-related affairs of the Group and make proposals and reports to the chairman regularly. The said Taskforce is headed by Mr. Tung-Hui, Chiang, the President, and composed of the representatives from the Group Finance Department, the Group Supply Chain Management Department, the Group Human Resources Department, and the Chief Executive Office to cover corporate governance, environmental sustainability, supplier management, labor conditions and human rights, social participation, and other aspects.
The missions of the "Enterprise Sustainable Operation Taskforce"including but not limited to:
1. Be responsible for the integration and disclosure of information related to corporate social responsibility within the Group, including but not limited to official websites, annual reports, corporate sustainability reports, etc.
2. Research the relevant laws and regulations at where the company operated and review the company's current operations, as well as proposing improvement objectives and plans for all aspects regularly.
3. Be responsible for promoting and tracking the results of the aforementioned plans and proposals approved by the Chairman.
The 2023 implementations:
1. For the second consecutive year, the sustainability report was issued and uploaded to the public information observatory and company website.
2. Amend relevant management measures and strengthen practical operations in compliance with the governing laws and regulations.
3. Formulate a greenhouse gas inventory and verification schedule, submit quarterly implementation reports to the board of directors, and disclose self-generated carbon emission data for the first time.
4. Report the operation of corporate governance to the Board of Directors once a year.
5. The medical equipment "Mobile Operating Room" developed together with the customer received a Humanitarian Use Exemption and was donated to Ukraine as emergency medical resources.
6. The Share Holding Employees Trust system has been extended to subsidiaries, and the number of participants has exceeded 80%.
7. Organize marine plastic education and experience activities to deepen employees' sustainability concepts.
8. Since 2020, we have been working with customers to develop post-consumer recycled (PCR) plastic molding technology. In recent years, the usage ratio has grown to nearly 50% and continues growing.
Supervision of the Board of Directors:
1. The "Enterprise Sustainable Operation Taskforce" has reported the implementation of the greenhouse gas inventory to the Board of Directors on a quarterly basis since June 2022. A total of five reports were submitted to the Board of Directors in 2023. Report the sustainable development operation policy and promotion to the Board of Directors at least once a year for the reference of the Board of Directors in proposing suggestions on management policies, strategies, and objectives. The latest report date was January 26, 2024. The Board of Directors regularly receives reports and reviews the progress of strategies and objectives.
2. Amended the relevant management measures lawfully with 7 amendments made to strengthen the company's practical operation in 2023.</td><td>No material deviation</td></tr>
<tr><td>II. Does the company conduct risk assessments on environmental, social, and corporate governance issues related to the company's operations in accordance with the principle of materiality, and formulate relevant risk management policies or</td><td>V</td><td></td><td>The information disclosure risk assessment boundary covers the company and its subsidiaries. The "Enterprise Sustainable Operation Taskforce" is established to substantiate corporate governance, develop a sustainable environment, maintain social welfare, and strengthen corporate sustainability information disclosure. In terms of the principle of materiality for sustainable development, evaluate the relevant risk assessments of important issues and formulate relevant risk management policies or strategies as follows:
<table>
<tr><th>Material issues</th><th>Risk assessment items</th><th>Risk management policy or strategy</th></tr>
<tr><td>Society</td><td>Occupational safety</td><td>1. The verification of the "ISO 45001 Occupational Safety and Health Management System" for the main factory was completed.
2. Arrange fire safety drills and occupational safety and health training every year to train employees' emergency response ability and self-safety management.</td></tr>
<tr><td>Corporate governance</td><td>Society, economy, and legal compliance</td><td>The company has formulated the "Corporate Governance Best-Practice Principles," "Ethical Corporate Management Best-Practice Principles," and "Procedures for Ethical Management and Guidelines for Conduct." It is the intention to ensure that all personnel and operations of the company complying with the relevant laws and regulations strictly through the establishment of governance organizations and the implementation of internal control mechanisms.</td></tr>
</table></td><td>No material deviation</td></tr>
</table>

Promotion items	Yes	No	Summary description (Note 2)	Deviation from the "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and the reasons
			The State of implementation (Note 1)	
strategies? (Note 2) (TWSE/TPEx Listed Companies should report the implementation status, not compliance or explanation.)			<table><tr><td></td><td>Enhance the functions of board directors.</td><td>1. Plan 6 hours of continuing education for directors and supervisors every year, notifying the competent authority of laws and regulations from time to time. 2. Acquire liability insurance policy for directors and supervisor regularly to protect the company and reduce possible operating risks.</td></tr><tr><td></td><td>Stakeholder communication</td><td>The company provides multiple communication channels and makes information disclosure to gain the trust and understanding of stakeholders in the company; also, regularly reports the communication progress to the Board of Directors every year.</td></tr><tr><td>Environment</td><td>Environmental protection</td><td>The company's environmental protection policies and strategies are as follows: 1. Self-development and use of low-energy light-curing green energy-friendly materials, and introducing water-based paint to reduce volatile organic compounds (VOCs). 2. Use RTO for atmospheric control. 3. Utilize the water-cooled circulation system and improve the air-conditioning efficiency in the factory. 4. Adopt a rain-wastewater diversion system for wastewater recycling in the factory that meets the effluent standard. 5. The "Regulations Governing Waste Reduction and Recycling" is formulated to discuss and regulate the annual waste reduction objectives at the end of each year in order to have waste sorted thoroughly, waste reduced and recycled for achieving resource sustainability; also, utilize the network system to control waste flow. 6. Use renewable energy for electricity. 7. Promote the recycled materials application technology in the product manufacturing process through the aspects of reduction, reuse, recycling, and reproduction.</td></tr></table>	
III. Environmental issues (I) Has the company set up an appropriate environmental management system based on the characteristics of its industry?	V		(I) The company has an Industrial Safety Section setup to establish an environmental management system suitable for the industrial characteristics; also, the company had obtained the ISO 14001:2015 environmental certification of the SGS on July 19, 2006 (valid period: 7.15.2023 – 7.15.2025).	No material deviation
(II) Is the Company committed to improving energy efficiency and using recycled materials with low impact on the environment?	V		(II) The company has a polymer laboratory setup to actively research and develop environmentally friendly materials for the replacement of plastic materials, and promoted DFM lightweight, simplified packaging, and packaging material recycling in the product manufacturing process through the four main operations of reduction, reuse, recycling, and reproduction so as to fulfill the company's obligation in environmental protection. The company continues to promote various energy-saving and carbon-reduction measures, such as replacement of light tubes, renewal of air compressors, substantiation of waste sorting, and resource recycling. In terms of recycling material application technology, the company has worked with customers to develop post-consumer recycled (PCR) plastic molding technology and started mass production since the year of 2020.	No material deviation
(III) Does the company evaluate the potential risks and opportunities of climate change to the company now and in the future,	V		(III) The company has formulated the "Enterprise Sustainable Operation Taskforce" to evaluate the current and future potential risks and opportunities of climate change for the company with response measures for climate-related issues adopted:	No material deviation

<table>
<tr><th rowspan="2">Promotion items</th><th colspan="3">The State of implementation (Note 1)</th><th rowspan="2">Deviation from the “Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description (Note 2)</th></tr>
<tr><td>and take corresponding measures to respond to climate related issues?</td><td></td><td></td><td>
<table>
<tr><th></th><th>TCFD core elements</th><th>Suggested disclosures</th><th>Implementation Summary</th></tr>
<tr><td rowspan="2">1</td><td rowspan="2">Governance</td><td>◆The Board of Directors’ supervision over the climate-related risks and opportunities</td><td>The company’s “Enterprise Sustainable Operation Taskforce” has reported the greenhouse gas inventory plan and implementation to the Board of Directors on a quarterly basis since June 2022 to evaluate the risks and opportunities of climate change.</td></tr>
<tr><td>◆The role of management in evaluating and managing climate-related risks and opportunities</td><td>The company established the “Enterprise Sustainable Operation Taskforce” in 2021. The Taskforce members were recommended by the relevant units with the Group to organize and plan the sustainable operation-related affairs of the Group and make proposals and reports to the chairman regularly.</td></tr>
<tr><td>2</td><td>Strategy</td><td>◆The organization’s recognition of climate-related risks and opportunities in short-term, mid-term, and long-term</td><td>
<table>
<tr><th>Item</th><th>Climate change Potential risks</th><th>Opportunity</th><th>Countermeasures</th></tr>
<tr><td rowspan="2">Short-term and mid-term</td><td>Increase in sustainability-related requirements and regulations</td><td>Develop green energy and environmental protection materials.</td><td>Establish a polymer laboratory and invest resources to develop low-energy light-curing green energy-friendly materials, and introduce water-based paint to reduce volatile organic compounds (VOCs).</td></tr>
<tr><td>Greenhouse gas emissions cause atmospheric pollution and cost increase.</td><td>Save energy, reduce carbon, and cut operating cost through the operation of the environmental protection systems.</td><td>Regenerative Thermal Oxidizer (RTO) is used for atmospheric pollution prevention and control, which is equipped with rotor concentrator and regenerative thermal oxidizer (RTO), continuous emission monitoring system</td></tr>
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<tr><th>Yes</th><th>No</th><th>Summary description (Note 2)</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td></td><td></td><td>◆The possible impact of climate-related risks and opportunities on the organization’s operation, strategy, and financial planning</td><td>
<table>
<tr><td></td><td></td><td></td><td>(CEMS), UV air purifier, and activated carbon reclamation and adsorption equipment for atmospheric pollution prevention and control. Regenerative Thermal Oxidizer (RTO) uses clean fuel (gas) to have the harmful substances in the exhaust gas stabilized and neutralized.</td></tr>
<tr><td>Long-term</td><td>The impact of rising electricity consumption on the greenhouse effect</td><td>Promote low-carbon green production, electricity saving, and operating cost reduction.</td><td>Promote the set electricity-saving objective every year. Reduce the electricity consumption through the replacement of lighting equipment and the air-conditioning equipment.</td></tr>
</table>
</td></tr>
<tr><td></td><td></td><td>◆The organization’s flexible strategies for different climate scenarios encountered</td><td>According to the TCCIP platform under the RCP8.5 scenario, the average temperature in Taiwan will go up by 1.5°C by the end of the 21st century. The ratio of renewable energy is expected to go up and the promotion of circular economy is expected to be enhanced so as to maintain market competitiveness.</td></tr>
<tr><td rowspan="3">3</td><td rowspan="3">Risk management</td><td>◆Organizational process for reviewing and assessing climate-related risks</td><td rowspan="3">The company plans to initiate risk identification and evaluation. Implement risk control and carbon reduction plans through the cross-departmental risk communication of the “Enterprise Sustainable Operation Taskforce,” compile the implementation results of risk evaluation and control plans with the internal regulations of the “Risk Management Policies and Procedures” amended; also, report the implementation result to the Board of Directors on a quarterly basis, and integrate the climate change management mechanism into the overall risk management process.
The “Enterprise Sustainable Operation Taskforce” will also work with the Group Finance Department and the Group Quality Assurance Department to formulate relevant plans. The parent company’s greenhouse gas inventory plan has been completed and approved by the Board of Directors. The subsidiary’s greenhouse gas inventory plan was proposed in 2023Q1 with the progress and result followed up on a quarterly basis.</td></tr>
<tr><td>◆Organizational procedures for managing climate-related risks</td></tr>
<tr><td>◆How does the organization integrate the mechanism for reviewing, evaluating, and managing climate-related risks into the overall risk management system?</td></tr>
<tr><td>4</td><td>Indicators and objectives</td><td>◆Disclose the indicators used by the organization to evaluate climate-related risks and opportunities in the procedures for strategy and risk control.</td><td>Set 2022 as the base year for greenhouse gas emissions and set an annual target of reducing carbon emissions by 5% per year, saving electricity, water, and waste reduction as climate change performance indicators.</td></tr>
</table>
</td><td></td></tr>
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<table>
<tr><th rowspan="2">Promotion items</th><th colspan="3">The State of implementation (Note 1)</th><th rowspan="2">Deviation from the "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description (Note 2)</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td></td><td></td><td>◆Disclose Category 1, Category 2, and Category 3 (if applicable) greenhouse gas emissions and related risks.</td><td>Implement carbon reduction measures and monitoring continuously to reduce Category 1 and Category 2 emissions. It is proposed to plan to expand the scope of greenhouse gas inventory disclosure.</td></tr>
<tr><td></td><td></td><td>◆Regarding the objectives and degree of achievements for the management of climate-related risks and opportunities set by the organization</td><td>The company will continue to implement circular economy measures and power-saving strategies, and set 2022 as the base year for greenhouse gas emissions, setting annual targets for reducing carbon emissions by 5% per year, saving electricity, water, and waste reduction as climate change performance indicators. In 2023, the group's annual carbon emissions will be reduced to meet standards.</td></tr>
</table>
</td><td></td></tr>
<tr><td>(IV) Does the company make statistics on greenhouse gas emissions, water consumption, and the total weight of waste for the past two years and formulate policies for energy conservation and carbon reduction,</td><td>V</td><td></td><td>(IV) The company has formulated the "Sustainable Development Best-Practice Principle." The company has clearly formulated the objectives of environmental protection and energy saving. The company will strive to achieve low pollution, low energy, easy recycling, and other environmentally friendly acts in the process of product design, development, production, use, and disposal.
● The company follows the industrial greenhouse gas inventory operation announced by the Environmental Protection Administration of the Executive Yuan; also, refers to ISO/CNS 14064-1 and GHG Protocol to regulate, calculate, and display statistical data as follows:
Unit: Ton CO2e/metric ton
<table>
<tr><th>Year</th><th>Greenhouse gas emissions Category I</th><th>Greenhouse gas emissions Category II</th><th>Total greenhouse gas emissions</th><th>Water consumption</th><th>Total weight of waste</th></tr>
<tr><td>2022</td><td>316.4</td><td>30,724.1</td><td>31,040.5</td><td>2,387</td><td>329.774</td></tr>
<tr><td>2023</td><td>758.5</td><td>28,592.7</td><td>29,351.2</td><td>964</td><td>27.90</td></tr>
</table>
</td><td>No material deviation</td></tr>
</table>

Promotion items	The State of implementation (Note 1) Yes	No	Summary description (Note 2)	Deviation from the “Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and the reasons
greenhouse gas reduction, water consumption reduction, or other waste management?			1. Category 1 includes the information on the Taiwan factory of the parent company and the subsidiaries, including Megaforce (Shanghai) Electronic & Plastic Co., Ltd., Shanghai AB Megaforce Co., Ltd., Shanghai Shanghua Painting Co., Ltd., Suzhou Intentech Co., Ltd., Dongguan Megaforce Electronic Technology Co., Ltd and MegaforceMY. 2. Category 2 includes the information on the Taiwan factory of the parent company and the subsidiaries, including Megaforce (Shanghai) Electronic & Plastic Co., Ltd., Shanghai AB Megaforce Co., Ltd., Shanghai Shanghua Painting Co., Ltd., Suzhou Intentech Co., Ltd., Dongguan Megaforce Electronic Technology Co., Ltd., MegaforceMY, and MegaforceMX. 3. It does not include water consumption of offices and households, which is simply the statistics of Minhsiung Plant of the parent company in Taiwan. 4. Starting from 2023, the total weight of waste defined was including Minhsiung Plant resource recycling, domestic waste, and industrial waste. . 5. The carbon emission inventory includes the data collected from all major factories, and the total volume is the statistics of the calculation from each factory. The factories of MegaforceMX have not yet implemented Category 1 greenhouse gas inventory; therefore, the information on Category 1 does not include it. 6. Carbon emissions in 2023 decreased by 5.44% compared with 2022, mainly due to the shadow of COVID-19 pandemic, economic recovery is not as good as expected, production activity decreases 7.The carbon emissions generated from the business operation of the company are indirect emissions resulting from Category 2 electricity consumption, accounting for 97%. ● Carbon reduction and energy saving objectives: The company follows the ISO 14001 standard to establish the greenhouse gas emission baseline, and formulate or announce carbon reduction objectives. The original plan is to base on the base year of 2016 to set the carbon reduction and energy saving objective of 25% reduction in 2022 for the factory in Taiwan. However, the changes in the global economic and trade environment, the raging pandemic, and regional wars in recent years has caused the shift of the overall industrial chain, and the expansion of production capacity in the Taiwan factory has caused the carbon emissions to go up. Currently, a greenhouse gas inventory system for the entire factory is being established and introduced in accordance with relevant specifications, set 2022 as the base year for greenhouse gas emissions and set an annual target of reducing carbon emissions by 5% per year, saving electricity, water, and waste reduction as climate change performance indicators. ● Water resource management policy: Adopt a rain-wastewater diversion system for wastewater recycling in the factory that meets the effluent standard. ● Waste management policy: The “Regulations Governing Waste Reduction and Recycling” is formulated to discuss and regulate the annual waste reduction objectives at the end of each year in order to have waste sorted thoroughly, waste reduced and recycled for achieving resource sustainability; also, utilize the network system to control waste flow. Also, implement it in the product manufacturing process through the operations of reduction, reuse, recycling, and reproduction: 1. Simplify packaging and minimize material consumption. 2. Recycle packaging materials. 3. Reuse and recycle shipping cartons. 4. Product scraps processed and used to manufacture plastic boxes.	
IV. Social issues (I) Has the company formulated relevant management policies and procedures according to relevant laws and regulations and the International Bill of Human Rights?	V		(I) The company complies with the local “Labor Act” at where the production base located around the world, honors the “Responsible Business Alliance” (RBA), and refers to the “Convention on the Elimination of All Forms of Discrimination Against Women” (CEDAW), “Convention on the Rights of the Child” (CRC), “Declaration on the Rights of Indigenous Peoples,” “The International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families,” “Convention on the Rights of Persons with Disabilities (CRPD), and other international convention on the human rights to formulate the “Megaforce Work Rules” as a basis for personnel management and respect for human rights. The company’s relevant human rights policies and specific measures are as follows: 1. The policy of providing a safe and healthy working environment The company’s management has an aim for “zero accident,” promoting rigorous hardware facilities and safety and health operating procedures, and regularly organizing on-job occupational safety and health education and training. 2. Prevent unlawful discrimination and ensure the equal employment opportunity policy. Provide foreign workers with a good accommodation environment and living space, strictly prohibit workplace violence, and provide employees with minimum wages and benefits that meet or better than the requirements of local laws and regulations. 3. The policy of guaranteeing the employee right of the people with disabilities Employ people with disabilities and reserve a certain number of employment opportunities for the people with disabilities in accordance with the provision of Article 38 of the “People with Disabilities Rights Protection Act.”	No material deviation

Promotion items	The State of implementation (Note 1)			Deviation from the "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and the reasons
	Yes	No	Summary description (Note 2)	
			4. No child labor policy Employment of employees under the age of 15 is prohibited. 5. Prohibition of all forms of forced labor policy 6. Assist employees in maintaining physical and mental health and work-life balance policy. The company clearly stipulates a legal and reasonable working hours management plan, and cares about and manages the attendance of employees regularly. The company respects the rights of employees. Employees can set up multiple social clubs and encourage colleagues to join the social clubs. 7. Gender equality policy Setup a hot line for preventing sexual harassment. The company implements a system of childcare leave without pay; also, it provides colleagues with family care leave, menstrual leave, maternity leave, paternity leave, pregnancy rest leave, breastfeeding room, breastfeeding time, etc.	
(II) Has the company formulated and implemented reasonable employee welfare measures (including remuneration, vacation and other benefits), and appropriately reflected operating performance or results in employee remuneration?	V		(II) Please refer to P.86 for the company's employee welfare measures and implementation in details. In addition, there are Regulations Governing Salaries" and salary bracket formulated. The company will evaluate and adjust salary by referring to external salary survey report every year, and will adjust employee salary and remuneration according to the company's operating performance and employee's personal performance. The "Conference of Share Holding Employees" has been established since 2020. Employees may have the mandatory amount appropriated every month to purchase company stock shares; also, the company appropriates an amount equivalent to the employee's appropriation as the company's appropriation amount, the withdrawal ratio is better than the industry average. In terms of the leave system, in addition to the routine two-day weekend, special leave is granted in accordance with the Labor Standards Act. Leave without pay is also an option available to the employee who is having a baby or encounters a serious injury or accident. Diversity and equality in the workplace: Male and female workers are entitled to equal pay for equal work and equal opportunities for promotions. Female supervisors are accounted for 13.04% of all supervisors, which is increasing year by year.	No material deviation
(III) Has the company provided employees with a safe and healthy working environment, and arranged safety and health education regularly for the employees?	V		(III) Protection measures for working environment and personal safety of employees 1. The "Occupational Safety and Health Management Regulations" are formulated to protect the rights and interests of employees at work and their life safety, which are to be implemented fully by the colleagues. 2. To protect employees, hazard identification and risk assessments are regularly conducted and training education is conducted. 3. Emergency response, fire protection and disaster prevention training and drills are held regularly to strengthen employees' fire protection concepts and accumulate experience through practical operations. 4. Provide employees with labor, health and group insurance. 5. Inspect the quality of drinking water regularly to ensure health and safety of employees' drinking water. 6. Disinfect the factory area and clean the cooling tower regularly. 7. In order to protect the health of employees, the lighting and carbon dioxide concentration in the work area are regularly tested evert half year. 8. In order to promote the health of employees and in accordance with occupational safety laws, health examinations, health consultations and on-site services are provided every year. Based on the results of the health examinations, special occupational nurses will establish a high-risk watch list and provide continuous tracking and consultation. The company's occupational safety and health management plan is for the implementation of various environmental safety and health services in order to provide employees with a safe and healthy working environment, which is implemented as follows: 1. Environmental health and safety inspection: Carry out the environmental health and safety inspection before the 25^{th} day of each month. 2. Convene the Occupational Safety and Health Committee: It will be held in the third week of each quarter with the labor representatives exercising their deliberation right to review items include: automatic inspection, employee accidents for business, education and training, personal protective equipment inspection, operating environment monitoring, etc. 3. Fire emergency response drills: Conduct fire emergency response drills in May and November every year to strengthen the use of fire extinguishers and emergency response by colleagues. 4. Implement operating environment monitoring: Entrust qualified contractors to monitor illuminance and carbon dioxide in May and November every year; also, compile and publish the results with corrective actions performed for areas with nonconformities identified. 5. Employee health checkup and health consultation: Plan and implement health checkups in October – November every year. Arrange medical staff	No material deviation

Promotion items	The State of implementation (Note 1)			Deviation from the "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and the reasons
	Yes	No	Summary description (Note 2)	
			to provide on-site services for health consultation after the health checkup results are announced. 6. Illegal infringement at workplace: Identify and evaluate illegal infringements at workplace by means of questionnaires in March – April every year. 7. Inspection and maintenance of firefighting equipment: Contract qualified firefighting equipment technicians (repairmen) to inspect and repair the firefighting equipment in the factory in October – November every year. 8. Occupational safety on-the-job education and training: Provide employees with three hours of on-the-job training every three years to prevent disasters and enhance occupational safety and health concepts. 9. In 2023, there were 2 occupational accidents among employees, and 2 people were injured, accounting for approximately 0.98% of the total number of employees; we will continue to strengthen employee education and training and working environment monitoring to ensure employee personal safety. 10. We attaches great importance to employee personal safety, regular fire drills, and inspection and maintenance of fire equipment, there is no fire incidents in 2023.	
(IV) Does the company have an effective career development training program planned for employees?	V		(V) The company encourages employees to participate provides in the internal and external education and training provided by the company; also, establishes training and programs that are beneficial to the development of employees' occupational and functional ability. Include new recruit training, professional training, supervisor training, etc., and help colleagues continue to grow through diversified approaches. A total of 614 people-time completed internal and external education and training program for a total of 2,680.5 hours in 2023.	No material deviation
(V) Does the company comply with relevant laws and international standards, and formulate relevant right and interest protection policies and grievance procedures to deal with customers for products and services, such as customer health and safety, customer privacy, marketing and labelling?	V		(VI) The company has the products marketed and labelled in accordance with relevant laws and regulations and international standards. The company evaluates customers' satisfaction with products or services, and actively reviews them as a reference for quality improvement. The unsatisfied customers may report or complain to the company at any time.	No material deviation
(VI) Has the company formulated supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health,	V		(VII) The company has a supplier management policy formulated: 1.Request the supply chain to appreciate labor rights, environmental protection, and safety and health risk control in order to reduce the operating risks and costs of the company and the suppliers,establish a sustainable growth partnership. 2.Suppliers are requested to sign a letter of commitment, indicating that the suppliers will operate in compliance with the normative standards of the Responsible Business Alliance (RBA), safe labor operating environment, reasonable labor conditions, protection of basic human rights of labor, prohibition of child labor; also, must promise not to operate and produce any product with the use of conflict metals. 3.Request suppliers to fully comply with all relevant local laws and regulations when operating the company's business, and must follow relevant social responsibilities and all aspects. 4.If the supplier violates the law or the letter of commitment, the company may immediately cease, terminate, or cancel the transaction relationship with the supplier.	No material deviation

<table>
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<tr><th>Yes</th><th>No</th><th>Summary description (Note 2)</th></tr>
<tr><td>or labor rights, and monitored their implementation?</td><td></td><td></td><td>The supplier management mechanism is controlled and managed in the following three aspects:
<table>
<tr><td>Selection of new suppliers</td><td>1. Supplier evaluation criteria:
(1) Quality capability: The completeness of the supplier’s quality system process implementation.
(2) Control of hazardous substances: The products provided by suppliers must comply with the requirements of the Hazardous Substances Process Management System.
(3) Productibility: Suppliers must be able to fulfill customers’ need in production quickly.
(4) Manufacturing engineering capability: Evaluate the process and design control capability of the suppliers.
2. New suppliers must sign a letter of commitment between the two parties.
3. Comply with relevant quality system requirements. If the supplier has obtained certificates related to environmental protection or hazardous substance management (such as ISO 9001, ISO 14001, ISO 45001, QC 080000, and IATF 16949) will be awarded with additional points given.</td></tr>
<tr><td>Supplier evaluation and management</td><td>1. Graded according to the supplier evaluation criteria.
2. The supplier who does not receive adequate evaluation scores will not be listed as a qualified supplier. The unqualified supplier needs to make improvement, be re-evaluated, and receive adequate evaluation score in order to be listed as a qualified supplier.</td></tr>
<tr><td>Supplier continuous evaluation</td><td>1. Select key suppliers for continuous evaluation based on the characteristics and risk classifications of the supplier.
2. Suppliers must continuously meet various requirements and specifications in order to qualify for sustainable supply.</td></tr>
</table></td><td></td></tr>
<tr><td>V. Does the Company refer to the internationally accepted reporting standards or guidelines to prepare the sustainability reports for disclosing the company’s non-financial information? Are the aforementioned sustainability reports with the assurance or guarantee opinions of a third-party verification unit obtained?</td><td></td><td>V</td><td>The company has started to compile the sustainability report in accordance with the Global Reporting Initiative (GRI) since the year of 2022. The 2022 sustainability report was uploaded to the Market Observation Post System and the company’s website on July 18, 2023. However, the sustainability report was without the assurance or guarantee opinion obtained from a third-party verification unit.</td><td>In planning</td></tr>
</table>

Promotion items	The State of implementation (Note 1)			Deviation from the "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and the reasons
	Yes	No	Summary description (Note 2)	
VI. If the company has the sustainable development best-practice principles formulated in accordance with the "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies," please describe the differences between its operation and the principles: The company has formulated the "Sustainable Development Best-Practice Principles," "Corporate Governance Best-Practice Principles," and "Ethical Corporate Management Best-Practice Principles." The company also has based on the "Ethical Corporate Management Best-Practice Principles" to formulate the "Procedures for Ethical Management and Guidelines for Conduct," "Code of Ethical Conduct for Employees," "Code of Ethical Conduct for Directors and Managerial Officers;" and establish an effective corporate governance structure and related ethical standards and matters, which have been implemented and followed without any difference occurred so far.				
VII. Other important information that helps understand the promotion of sustainable development: 1. The company will take the initiative to donate money for any material disaster occurred in Taiwan and abroad, encourage employees to make donations with mercy, and establish an employee merciful trading platform. 2. Sponsor elementary school students in rural areas, set up coin donation boxes to fund the Dandelion Project, to help abused women and children, and to hold blood donation activities occasionally. 3. Develop smart energy storage systems and electric vehicle equipment to improve energy-saving efficiency. 4. By reducing unnecessary components, selecting friendly materials, and functionally stabilizing energy storage and power supply to improve energy efficiency and reduce battery consumption, environmental impact is reduced from the functional level of product design. 5. The company uses the concept of "sustainable operation" to have the "environmental protection," "safety," and "health" integrated into corporate culture, operating principles, and work processes for years.				

Note 1: If the answer "Yes" is ticked for the status of implementation, please specify the important policies, strategies, measures, and implementations adopted. If the answer "No" is ticked for the status of implementation, please specify the differences and reasons in the "Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons" column; also, explain the plan of adopting relevant policies, strategies and measures in the future. However, regarding promotion item 1 and 2, the TWSE/TPEx Listed Companies should describe the governance and supervision structure of sustainable development, including but not limited to the management policies, formation of strategies and objectives, and measures review. In addition, describe the company's risk management policies or strategies for environmental, social, and corporate governance issues related to business operations, and the implementation of evaluation.

Note 2: The principle of materiality refers to issues related to environment, society and corporate governance that have a material impact on the company's investors and other stakeholders.

Note 3: Please refer to the best-practice principles for information disclosure on the website of the Corporate Governance Center of Taiwan Stock Exchange.

(VI) The climate-related information for TWSE/TPEx Listed

Climate-related information implementation status

Items	The state of implementation
I. Describe the board and management oversight and governance of climate-related risks and opportunities.	The company's "Enterprise Sustainable Operation Taskforce" has reported the greenhouse gas inventory plan and implementation to the Board of Directors on a quarterly basis since June 2022 to evaluate the climate-related risks and opportunities. Report the sustainable development operation policy and promotion to the Board of Directors at least once a year for the reference of the Board of Directors in proposing suggestions on management policies, strategies, and objectives. The Board of Directors regularly receives reports and reviews the progress of strategies and objectives. It also regularly submits proposals and reports to the chairman of the board to revise relevant management measures in compliance with legal requirements to strengthen the company's practical operations.

<table>
<tr><th>Items</th><th>The state of implementation</th></tr>
<tr><td>II. Describe how the identified climate risks and opportunities impact the company's business, strategy and finances (short-term, medium-term, long-term).</td><td>
<table>
<tr><th>Item</th><th>Climate change Potential risks</th><th>Opportunity</th><th>Countermeasures</th></tr>
<tr><td rowspan="2">Short-term and mid-term</td><td>Increase in sustainability-related requirements and regulations</td><td>Develop green energy and environmental protection materials.</td><td>Establish a polymer laboratory and invest resources to develop low-energy light-curing green energy-friendly materials, and introduce water-based paint to reduce volatile organic compounds (VOCs).</td></tr>
<tr><td>Greenhouse gas emissions cause atmospheric pollution and cost increase.</td><td>Save energy, reduce carbon, and cut operating cost through the operation of the environmental protection systems.</td><td>Regenerative Thermal Oxidizer (RTO) is used for atmospheric pollution prevention and control, which is equipped with rotor concentrator and regenerative thermal oxidizer (RTO), continuous emission monitoring system (CEMS), UV air purifier, and activated carbon reclamation and adsorption equipment for atmospheric pollution prevention and control. Regenerative Thermal Oxidizer (RTO) uses clean fuel (gas) to have the harmful substances in the exhaust gas stabilized and neutralized.</td></tr>
<tr><td>Long-term</td><td>The impact of rising electricity consumption on the greenhouse effect</td><td>Promote low-carbon green production, electricity saving, and operating cost reduction.</td><td>Promote the set electricity-saving objective every year. Reduce the electricity consumption through the replacement of lighting equipment and the air-conditioning equipment.</td></tr>
</table>
</td></tr>
<tr><td>III. Describe the financial impact of extreme climate events and transition actions.</td><td>Increased sustainability-related demands and regulations, as well as atmospheric pollution caused by greenhouse gas emissions, have increased operating costs.</td></tr>
<tr><td>IV. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.</td><td>The company plans to initiate risk identification and evaluation. Implement risk control and carbon reduction plans through the cross-departmental risk communication of the “Enterprise Sustainable Operation Taskforce,” compile the implementation results of risk evaluation and control plans with the internal regulations of the “Risk Management Policies and Procedures” amended; also, report the implementation result to the Board of Directors on a quarterly basis, and integrate the climate change management mechanism into the overall risk management process.
The “Enterprise Sustainable Operation Taskforce” will also work with the Group Finance Department and the Group Quality Assurance Department to formulate relevant plans. The parent company’s greenhouse gas inventory plan has been completed and approved by the Board of Directors. The subsidiary’s greenhouse gas inventory plan was proposed in 2023Q1 with the progress and result followed up on a quarterly basis.</td></tr>
<tr><td>V. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and main financial impacts used should be explained.</td><td>Scenario analysis has not been used yet and is expected to be implemented before 2026.</td></tr>
<tr><td>VI. If there is a transformation plan to manage climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transformation risks.</td><td>set 2022 as the base year for greenhouse gas emissions and set an annual target of reducing carbon emissions by 5% per year, saving electricity, water, and waste reduction as climate change performance indicators.</td></tr>
<tr><td>VII. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.</td><td>We will participate in more sessions and seminars to evaluate tools suitable for the company.</td></tr>
</table>

Items	The state of implementation
VIII. If climate-related goals are set, information such as the activities covered, greenhouse gas emission scope, planning schedule, annual achievement progress, etc. should be explained; if carbon offsets or renewable energy certificates (RECs) are used to achieve relevant goals, information such as Explain the source and quantity of carbon reduction credits or the quantity of renewable energy certificates (RECs) being redeemed.	In line with the requirements of the Financial Supervisory Commission: complete the disclosure of parent company inventory information in 2026, and complete the disclosure of subsidiary inventory information in 2027. At present, the organization, inventory procedures and trial work have been explained internally, and resources will be provided to strengthen and refine the inventory operations.
IX. Greenhouse gas inventory and assurance, reduction goals, strategies and specific action plans.	Fill in(I) and(II)

(I) Company greenhouse gas inventory and confirmation status in the last two years

- Company greenhouse gas inventory information

Describe the emission volume (metric tons CO2e), intensity (metric tons CO2e/million) and data coverage of greenhouse gases in the last two years.
According to the Financial Supervision Commission's Order No. 11203852314 issued on November 13, 2023, regarding greenhouse gas inventory information, the company should complete the disclosure of individual inventory information of the parent company starting in 2026, and complete the disclosure of inventory inventory information of subsidiaries starting in 2027. The investigation method will be more refined before being disclosed.

Note 1: Direct emissions (Category 1, that is, directly from emission sources owned or controlled by the company), energy indirect emissions (Category 2, that is, indirect greenhouse gas emissions from the input of electricity, heat or steam) and other indirect emissions quantity (Category 3 refers to emissions generated by company activities, which are not indirect energy emissions, but come from emission sources owned or controlled by other companies).
Note 2: The coverage of direct emissions and energy indirect emissions data shall be handled in accordance with the timetable specified in the order specified in Paragraph 2 of Article 10 of these Guidelines. Other indirect emissions information may be disclosed voluntarily.
Note 3: Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or International Organization for Standardization (ISO) released of ISO 14064-1.
Note 4: The intensity of greenhouse gas emissions can be calculated per unit of product/service or turnover, but at least the data calculated in terms of turnover (NTD million) should be stated.

- Greenhouse gas assurance information

Describe the confidence situation in the last two years as of the publication date of the annual report, including the scope of the confidence, the organization of the confidence, the criteria for the confidence and the opinion of the confidence.
According to the Financial Supervisory Commission's Order No. 11203852314 issued on November 13, 2023, regarding the disclosure schedule of greenhouse gas assurance information, the company should complete the disclosure of individual assurance information of the parent company from 2028 and the assurance information of the subsidiaries from 2029.

Note 1: It should be handled in accordance with the timetable specified in the order stipulated in Paragraph 2 of Article 10 of this Code. If the company fails to obtain a complete greenhouse gas confidence opinion by the publication date of the annual report, it should indicate that "the complete confidence information will be disclosed in the sustainability report." If the company does not prepare a sustainability report, it should indicate that "complete and confident information will be disclosed in the public information observatory" and disclose complete and confident information in the next annual report.
Note 2: Confirmed institutions should comply with the relevant requirements for certified institutions on sustainability reports stipulated by TWSE and TPEx.
Note 3: The disclosure content can be found in the Best Practice Reference Examples on the TWSE website.

(II) Greenhouse gas reduction goals, strategies and specific action plans

Describe the greenhouse gas reduction base year and its data, reduction targets, strategies, specific action plans and achievement of reduction targets.
I. Set 2022 as the base year for greenhouse gas emissions, set an annual target of reducing carbon emissions by 5% per year, and set electricity saving, water saving, and waste reduction as climate change performance indicators. II. Implementation results: Carbon emissions in 2022 decreased by 3.58% compared to 2021.

Note 1: It shall be handled in accordance with the timetable specified in the order stipulated in Article 10, Paragraph 2 of these Guidelines.
Note 2: The base year should be the year in which the review is completed based on the boundaries of the consolidated financial report. For example, in accordance with the provisions of Paragraph 2 of Article 10 of these Standards, companies with capital of more than NT$10 billion should complete the review of the 2024 consolidated financial report in 2025. Therefore, the base year is 2024. If the company has completed the review of the consolidated financial report in advance, the earlier year can be used as the base year. In addition, the data in the base year can be calculated as the average of a single year or several years.
Note 3: The disclosure content can be found in the Best Practice Reference Examples on the TWSE Corporate Governance Center website.

(VII) The implementation of the ethical corporate management and its deviation from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and the reasons

1. The company has three independent directors, and the Audit Committee was organized on June 8, 2018 with the opinions of independent directors taken into consideration fully.
2. The company profile, basic information, and financial information are disclosed on the company's website; also, the company's financial and business information are disclosed on the Market Observation Post System in a timely, open, and transparent manner.
3. The company establishes a special section on the website for stakeholders; also, the company's contact email address is disclosed at the Market Observation Post System for stakeholders to contact the company at any time, and there are dedicated personnel to deal with related issues.

Evaluation Items	The State of Operations (Note)			Deviation From the "Ethical Corporate Management Best-Practice Principles for TWSE or TPEx Listed Company" and the Reasons
	Yes	No	Summary Description	
I. Establishment of ethical corporate management policy and proposal				
(I) Has the company formulated an ethical corporate management policy approved by the Board of Directors, and are the policy and practice of ethical corporate management stated in the company's regulations and external documents, as well as the commitment of the Board of Directors and the senior management to actively implement the policy?	V		(I) The company has formulated the "Ethical Corporate Management Best-Practice Principles," "Procedures for Ethical Management and Guidelines for Conduct," "Code of Ethical Conduct for Employees," and "Code of Ethical Conduct for Directors and Managerial Officers"; adhered to high standards of conduct and occupational ethics; and substantiated the commitment to ethical corporate management.	No material deviation
(II) Has the company established a mechanism for evaluating the risk of unethical conduct, regularly analyzed and evaluated the activities in the scope of business with a higher risk of unethical conduct, and has formulated a plan to prevent unethical conduct on this basis, which covers at least the preventive measures for the conduct set out in Article 7, Paragraph 2 of the "Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies?"	V		(II) The company has clearly stipulated in the "Ethical Corporate Management Best-Practice Principles," "Procedures for Ethical Management and Guidelines for Conduct," "Code of Ethical Conduct for Employees," and other ethical corporate management regulations to strictly prohibit employees from accepting gifts, preferences, or special offers from suppliers, dealers, or customers, and other related business activities.	No material deviation
(III) Has the company specified operating procedures, conduct guidelines, and disciplinary and complaint systems for violations in the plan to prevent unethical conduct and implemented the plan as well as regularly reviewing and amending it?	V		(III) The company has formulated the "Ethical Corporate Management Best-Practice Principles," "Procedures for Ethical Management and Guidelines for Conduct," "Work Rules," "Code of Ethical Conduct for Employees," and "Code of Ethical Conduct for Directors and Managerial Officers" for the guidance of employees, which is working well currently.	No material deviation
II. Implementation of Ethical Corporate Management				
(I) Does the company evaluate the ethical records of its counterparties and specify the ethical conduct clauses in the contracts signed with the counterparties?	V		(I) The company has evaluated and avoided conducting transactions with those who has a record of unethical conduct truthfully, and clearly stipulated the code of conduct in the contract.	No material deviation
(II) Does the company have a dedicated unit under the Board of Directors to promote ethical corporate management and regularly report (at least once a year) to the Board of Directors on its ethical management policy and plan to prevent unethical conduct and monitor their implementation?	V		(II) The human resources unit of the company is the responsible unit for the implementation of the "Procedures for Ethical Management and Guidelines for Conduct," assisting the Board of Directors and the management to check and evaluate the preventive measures established for the implementation of ethical corporate management, and should regularly evaluate (at least once a year) the compliance with the relevant procedures with a report prepared reporting to the Board of Directors.	No material deviation
(III) Does the company have the policy formulated to prevent conflict of interest, provide appropriate channels for an explanation, and implement it?	V		(III) It is clearly stipulated in the company's "Code of Ethical Conduct for Employees" that employees should avoid conflicts of interest. The occurrence of a conflict of interest should be reported to the higher management unit voluntarily with a report filed for record within the company.	No material deviation
(IV) Has the company established an effective accounting system and internal control system for the implementation of ethical corporate management, and the internal audit unit drawn up relevant audit plans based on the risk evaluation results of unethical conduct, and audited the compliance of the plan in preventing unethical conduct or entrusted a CPA to perform the audit?	V		(IV) The company has established an effective accounting system and internal control system, which are checked regularly by the Auditing Office; also, the relevant audit plans are prepared and included in the internal control system in accordance with the "Ethical Corporate Management Best-Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct." The internal auditors did not find any violations of ethical corporate management.	No material deviation
(V) Does the company regularly organize internal and external education and training programs on ethical corporate management?	V		(V) In 2023, the company held internal and external education and training related to integrity management issues (including courses related to risk management, accounting systems, internal control, etc.) for a total of 417 people, totaling 503.5 person-times.	No material deviation

Evaluation Items	The State of Operations (Note)			Deviation From the "Ethical Corporate Management Best-Practice Principles for TWSE or TPEx Listed Company" and the Reasons
	Yes	No	Summary Description	
III. The operation of the company's whistleblower reporting system (I) Has the Company formulated a specific whistleblower reporting and reward system and a convenient reporting channel, and designated appropriate personnel to deal with the reported individuals?	V		(I) It is stipulated in the company's "Procedures for Ethical Management and Guidelines for Conduct" to have an internal independent reporting mailbox established and a dedicated person for handling complaints appointed and announced on the company's website and internal website for internal and external personnel to report unethical conducts.	No material deviation
(II) Has the Company formulated standard operating procedures for the investigation of the reported matters, follow-up measures to be taken after the completion of the investigation, and the relevant confidentiality mechanisms?	V		(II) It is stipulated in the company's "Procedures for Ethical Management and Guidelines for Conduct" to have the reported matters handled by the dedicated unit in accordance with the reporting procedures. The relevant personnel handling the whistleblowing matters shall keep the identity of the whistleblower and the reporting content confidential in a written statement. The Auditing Office shall report the whistleblowing matters, handling method, and subsequent review and improvement measures to the Board of Directors.	No material deviation
(III) Does the company take measures to protect whistleblowers from retaliation due to whistleblowing?	V		(III) It is stipulated in the company's "Procedures for Ethical Management and Guidelines for Conduct" to have the whistleblowers protected from any retaliation and mistreatment.	No material deviation
IV. Intensification of Disclosure Does the company disclose the content and effectiveness of its "Ethical Corporate Management Best-Practice Principles" on its website and the Market Observation Post System?	V		The company has formulated the "Ethical Corporate Management Best-Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" with the relevant content and promotion results disclosed on the company's website and the Market Observation Post System.	No material deviation
V. If the company has the "Ethical Corporate Management Best-Practice Principles" formulated in accordance with the "Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies," please state the differences between the two and the state of implementation: The company has formulated the "Ethical Corporate Management Best-Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct." All directors are required to sign a statement of non-violating the ethical corporate management best-practice principles in order to remind directors to comply with laws and regulations. Announce the content of the "Principles" to employees and place it in the shared file area of the internal employee system. Organize internal and external education and training programs on ethical corporate management related issues every year. There is no material deviation of the operation from the "Principles."				
VI. Other important information that helps better understand the operation of the company's ethical corporate management (such as the review and amendment to the ethical corporate management best-practice principles) The company announces the ethical corporate management to the associated suppliers, signs the Letter of Undertaking of Integrity with suppliers, and clearly stipulates the commitment to integrity and good faith in the contract.				

Note: Regardless of the answer is "Yes" or "No," It must be explained in the "Remark" column of the summary report.

(VIII) If the company has formulated the corporate governance best-practice principles and related regulations, the inquiry method should be disclosed

The company has formulated the corporate governance related regulations and has them disclosed in the "Corporate Governance" section of the Market Observation Post System (https://mops.twse.com.tw/mops/web/t100sb04_1) and in the "Corporate Governance" section of the "CSR" on the company's website (https://www.megaforce.com.tw/zh-tw/Html/Company_Rules_Regulations).

(IX) Other important information that helps better understand the operation of the company's corporate governance

■ The 2023 directors' continuing education

Title	Name	Continuing education date		Organizer	Course title	Course hours	Does the training meet the requirements?
		Starting	Ending				
Chairman	Wen-Lin, Hsu	7/31/2023	7/31/2023	Chinese National Association of Industry and Commerce	Company Directors and Supervisors Study - "Financial Technology Innovation and Application Trends"	6	Yes
		7/20/2023	7/20/2023	Securities & Futures Institute	Advanced Seminar on Practical Practice for Directors, Supervisors (Including Independent) and Corporate Governance Supervisors - Talent Sustainability Challenges after the Epidemic		
Vice Chairman	Tung-Hui, Chiang	5/30/2023	5/30/2023	Securities & Futures Institute	Emerging Risks for Business: Climate Change	6	Yes
		2/14/2023	2/14/2023	Taiwan Corporate Governance Association	The new look of corporate governance under the ESG trend		
Representative of corporate director	Le-Li, Lu	3/28/2023	3/28/2023	Securities & Futures Institute	How directors and supervisors supervise the company to establish and promote a sound risk management system	6	Yes
		3/24/2023	3/24/2023	Securities & Futures Institute	Financial information most easily overlooked by directors		
Representative of corporate director	Wan-Sheng, Hsu	11/2/2023	11/2/2023	Securities & Futures Institute	Technical development and application opportunities of chatbot ChatGPT	6	Yes
		3/31/2023	3/31/2023	Chinese National Association of Industry and Commerce	The impact and response of the latest cross-border tax regulations on enterprises (case demonstration)		
Independent Director	Chun-Nan, Pai	11/17/2023	11/17/2023	Taiwan Corporate Governance Association	Case analysis of hostile mergers and acquisitions, competition for management rights and company countermeasures	9	Yes
		8/24/2023	8/24/2023	Taiwan Institute of Directors	Analysis of international climate change development trends and practical cases		
		5/4/2023	5/4/2023	Taiwan Institute of Directors	Compliance with laws and regulations and legal responsibilities of directors and supervisors under corporate governance 3.0		
Independent Director	Ching-Kong, Chao	3/28/2023	3/28/2023	Securities & Futures Institute	How directors and supervisors supervise the company to establish and promote a sound risk management system	6	Yes
		3/24/2023	3/24/2023	Securities & Futures Institute	Financial information most easily overlooked by directors		
Independent Director	Hai-Pang, Chiang	6/16/2023	6/16/2023	Taiwan Corporate Governance Association	Latest corporate M&A normative practices and case studies	6	Yes
		4/27/2023	4/27/2023	Taipei Exchange	Publicity meeting on sustainable development action plans for listed companies		

Note: Director Mr. Chun-Nan, Pai resigned as a independent director on February 6, 2024.

■ The 2023 Managerial Officer’s Continuing Education

Title	Name	Continuing education date		Organizer	Course title	Course hours	Does the training meet the requirements?
		Starting	Ending				
CEO	Wen-Lin,Hsu	7/31/2023	7/31/2023	Chinese National Association of Industry and Commerce	Company Directors and Supervisors Study - "Financial Technology Innovation and Application Trends"	6	Yes
		7/20/2023	7/20/2023	Securities & Futures Institute	Advanced Seminar on Practical Practice for Directors, Supervisors (Including Independent) and Corporate Governance Supervisors - Talent Sustainability Challenges after the Epidemic		
General Manager	Tung-Hui, Chiang	5/30/2023	5/30/2023	Securities & Futures Institute	Emerging Risks for Business: Climate Change	6	Yes
		2/14/2023	2/14/2023	Taiwan Corporate Governance Association	The new look of corporate governance under the ESG trend		
Chief of Staff	Le-Li, Lu	3/28/2023	3/28/2023	Securities & Futures Institute	How directors and supervisors supervise the company to establish and promote a sound risk management system	6	Yes
		3/24/2023	3/24/2023	Securities & Futures Institute	Financial information most easily overlooked by directors		
Chief Financial Officer and Corporate Governance Officer	Chia-Cheng, Chang	11/3/2023	11/3/2023	Securities & Futures Institute	Listed OTC Companies-Insight into the Derivative Financial Market and Move towards Corporate Sustainability Seminar	24	Yes
		8/17/2023	8/17/2023	Taiwan Corporate Governance Association	Practical seminar on family wealth inheritance		
		8/7/2023	8/7/2023	Taiwan Investor Relations Institute	Business management and news crisis management strategies		
		7/27/2023	7/28/2023	Accounting Research and Development Foundation	Continuing training courses for accounting supervisors of issuers, securities companies and stock exchanges		
		7/14/2023	7/14/2023	Accounting Research and Development Foundation	Analysis of policies related to "Sustainable Development Action Plan for Listed OTC Companies" and "Road Map"		

Note : Chief Of Staff,Mr. Le-Li, Lu retired as a Chief Of Staff on May 1, 2023.

(X) Implementation of the internal control system

1. Internal Control Statement

Megaforce Company Limited

Statement of Internal Control System

Date: March 15, 2024

The company uses the result of the self-assessment performed on the 2023 internal control system to make declaration as follows:

I. The company knows that establishing, implementing, and maintaining an internal control system is the responsibility of the company's Board of Directors and managerial officers, and the company has established this system. Its purpose is to provide reasonable assurance of the achievement of objectives, such as the effectiveness and efficiency of operations (including profitability, performance and asset security), the reliability, timeliness, and transparency of reporting, as well as compliance with relevant rules, laws and regulations, etc.

II. An internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide a reasonable assurance of the achievement of the aforementioned three objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the company's internal control system has a self-monitoring mechanism embedded. Once a defect is identified, the company will take corrective actions.

III. The company determines the effectiveness of the design and implementation of its internal control system in accordance with the criteria of the effectiveness of the internal control system stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria of the internal control system adopted in the "Regulations" are based on the process of managerial control and divide the internal control system into five components: 1. Control environment, 2. Risk evaluation and response, 3. Control operations, 4. Information and communication, and 5. Monitoring operations. Each component consists of a number of items. Please refer to the "Regulations" for these items.

IV. The company has adopted the aforementioned criteria of the internal control system to evaluate the effectiveness of the design and implementation of its internal control system.

V. The company uses the evaluation results stated in the preceding paragraph to conclude that the internal control system on December 31, 2023 (including the supervision and management of subsidiaries), including understanding the operational effect and the extent of efficiency realization, the reporting is reliable, timely, transparent, and complying with the relevant norms and relevant laws and regulations, the compliance with governing laws and regulations, and other design and implementation, is effective, which can reasonably ensure the achievement of the aforementioned objectives.

VI. This statement will become the main content of the company's annual report and prospectus and will be made public. If the aforementioned disclosures have falsehood or concealment, legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act will be incurred.

VII. This statement has been approved by the Board of Directors on March 15, 2024, by the six directors present, unanimously and it is so stated for the said purpose.

Megaforce Company Limited

Chairman:Wen-Lin, Hsu

General Manager: Tung-Hui, Chiang

2. The review report of the CPAs should be disclosed if the internal control system is reviewed by the CPAs: Not applicable

(XI) Where the company and its insiders receive penalties for violations or the company's punishment on its internal personnel for violating internal control system, and where the punishment may have a material impact on shareholders' equity or securities price, the penalty, main mistake, and improvement shall be expressly listed in the most recent year and as of the annual report publication date: None.

(XII) Major resolutions of the shareholders' meeting, board meetings, and functional committee meeting in the most recent year and as of the annual report publication date:

Date	Conference type	Important resolutions	Matters listed in §14-3 of the Securities and Exchange Act	Independent directors' objection or qualified opinions
The 11th term – 10th meeting 1.18.2023	Board Meeting	01. Approved the 2023 budget of the company and its subsidiaries.		None
		02. Approved the company's loan applications filed with the Bank of Taiwan,and Bank of Panhsin.		None
		03. Approved the amendments to some articles of the "Sustainable Development Best-Practice Principles."		None
		04. Approved the amendments to some articles of the "Corporate Governance Best-Practice Principles."		None
		Opinions of Independent Directors: None		
		The company's handling of independent directors' opinions: None		
		Resolution result: Approved by all directors present.		
The11th term – 11th meeting 3.15.2023	Board Meeting	01. Approved the company's loan applications filed with Mega Bills, Far East International Bank, JihSun Bank, and E.Sun Commercial Bank.		None
		02. Approved the 2022 statement of the internal control system.		None
		03. Approved the 2022 financial report.		None
		04. Approved the replacement of the attesting CPAs and the evaluation of the CPA's independence.	V	None
		05. Approved the amendments to the pre-approval policy for non-audit and assurance services.	V	None
		06. Approved the 2022 business report.		None
		07. Approved the 2022 deficit offset proposal.		None
		08. Approved the amendments to some articles of the "Procedures for Engaging in Derivatives Trading."	V	None
		09. Approved the amendments to some articles of the "Risk Management Policy and Procedures."		None
		10. Approved the stipulation on the matters related to convening the 2023 regular shareholders' meeting.		None
		11. Approved the stipulation on accepting and handling shareholders' proposals at the 2023 regular shareholders' meeting.		None
		12. Approved the greenhouse gas inventory and verification schedule plan of the consolidated subsidiary of the company.		None
		Opinions of Independent Directors: None		
		The company's handling of independent directors' opinions: None		
		Resolution result: Approved by all directors present.		
The 11th term – 12th meeting 5.3.2023	Board Meeting	01. Approved the company's 2023Q1 consolidated financial report.		None
		02. Approved the company's loan application filed with China Bills Finance Corporation.		None
		Opinions of Independent Directors: None		
		The company's handling of independent directors' opinions: None		
		Resolution result: Approved by all directors present.		
6.7.2023	Annual General Meeting	01. Acknowledged the 2022 business report and financial statements.		
		02. Acknowledged the 2022 deficit offset proposal.		
		03. Approved the amendments to some articles of the "Procedures for Engaging in Derivatives Trading."		

The 11th term – 13th meeting 6.7.2023	Board Meeting	01. Approved the company's loan applications filed with The Shanghai Commercial & Savings Bank, Cathay United Bank, and Shin Kong Commercial Bank.		None
		Opinions of Independent Directors: None		
		The company's handling of independent directors' opinions: None		
		Resolution result: Approved by all directors present.		
The 11th term – 14th meeting 8.9.2023	Board Meeting	01. Approved the company's director remuneration package 。	V	None
		02. Approved the company's loan applications filed with Mega International Commercial Bank, CTBC Bank, Hua Nan Bank, Bank SinoPac, Taipei Fubon Bank and Land Bank of Taiwan.		None
		03. Approved the 2023Q2 consolidated financial report.		None
		04. Approved the company's funds loan in Mega 1 Company Ltd.	V	None
		Opinions of Independent Directors: None		
		The company's handling of independent directors' opinions: None		
		Resolution result: Approved by all directors present.		
The 11th term – 15th meeting 9.26.2023	Board Meeting	01. Approved the company's Shanghai subsidiary relocation case 。	V	None
		Opinions of Independent Directors: None		
		The company's handling of independent directors' opinions: None		
		Resolution result: Approved by all directors present.		
The 11th term – 16th meeting 11.8.2023	Board Meeting	01. Approved the 2023Q3 consolidated financial report.		None
		02. Approved the company's loan applications filed with Taishin International Bank.		None
		03. Approved the amendments to the "Procedures for Handling Material Inside Information."		None
		04. Approved the amendments to some articles of the "Corporate Governance Best-Practice Principles."		None
		05. Approved formulating operating procedures for insider reporting management.		None
		06. Approved the revision of some provisions of the "Transaction Operating Procedures for Group Enterprises, Specific Companies and Related Persons".		None
		07. Approved setting up information security procedures.		None
		08. Approved the 2024 internal audit plan of the company and its subsidiaries.	V	None
		Opinions of Independent Directors: None		
		The company's handling of independent directors' opinions: None		
		Resolution result: Approved by all directors present.		
The 11th term – 17th meeting 1.26.2024	Board Meeting	01. Approved the 2024 budget of the company and its subsidiaries.		None
		02. Approved the company's loan applications filed with the E.Sun Commercial Bank, and Bank SinoPac.		None
		03. Approved the company's revising the implementation details of the company's salary management measures.		None
		04. Approved the company's investment in Infutek Corporation of the United States.	V	None
		Opinions of Independent Directors: None		
		The company's handling of independent directors' opinions: None		
		Resolution result: Approved by all directors present.		
The 11th term – 18th meeting 2.15.2024	Board meeting	01. Approved the by-election of independent directors.	V	None
		02. Approved the company's nomination and review of the list of independent director candidates for the by-election by the board of directors.	V	None
		03. Approved lifting the non-competition restrictions of the new independent directors.	V	None
		04. Approved formulating plans related to convening the first extraordinary shareholders' meeting in 2024 .		None
		05. Approved the first extraordinary shareholders' meeting in 2024 be held to elect independent directors handling matters related to shareholder nominations.		None
		Opinions of Independent Directors: None		
		The company's handling of independent directors' opinions: None		
		Resolution result: Approved by all directors present.		
The 11th term – 19th meeting 3.15.2024	Board Meeting	01. Approved the company's loan applications filed with Bank of Taiwan, Far East International Bank, and Bank of Panhsin, and Mega International Commercial Bank.		None
		02. Approved the company's cash capital increase in	V	None

		Megaforcemx, S.de R.L. de C.V.		
		03. Approved the 2023 statement of the internal control system.		None
		04. Approved the 2023 standalone financial report and consolidated financial report.		None
		05. Approved the attesting CPA's independent and competency assessment.	V	None
		06. Approved the 2023 business report.		None
		07. Approved the 2023 deficit offset proposal.		None
		08. Approved the amendments to some articles of the company's "Articles of Incorporation."		None
		09. Approved the amendments to some articles of the "Rules of Procedure for Shareholders' Meetings."		None
		10. Approved revising some of the articles on the organizational procedures of the audit committee.	V	None
		11. Approved the amendment to the "Rules of Procedure for Board of Directors Meetings."	V	None
		12. Approved the election of directors (including independent directors).	V	None
		13. Approved the nomination and review of the candidate list of directors (including independent directors) by the board of directors。	V	None
		14. Approved lifting the non-competition restrictions of the new directors.	V	None
		15. Approved the stipulation on the date, time, location and the related matters to convening the 2024 regular shareholders' meeting.		None
		16. Approved the stipulation on accepting and handling shareholders' proposals at the 2024 regular shareholders' meeting.		None
		17. Approved the formulation of matters related to the 2024 regular shareholders' meeting to accept the nomination of director (including independent director) candidates.		None
		18. Approved case on matters related to the repurchase of treasury shares and the transfer of shares to employees.		None
		Opinions of Independent Directors: None		
		The company's handling of independent directors' opinions: None		
		Resolution result: Approved by all directors present.		

◆ Implementation of the resolutions reached at the 2023 shareholders' meeting

Resolutions	implementation
01.Acknowledged of 2022 annual business report and financial statements.	It will come into effect after being resolved and approved at the shareholders' meeting.
02.Acknowledged of 2022 deficit offset proposal.	It will come into effect after being resolved and approved at the shareholders' meeting.
03.Amendments to some articles of the "Procedures for Engaging in Derivatives Trading."	It was announced on the company's website and the Market Observation Post System on June 7, 2023, which had been handled in accordance with the amended provisions.

◆ Implementation of the resolutions reached at the 2024 extraordinary meeting of shareholders

Resolutions	implementation
01.Election of independent directors by-election	By-elect one independent director for a term from April 3, 2024 to July 26, 2024, and complete the change registration with the Ministry of Economic Affairs.
02.Lifting of non-competition restrictions for new independent directors	It will come into effect after being resolved and approved at the shareholders' meeting.

◆ Implementation of the resolutions and operation of the Audit Committee in the most recent year

The Audit Committee aims to assist the Board of Directors in supervising the company's quality and integrity in performing accounting, auditing, financial reporting processes, and financial controls.

The main matters to be deliberated and reviewed by the Audit Committee:

1. Financial statements
2. Audit and accounting policies and procedures

3. Internal control system
4. Material assets or financial derivatives trading
5. Material loaning of funds and making of endorsements/guarantees
6. Offering or issuance of securities
7. Regulatory compliance
8. Whether there are related party transactions and possible conflicts of interest between managerial officers and directors
9. Employee grievance report
10. Fraud investigation report
11. Corporate risk management
12. Appointment, dismissal, or remuneration of the attesting CPAs
13. Appointment and dismissal of financial, accounting, and internal audit officers

The operation of the Audit Committee in the most recent year:

Audit Committee	Proposal content and follow-up processing	Matters listed in §14-5 of the Securities and Exchange Act	Resolutions of the Audit Committee / the company's handling of the Audit Committee's opinions	Other matters that have not been approved by the Audit Committee but approved by more than two-thirds of all board directors
The 2nd term – 8th meeting 3.15.2023	01. The 2022 statement of the internal control system.	V	Approved by all the committee members present, and deliberated by the Board of Directors and approved by all the board directors present.	None
	02. The 2022 financial report.	V		
	03. The replacement of the attesting CPAs and the evaluation of the CPA's independence.	V		
	04. Amendments to the stipulation of the pre-approval policy for non-audit and assurance services.	V		
	05. The 2022 business report.			
	06. The 2022 deficit offset proposal.			
	07. The amendments to some articles of the "Procedures for Engaging in Derivatives Trading".	V		
The 2nd term – 9th meeting 5.3.2023	01. The company's 2023Q1 consolidated financial report.		Approved by all the committee members present, and deliberated by the Board of Directors and approved by all the board directors present.	None
The 2nd term – 10th meeting 8.9.2023	01. The company's 2023Q2 consolidated financial report.		Approved by all the committee members present, and deliberated by the Board of Directors and approved by all the board directors present.	None
	02. The company's funds loan in Mega 1 Company Ltd.	V		
The 2nd term – 11th meeting 9.26.2023	01. The company's Shanghai subsidiary relocation case ◦	V	Approved by all the committee members present, and deliberated by the Board of Directors and approved by all the board directors present.	None
The 2nd term – 12th meeting 11.8.2023	01. The company's 2023Q3 consolidated financial report.		Approved by all the committee members present, and deliberated by the Board of Directors and approved by all the board directors present.	None
	02. The 2024 internal audit plan of the company and its subsidiaries. ◦	V		

Audit Committee	Proposal content and follow-up processing	Matters listed in §14-5 of the Securities and Exchange Act	Resolutions of the Audit Committee / the company's handling of the Audit Committee's opinions	Other matters that have not been approved by the Audit Committee but approved by more than two-thirds of all board directors
The 2nd term – 13th meeting 1.26.2024	01.The company's investment in Infutek Corporation of the United States.	V	Approved by all the committee members present, and deliberated by the Board of Directors and approved by all the board directors present.	None
The 2nd term – 14th meeting 3.15.2024	01. The 2023 statement of the internal control system.	V	Approved by all the committee members present, and deliberated by the Board of Directors and approved by all the board directors present.	None
	02. The 2023 standalone financial report and consolidated financial report.	V		
	03. Evaluation of the independence and competency of the CPAs:	V		
	04. The 2023 business report.			
	05. The 2023 deficit offset proposal.			
	06. Case on matters related to the repurchase of treasury shares and the transfer of shares to employees.			
	07. Approved the company's cash capital increase in Megaforcemx, S.de R.L. de C.V.	V		

◆ Implementation of the resolutions and operation of the Compensation Committee in the most recent year

The Compensation Committee aims to assist the Board of Directors in implementing and evaluating the company's overall remuneration and welfare policies and the remuneration of the board directors and managerial officers.

The main matters to be deliberated and reviewed by the Compensation Committee:

1. Review the annual performance objectives and remuneration policies, systems, standards, and structures of the directors and managerial officers.
2. Evaluate the achievement of the performance objectives by directors and managerial officers, and determine the content and amount of their personal remuneration.

The operation of the Compensation Committee in the most recent year:

Compensation Committee	Proposal content and follow-up processing	Resolution result	The company's handling of the opinions of the Compensation Committee
The 5th term – 5th meeting 8.9.2023	01. Director remuneration proposal.	Approved by all committee members unanimously.	Proposed to and approved by the Board of Directors unanimously.
The 5th term – 6th meeting 12.25.2023	01. Amendments to some articles of the "Salary management measures".	Approved by all committee members unanimously.	Proposed to and approved by the Board of Directors unanimously.
The 5th term – 7th meeting 3.15.2024	01. Case on matters related to the repurchase of treasury shares and the transfer of shares to employees.	Approved by all committee members unanimously.	Proposed to and approved by the Board of Directors unanimously.

(XIII) Important board meeting resolutions that have been opposed or reserved by directors or supervisors with records or written statements kept in the most recent year and as of the annual report publication date: None

(XIV) A summary of the resignation and dismissal of the company's chairman, general manager, head of accounting, finance officer, internal audit officer, corporate governance officer, and R&D officer in the most recent year and as of the annual report publication date:

Summary table of resignations and dismissals of relevant persons in the company

APRIL.30, 2024

Title	Name	Arrival Date	Dismissal date	Reason for resignation or dismissal
Chief of Staff	Le-Li, Lu	1.1.2006	5.1.2023	Retired
Director of Optoelectronics R&D	Makoto Masuda	9.1.2019	4.1.2024	Organizational adjustment and dismissal

Note：The so-called company-related persons refer to the chairman of the board, general manager, accounting supervisor, financial supervisor, internal audit supervisor, corporate governance supervisor, R&D supervisor, etc.

V. Information Regarding CPA Fees

(I) The amount of audit fees and non-audit fees paid to the CPAs and CPA Firm and its affiliated enterprises, and the content of non-audit services should be disclosed

Amount unit: NT$ Thousand

CPA Firm	Name of CPAs	Audit period	Audit fees	Non-audit fees	Total	Remark
KPMG Taiwan	Yen-Ta, Su	112.1.1-112.12.31	6,380	1,318	7,698	Non-audit public expenses refer to tax visas and services, etc.
	Mei-Yen, Chen					

Note 1: If the CPA Firm or CPAs are changed by the company this year, it is necessary to list the audit period separately, explain the reasons for the change in the remark column, and disclose the audit and non-audit fees paid sequentially. The service content of the non-audit fees paid for should be detailed by a note.

Note 2: Non-audit fee is paid for the services of: business registration, tax attestation, and taxation services.

(II) If the audit fee paid in the year that the CPA firm is changed is for an amount less than what was paid for in the previous year, the amount of audit fees paid before and after the replacement of CPAs and the reasons should be disclosed: None and not applicable.

(III) If the audit fee is decreased by more than 10% from the year before, the amount, percentage, and reason of the audit fee reduction should be disclosed: None and not applicable.

VI. Information on Change of CPA

The company’s replacement of CPAs in the most recent two years and thereafter:
Due to the internal job rotation of KPMG Taiwan, in compliance with the requirements of Standards on Quality Control Standard No. 1 and the relevant laws and regulations of the competent security authority, CPA Mei-Yen Chen and CPA Yu-Feng Hsu of the company had been replaced by CPA Yen-Ta, Su and CPA Mei-Yen Chen since the year of 2023, which was aggred with the Audit Committee and approved by the Board of Directors on March 15, 2023.

(I) About the former CPAs:

Replacement date	3.15.2023		
Reasons for replacement and explanation	Cooperate with the necessity of rotation of accountants as stipulated in Quality Control Standard No. 1 and relevant laws and regulations of the securities regulatory authorities, CPA Mei-Yen, Chen and CPA Yu-Feng, Hsu of KPMG Taiwan who are responsible for the audit of the company’s financial statements were replaced by CPA Yen-Ta, Su and CPA Mei-Yen, Chen.		
Indicates whether the termination of appointment is a decision of the clientele or the CPA.	Party / Status	CPA	Clientele
	Voluntary termination of appointment	V	
	Not accepting (continuing) appointment		
The issuance of an opinions other than an unqualified opinion within the last two years and the reasons	No occurrence of the said situation		
Disagreement with the issuer	No occurrence of the said situation		
Other disclosures (the items stated in Article 10, Paragraph 6, Subparagraph 1-4 – 1-7 of the “Regulations” should be disclosed:	None		

(II) About the successor CPAs:

CPA Firm	KPMG Taiwan
Name of CPAs	Yen-Ta, Su and Mei-Yen, Chen
Date of commission	3.15.2023
Consultation matters related to the accounting treatment methods or accounting principles for specific transactions and possible issuance of opinions on the financial reports before appointment, and the results	Not applicable
Written opinion of the successor CPA on matters with an opinion different from the predecessor CPA	No occurrence of the said situation

(III) Reply letter from the former CPAs regarding the matters stated in Article 10, Paragraph 6, Subparagraph 1, Item 3 of the “Regulations:” Not applicable.

VII. Managers Team Who Had Worded for the Independent Auditor: None.

VIII. Status of Net Change in Shareholdings and Shares Pledged

1. Changes in the equity of directors, supervisors, managerial officers, and major shareholders

Unit: Shares

Title (Note 1)	Name	2023		As of April 9, 2024	
		Increase/ decrease in the shareholding	Increase/ decrease in the number of shares pledged	Increase/ decrease in the shareholding	Increase/ decrease in the number of shares pledged
Chairman	Wen-Lin, Hsu	0	0	27,000	0
Vice Chairman, General Manager	Tung-Hui, Chiang	30,000	0	35,000	0
Shareholder with more than 10% shareholding	Ying Fan Investment Co., Ltd.	500,000	0	0	0
Director	Ying Fan Investment Co., Ltd. Representative: Le-Li, Lu				
Director	Ying Fan Investment Co., Ltd. Representative: Wan-Sheng, Hsu				
Director	Hsien-Yu, Kuo (Dismissal date:Feb.3,2023)	(46,000)	0	0	0
Independent Director	Ching-Kong, Chao	0	0	0	0
Independent Director	Hai-Pang, Chiang	0	0	0	0
Independent Director	Chun-Nan, Pai (Dismissal date:Feb.6,2024)	0	0	0	0
Independent Director	Wan-Hua,Hsieh (April.3,2024 new appointment)	0	0	0	0
Strategy Officer	Cheng-Chao	0	0	75,000	0
Chief of Staff	Le-Li, Lu (Dismissal date:May.1,2023)	52,688	0	0	0
Director of Optoelectronics R&D	Makoto Masuda (Dismissal date:April.1,2024)	0	0	0	0
CFO and Corporate Governance Officer	Chia-Cheng, Chang	0	0	70,000 (20,000)	0
President of Shanghai BU	Cheng-An, Lee	0	0	70,000	0
Vice President of Taiwan BU	Huo-Tsao, Lin	0	0	35,000 (70,000)	0
Junior VP of Suzhou BU	Tsung-Ho, Ou	0	0	40,000	0
Vice President of Dongguan BU	Ming-Wei, Hsu	0	0	36,000	0
Junior VP of Biomedical and system integration Business	Li-Kai, Chen	0	0	50,000 (40,000)	0
Junior VP of Core Design BU	Cheng-Ching, Hsia	0	0	32,000 (32,000)	0

Note 1: The company shareholders with more than 10% shareholding should be noted as "major shareholders" and listed separately.
Note 2: If the counterparty of equity transfer or equity pledge is a related party, the following table should also be filled out.
Note 3: The company established an Audit Committee on June 8, 2018 to replace the supervisors.

2. Information on equity transfer

As of April 9, 2023; Unit: Shares

Name (Note 1)	Reason for equity transfer (Note 2)	Transaction date	Transaction counterparty	The relationship between the transaction counterparty and the company, directors, supervisors, managerial officers, and shareholders holding more than 10% shareholding	Shares	Trading price
Tung- Hui, Chiang	Gifted shares	8.3.2022	Nai-Yuan, Chiang	Father and son	27,000	17.65

Note 1: Fill in the names of the company's directors, supervisors, managerial officers, and shareholders holding more than 10% shareholding. Note 2: Fill in "Acquisition" or "Disposal."

3. Information on equity pledge

The counterparty of the equity pledge transaction is not a related party, so it is not applicable.

IX. The Relation the Top Ten Shareholders

The Relation the Top Ten Shareholders

April 9, 2024

Name (Note 1)	The party's shareholding		Shares held by spouse and minor children		Holding shares in the name of others		The title or names and relationships of the top-ten shareholders who are related parties, spouse, and relatives within the second degree of kinship (Noe 3)		Remark
	Shares	%	Shares	%	Shares	%	Title (or name)	Relation	
Ying Fan Investment Co., Ltd. (Representative: Wen -Lin, Hsu)	38,983,802	29.53%	0	0	0	0	Wen-Lin, Hsu	The responsible person of the company	
Growing Minerals Industry Inc., British Virgin Islands (Representative: Wen-Lin, Hsu)	6,371,835	4.83%	0	0	0	0	Wen-Lin, Hsu	The responsible person of the company	
Wen-Lin, Hsu	4,991,508	3.78%	189,358	0.14%	0	0	Ying Fan Investment Co., Ltd.	The responsible person of the company	
The "Conference of Share Holding Employees" of Megaforce Company Limited has a trust property account setup at CTBC Bank	3,021,390	2.29%	0	0	0	0	None	None	
Jin-Hong, Zheng	2,463,000	1.87%	0	0	0	0	None	None	
Min-Shon, Chu	2,140,217	1.62%	0	0	0	0	Ying Fan Investment Co., Ltd.	The director of the said company	
Jin-Han, Lin	1,823,000	1.38%	0	0	0	0	None	None	
Wan-Sheng, Hsu	1,523,640	1.15%	73,000	0.06%	0	0	Wen-Lin, Hsu	Father and daughter	
Tung-Hui, Chiang	1,404,956	1.06%					Ying Fan Investment Co., Ltd.	The director of the said company	
Chun-Cheng, Lai	1,250,000	0.95%	0	0	0	0	None	None	

Note 1: All the top ten shareholders should be listed, and the names of corporate shareholders and corporate shareholders' representatives should be listed separately.

Note 2: The calculation of the shareholding ratio refers to the calculation of the shareholding ratio in the name of the party, spouse, minor children, or in the name of others.

Note 3: The relationship among the aforementioned shareholders, including juridical persons and natural persons, should be disclosed in accordance with the provisions of the "Regulations Governing the Preparation of Financial Reports by Issuers."

X. Long-Term Investment Ownership

Total shareholding ratio

April 30, 2024; Unit: Thousand shares; %

Invested company (Note)	The company's investment		Investment of the directors, supervisors, managerial officers, and business under direct or indirect control		Total investments	
	Shares	%	Shares	%	Shares	%
Megaforce Group Co., Ltd.	16	100%	0	0%	16	100%
Megaforce International Co., Ltd.	0	0%	4,700	100%	4,700	100%
Newforce Global Ltd.	0	0%	20	100%	20	100%
Megachamp Investment Company Limited.	500	100%	0	0%	500	100%
Mega1 Company Ltd.	9,988	99.88%	0	0%	9,988	99.88%
Shanghai Yingji Electronic Plastic Co., Ltd.	0	0%	0	100%	0	100%
Shanghai Shanghua Painting Co., Ltd.	0	0%	0	100%	0	100%
Shanghai AB Megaforce Co., Ltd.	0	0%	0	90%	0	90%
Suzhou Intentech Co., Ltd.	0	0%	0	100%	0	100%
Dongguan Megaforce Electronic Technology Co., Ltd.	0	100%	0	0%	0	100%
Megaforcemx, S.de R.L. de C.V.	0	99.80%	0	0.20%	0	100%
Megaforce International Corporation	0	100%	0	0%	0	100%
Megaforce SDN. BHD.	16,386	100%	0	0%	16,386	100%
Barintec Co., Ltd.	12	70.76%	0	0%	12	70.76%

Note: It is a long-term investment of the company using the equity method

IV. Capital and Shares

I. Capital and shares

(I) Source of capital

1. Source of capital

Unit: Shares; NT$

Month/Year	Issue price	Authorized capital		Paid-in capital		Remark		
		Shares	Amount	Shares	Amount	Source of capital	Using property other than cash as payment of shares	Others
10/1991	10	1,000,000	10,000,000	1,000,000	10,000,000	Registered capital	None	Note 6
8/1997	10	5,500,000	55,000,000	5,500,000	55,000,000	Cash capital increase	None	Note 7
12/2002	10	100,000,000	1,000,000,000	40,000,000	400,000,000	Cash capital increase	None	Note 8
5/2003	10	100,000,000	1,000,000,000	45,500,000	455,000,000	Cash capital increase	None	Note 9
7/2004	10	100,000,000	1,000,000,000	52,245,191	522,451,910	Capital increase from earnings	None	Note 10
8/2005	40	100,000,000	1,000,000,000	57,995,191	579,951,910	Cash capital increase	None	Note 11
8/2005	10	100,000,000	1,000,000,000	72,736,393	727,363,930	Capital increase from earnings	None	Note 12
8/2006	10	100,000,000	1,000,000,000	84,646,852	846,468,520	Capital increase from earnings	None	Note 13
4/2007	50	100,000,000	1,000,000,000	95,228,852	952,288,520	Cash capital increase	None	Note 14
9/2007	10	200,000,000	2,000,000,000	110,418,180	1,104,181,800	Capital increase from earnings	None	Note 15
1/2008	50	200,000,000	2,000,000,000	124,418,180	1,244,181,800	Cash capital increase	None	Note 16
3/2008	50	200,000,000	2,000,000,000	124,568,180	1,245,681,800	Conversion of the convertible bond	None	Note 17
9/2008	10	200,000,000	2,000,000,000	132,289,089	1,322,890,890	Capital increase from earnings	None	Note 18
8/2009	11.6	200,000,000	2,000,000,000	132,403,089	1,324,030,890	Subscription of employee stock option	None	Note 19
9/2009	10	200,000,000	2,000,000,000	135,008,871	1,350,088,710	Capital increase from earnings	None	Note 20
11/2009	11.2	200,000,000	2,000,000,000	135,860,371	1,358,603,710	Subscription of employee stock option	None	Note 19
3/2010	11.2	200,000,000	2,000,000,000	136,186,871	1,361,868,710	Subscription of employee stock option	None	Note 19
5/2010	11.2	200,000,000	2,000,000,000	136,216,871	1,362,168,710	Subscription of employee stock option	None	Note 19
9/2010	11.2	200,000,000	2,000,000,000	136,659,121	1,366,591,210	Subscription of employee stock option	None	Note 19
12/2010	11.2	200,000,000	2,000,000,000	136,677,871	1,366,778,710	Subscription of employee stock option	None	Note 19
4/2011	11.2	200,000,000	2,000,000,000	136,807,621	1,368,076,210	Subscription of employee stock option	None	Note 19
9/2011	11.2	200,000,000	2,000,000,000	137,987,621	1,379,876,210	Subscription of employee stock option	None	Note 19
9/2011	-	200,000,000	2,000,000,000	135,987,621	1,359,876,210	Cancellation of treasury stock	None	Note 21
12/2011	11.2	200,000,000	2,000,000,000	136,177,121	1,361,771,210	Subscription of employee stock option	None	Note 19
5/2012	11.2	200,000,000	2,000,000,000	136,184,621	1,361,846,210	Subscription of employee stock option	None	Note 19
8/2012	11.2	200,000,000	2,000,000,000	136,211,121	1,362,111,210	Subscription of employee stock option	None	Note 19
1/2013	10.2	200,000,000	2,000,000,000	136,214,121	1,362,141,210	Subscription of employee stock option	None	Note 19
4/2013	-	200,000,000	2,000,000,000	129,037,121	1,290,371,210	Cancellation of treasury stock	None	Note 22
12/2013	10.2	200,000,000	2,000,000,000	129,047,121	1,290,471,210	Subscription of employee stock option	None	Note 19
12/2013	17.7	200,000,000	2,000,000,000	129,058,419	1,290,584,190	Conversion of the convertible bond	None	Note 23
2/2014	10.2	200,000,000	2,000,000,000	129,191,419	1,291,914,190	Subscription of employee stock option	None	Note 19
6/2014	10.2	200,000,000	2,000,000,000	130,024,919	1,300,249,190	Subscription of employee stock option	None	Note 19

4/2015	16.5	200,000,000	2,000,000,000	130,111,919	1,301,119,190	Subscription of employee stock option	None	Note 24
9/2015	16.5	200,000,000	2,000,000,000	130,164,919	1,301,649,190	Subscription of employee stock option	None	Note 24
12/2015	16.5	200,000,000	2,000,000,000	130,197,419	1,301,974,190	Subscription of employee stock option	None	Note 24
3/2016	16.5	200,000,000	2,000,000,000	130,234,419	1,302,344,190	Subscription of employee stock option	None	Note 24
6/2017	16.1	200,000,000	2,000,000,000	130,249,419	1,302,494,190	Subscription of employee stock option	None	Note 24
12/2017	15.8	200,000,000	2,000,000,000	131,338,919	1,313,389,190	Subscription of employee stock option	None	Note 24
2/2018	15.8	200,000,000	2,000,000,000	131,512,919	1,315,129,190	Subscription of employee stock option	None	Note 24
5/2018	15.8	200,000,000	2,000,000,000	132,015,919	1,320,159,190	Subscription of employee stock option	None	Note 24

Note 1: Fill in the information for the current year as of the annual report publication date.
Note 2: The effective (approval) date and document number of the capital increase should be indicated.
Note 3: The stock shares issued at a price lower than the par value should be clearly marked.
Note 4: The monetary claims or technologies that are used to pay for stock shares, if any, should be clearly stated with the information on the type and amount of the payment substitute noted.
Note 5: A private placement should be marked conspicuously.
Note 6: October 15, 1991, Approval Document No.: (80) Jian-III-Zi No. 356136
Note 7: August 26, 1997, Approval Document No.: (86) Jian-San-Zi No. 222932
Note 8: December 31, 2002, Approval Document No.: Jin-So-Sun-Zi No. 09101521150
Note 9: May 5, 2003, Approval Document No.: Jin-So-Sun-Zi No. 09201134940
Note 10: July 21, 2004, Approval Document No.: Jin-Guan-Zheng-I-Zi No. 0930132674
Note 11: August 22, 2005, Approval Document No.: Jin-Guan-Zheng-I-Zi No. 0940134911
Note 12: August 22, 2005, Approval Document No.: Approved with the Jin-Guan-Zheng-I-Zi No. 0940134912
Note 13: August 17, 2006, Approval Document No.: Jin-Guan-Zheng-I-Zi No. 0950136660
Note 14: April 4, 2007, Approval Document No.: Approved with the Jin-Guan-Zheng-I-Zi No. 0960014740
Note 15: August 09, 2007, Approval Document No.: Approved with the Jin-Guan-Zheng-I-Zi No. 0960042511
Note 16: October 25, 2007, Approval Document No.: Jin-Guan-Zheng-I-Zi No. 0960057282
Note 17: October 25, 2007, Approval Document No.: Jin-Guan-Zheng-I-Zi No. 09600572821
Note 18: July 04, 2008, Approval Document No.: Jin-Guan-Zheng-I-Zi No. 0970033560
Note 19: July 14, 2006, Approval Document No.: Jin-Guan-Zheng-I-Zi No. 0950130701
Note 20: July 14, 2009, Approval Document No.: Jin-Guan-Zheng-Fa-Zi No. No. 0980035156
Note 21: June 23, 2008, Approval Document No.: Jin-Guan-Zheng-III-Zi No. No. 0970031471
Note 22: January 4, 2013, Approval Document No.: Jin-Guan-Zheng-Jiao-Zi No. 1020000214
Note 23: June 23, 2011, Approval Document No.: Jin-Guan-Zheng-Fa-Zi No. 1000026072
Note 24: May 11, 2011, Approval Document No.: Jin-Guan-Zheng-Fa-Zi No. 1000019590
Note 25: Implementation of private placement of common stock shares in the most recent year and as of the annual report publication date: None

2. Types of shares

April 9, 2024
Unit: Shares

Type of shares	Authorized capital			Remark
	Outstanding shares (Note: OTC stock)	Unissued shares	Total	
Common stock	132,015,919	67,984,081	200,000,000	None

Note: Please indicate whether the stock is a listed or OTC stock (if it is restricted from listing or OTC trading, please add a note).

(II) Shareholder structure

April 9, 2024

Shareholder structure / Quantity	Government agency	Financial Institutions	Other juridical persons	Foreign institutions and foreigners	Individuals	Treasury stock	Total
Number of shareholders	0	1	18	20	12,301	0	9,511
Shareholding	0	3,021,390	42,513,612	8,372,204	78,108,713	0	132,015,919
Percentage	0.00%	2.29%	32.20%	6.34%	59.17%	0.00%	100.00%

Note: The first-time TWSE (TPEx) listed company and the emerging stock company should disclose the shareholding ratio of the Chinese capital. The so-called Chinese capital refers to the people, juridical persons, groups, other institutions in the mainland China, including an invested company in a third region as stipulated in Article 3 of the “Measures Governing Investment Permit to the People of Mainland Area.”

(III) Equity dispersion profile

1. Common Stock

April 9, 2024
Unit: Share; NT$10 par

Shareholding classification	Number of shareholders	Shareholding	Percentage
1–999	2,634	392,778	0.30%
1,000–5,000	7,754	15,457,341	11.71%
5,001–10,000	973	7,879,997	5.97%
10,001–15,000	303	3,922,552	2.97%
15,001–20,000	203	3,785,047	2.87%
20,001–30,000	184	4,700,199	3.56%
30,001–40,000	89	3,207,165	2.43%
40,001–50,000	49	2,278,092	1.73%
50,001–100,000	79	5,851,007	4.43%
100,001–200,000	34	4,849,000	3.67%
200,001–400,000	12	3,486,737	2.64%
400,001–600,000	7	3,330,232	2.52%
600,001–800,000	1	714,492	0.54%
800,001–1,000,000	5	4,758,163	3.60%
Over 1,000,001	13	67,403,117	51.06%
Total	12,340	132,015,919	100.00%

2. Preferred stock：None

(IV) Major shareholders

Shares / Names of major shareholders	Shareholding	Percentage
Ying Fan Investment Co., Ltd. (Representative: Wen-Lin, Hsu)	38,983,802	29.53%
Growing Minerals Industry Inc. (Representative: Wen-Lin, Hsu)	6,371,835	4.83%
Wen-Lin, Hsu	4,991,508	3.78%
“Employee Stock Ownership Trust” Property Account setup at CTBC Bank	3,021,390	2.29%
Jin-Hong, Zheng	2,463,000	1.87%
Min-Shon, Chu	2,140,217	1.62%
Jin-Han, Lin	1,823,000	1.38%
Wan-Sheng, Hsu	1,523,640	1.15%
Tung-Hui, Chiang	1,404,956	1.06%
Chun-Cheng, Lai	1,250,000	0.95%

(V) Information on market price, net worth, earnings, dividend, and the relevant data for the most recent two years

Unit: NT$; Thousand shares

Item \ Year			2022 (distributed in 2023)	2023 (distributed in 2024)	As of March 31, 2024 (Note 8)
Market price per share (Note 1)	Highest		32.50	21.00	63.40
	Lowest		15.80	16.80	18.30
	Average		23.81	18.98	43.82
Net Asset Value per share (Note 2)	Before distribution		17.04	16.09	16.93
	After distribution		17.04	16.09	N/A
Earnings per share (Note 3)	Weighted average shares		132,016	132,016	132,016
	Earnings per share – before retrospective adjustment		(1.20)	(0.995)	0.067
	Earnings per share – after retrospective adjustment		(1.20)	(0.995)	N/A
Dividends per share	Cash dividends		0.00	0.00	N/A
	Stock dividends	Stock dividends from earnings	0.00	0.00	N/A
		Stock dividends from additional paid-in capital	0.00	0.00	N/A
	Accumulative undistributed dividends (Note 4)		0.00	0.00	N/A
Analysis of return on investment	Price to earnings ratio (Note 5)		N/A	N/A	N/A
	Price to dividends ratio (Note 6)		N/A	N/A	N/A
	Cash dividends yield (Note 7)		N/A	N/A	N/A

＊If there is a capital increase from earnings or additional paid-in capital with stock share distributed, the market price and cash dividend retroactively adjusted according to the number of shares distributed should also be disclosed.

Note 1: Illustrate the highest and lowest market price of common stock shares in each year; also, calculate the average market price each year in accordance with the transaction value and volume.

Note 2: Please fill in the column by referring to the number of outstanding shares at the end of the year and according to the resolution of the Board of Directors or the shareholders' meeting held in the following year.

Note 3: If there is need to make a retroactive adjustment due to the distribution of stock dividend, the earnings per share before and after the adjustment should be illustrated.

Note 4: If equity securities are issued with terms that allow dividends to be accrued and accumulated for distribution until the year the company makes a profit, the amount of cumulative undistributed dividends as of the current year is disclosed separately.

Note 5: Price-to-Earning (P/E) ratio = Average closing price per share in the current year / earnings per share.

Note 6: Ratio-to-Dividend ratio = Average closing price per share in the current year / cash dividend per share.

Note 7: Cash dividend yield = Cash dividend per share / average closing price per share in the current year

Note 8: The net value per share and earnings per share refers to the information audited (reviewed) by the CPAs in the most recent quarter as of the annual report publication date. The remaining columns should be filled in with the data of the current year as of the annual report publication date.

(VI) Company dividend policy and implementation

1. Dividend policy formulated in the Articles of Incorporation

According to the Articles of Incorporation. The annual earnings, if any, are applied to pay income tax and make up for the losses of the previous years; then, appropriate an amount equivalent to 10% net income legal reserve, but the requirement does not apply when the legal reserve amount is equivalent to the total additional paid-in capital. In addition, a special reserve may be appropriated or reversed in accordance with the laws and regulations or the requirements of the competent authority. The balance amount plus the accumulated retained earnings is the distributable earnings. A part of the earnings can be retained depending on the operating conditions. The dividend can be distributed in the form of cash or stock shares. However, the total cash dividends distributed may not be less than 30% of the total dividend distributed.

The company may authorize the Board of Directors in accordance with the provision of Article 240 of the Company Act to have the distributable dividends and bonuses paid in cash with the resolution adopted by a majority vote at the board meeting attended by two-thirds of the Board of Directors, or to have the legal reserve and paid-in capital in whole or in part paid in cash in accordance with the provision of Article 241 of the Company Act, which should be reported in the shareholders' meeting. If it is implemented with new shares issued, it shall be distributed after the resolution of the shareholders' meeting.

2. Dividend distribution proposed at the current shareholders' meeting

Due to the fact that there are no earnings resulted in the final accounts of 2023, it is proposed in the shareholders' meeting not to distribute common stock dividends and cash dividends.

(VII) The impact of the stock dividends proposed in the shareholders' meeting on the company's operating performance and earnings per share: Not applicable

(VIII) Remuneration of employees, directors, and supervisors

1. The percentage or range of remuneration for employees, directors, and supervisors as set forth in the Articles of Incorporation
According to the Articles of Incorporation, the net income before tax and before distributing employee remuneration and director remuneration, but after reserving an amount equivalent to the accumulated losses for making it up, the remaining balance amount, if any, should be applied to pay employee remuneration for an amount not less than 1% of the remaining balance amount and to pay director remuneration for an amount not more than 5% of the remaining balance amount.
2. The basis for estimating the amount of remuneration to employees, directors, and supervisors, the basis for calculating the number of shares for employee remuneration distributed in stock, and the accounting treatment if the actual amount distributed differs from the estimated amount:
(1) The basis for estimating the amount of remuneration to employees, directors, and supervisors: Please refer to the aforementioned (VIII) 1. "The percentage or range of remuneration for employees, directors, and supervisors as set forth in the Articles of Incorporation."
(2) The basis for calculating the number of shares for employee remuneration distributed in stock: The company did not issue stock dividends in 2023, so it is not applicable.
(3) The accounting treatment if the actual amount distributed differs from the estimated amount: The company did not distribute employee remuneration and director remuneration in 2023, so it is not applicable.
3. Distribution of remuneration as approved by the Board of Directors
(1) The amount of employees' remuneration and directors' and supervisors' remuneration distributed in cash or stock. If the amount differs from the amount estimated in the year in which the expense is recognized, the difference, the reasons for the difference, and the circumstances under which the difference was handled should be disclosed.
The Board of Directors resolved on March 15, 2024 that since the company had no earnings in 2023, no employee remuneration and director remuneration would be distributed. The aforementioned distribution amount is consistent with the amount estimated in the year expenses recognized.
(2) The ratio of the amount of employee remuneration distributed in stock to the total net income and total employee remuneration in the standalone or parent only financial report
The company did not distribute employee remuneration in the form of stock in 2023, so it is not applicable.
4. If the actual distribution of remuneration (including the number of shares distributed, the amount, and the price of the shares) to employees, directors, and supervisors in the previous year (2022) differs from the remuneration to employees, directors, and supervisors recognized and booked, the amount of the difference, the reasons for the difference, and the circumstances under which the difference was handled should be stated:
The company's 2022 final accounts have no surplus. According to the resolution of the board of directors on March 15, 2023, no employee remuneration and director's remuneration will be distributed; there is no difference from the annual estimated amount of recognized expenses.

(IX) Repurchase of the company's shares:

1. The repurchase of the company's shares (transaction completed): None.
2. The company's shares repurchased by the company (in process): None.

II. Issuance of Corporate Bond: None.

III. Preferred Stocks: None.

IV. Issuance of Depositary Receipts: None.

V. Employee Stock Option: None.

VI. Employee Restricted Stock: None.

VII. Mergers or Acquisitions: None.

VIII. Implementation of the capital allocation plans: None.

V. Operation Overview

I. Business Activities

(I) Business Scope

1. Major Business Activities

(1) C805050 Industrial Plastic Products Manufacturing.
(2) F213080 Retail Sale of Machinery and Tools.
(3) CQ01010 Mold and Die Manufacturing.
(4) F206030 Retail Sale of Molds.
(5) F401010 International Trade.
(6) CC01050 Manufacturing of data storage and processing equipment.
(7) CC01030 Electrical Appliances Manufacturing.
(8) F113020 Wholesale of Electrical Appliances.
(9) F213010 Retail Sale of Electrical Appliances.
(10) CC01070 Wireless Communication Mechanical Equipment Manufacturing.
(11) CC01080 Electronics Components Manufacturing.
(12) I301010 Information Software Services.
(13) CF01011 Medical Devices Manufacturing.
(14) F108031 Wholesale of Medical Devices.
(15) F208031 Retail Sale of Medical Apparatus.
(16) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Current commodity (service) items and their proportions in the operating revenue of the Company.

Unit: NTD thousand

Major Products	Use of Goods (services)	2023	
		Net Operating Revenue	Proportions in the Operating Revenue (%)
Electronic plastic components	Optical mouse, game consoles, network products, earphones, speakers, etc.	3,687,250	89.11
Mold	Injection Molding	165,614	4.00
Biomedical materials	Medical equipment, etc.	98,668	2.38
Optoelectronic products	AI PIN and smart conference systems, etc.	85,290	2.06
Product development	Medical equipment and optoelectronic products, etc.	85,108	2.06
Others	Other raw materials & miscellaneous items, etc.	16,228	0.39
Total		4,138,158	100.00

3. New products planned to be developed

Facing the ever-changing global economic and trade environment, Yingji has been committed to transformation in recent years, extending from its own business to new businesses.

In terms of innovative mold industry, we launched the upgrade of smart and automated mold production lines, increasing the original 8-hour production capacity to 24 hours, greatly improving production efficiency; using one person to monitor multiple machines to improve management efficiency, and automatic correction to ensure the accuracy of molding production. Then it branched out into niche products, such as: high-value automotive and aerospace molds, precision molds for 3C parts, etc.; and used system integration technology to help customers develop high-end medical equipment. In the future, it will continue to design, develop, and manufacture to provide customers with " Product Lifecycle Management-Lifecycle Management" services.

In terms of AI application development business, Yingji uses the world's smallest optical machine customization design technology and component procurement, development, and manufacturing capabilities to create AI mobile devices combined with micro-optical machines; in addition, it develops AI conference systems and designs customized We use

AI intelligent meeting display interactive products to participate in and manage meetings, cross-language communication, data analysis and optimization, and improve meeting efficiency. In the future, we will continue to expand the development of AI software applications, flexibly adapt to market changes, and ensure that we maintain a leading position in the ever-changing business environment.

(II)Industry Overview

1. Current conditions and developments of the industry

   Major business of the Company is plastic injection molding and mold manufacturing. Plastic injection molding products have a wide range of applications, including consumer electronics, medical equipment, automotive industry, information industry and even optical components. Current revenue of the Company is mainly from plastic shell parts for the electronic industry. Mold industry is a special sector which is technology- and capital-intensive with high added value. Mold products feature various specifications and wide applications. In downstream applications, currently 3C related industries take up the largest portion, followed by the transport industry. Now the most popular 3C industry is based on stamping die and plastic die, and the Company is a manufacturer of plastic die.

   A.Current conditions of the industry

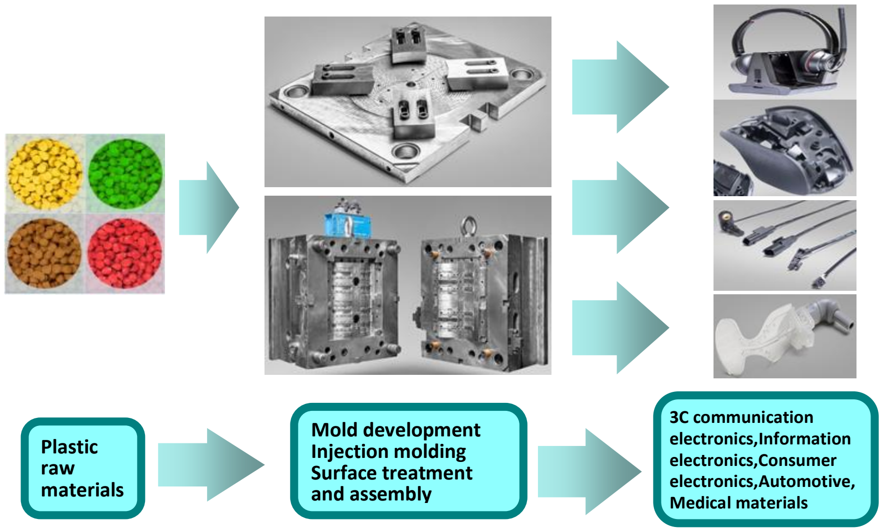
   As the information and electronics industries become more widely used, the final products of these electronic components require strong coverings. According to research institutions, 3C products are the largest downstream industry of industrial plastic products. Moreover, with the rise of environmental protection awareness, the development of plastic products is also oriented to degradable and reusable properties.

   B.Developments of the industry

   With the advancement of science and technology, plastic products manufacturing industry will certainly continue to be highly integrated with information, communication and consumer electronics and other technology industries. In addition, thanks to the development of composite materials, plastic products are widely used in automobile, optics and other industries. The automotive parts, such as bumpers, dashboards and headlights, can all be made of plastic, and the rapid development of the automotive market in Asia is expected to drive the demand for automotive plastics. The booming cloud and Internet industries will also bring about another wave of derivative demand for plastic components. In the aging society where people increasingly pay attention to health and medical quality, medical plastic products are expected to have a certain market demand. Therefore, the plastic products manufacturing industry enjoys high potential in the future.

2. Correlation among upper, middle and downstream industries

   From the perspective of supply and demand, the upstream industry of the plastic product manufacturing industry is the plastic raw material manufacturer, and the manufacturers who need plastic shell or plastic injection components, such as communications industry, information electronics industry, household appliances industry, and automobile manufacturing, are the downstream customers of the plastic product manufacturing industry.



3. Development trends and competition of our products

A. Development and change of product and industry for downstream application

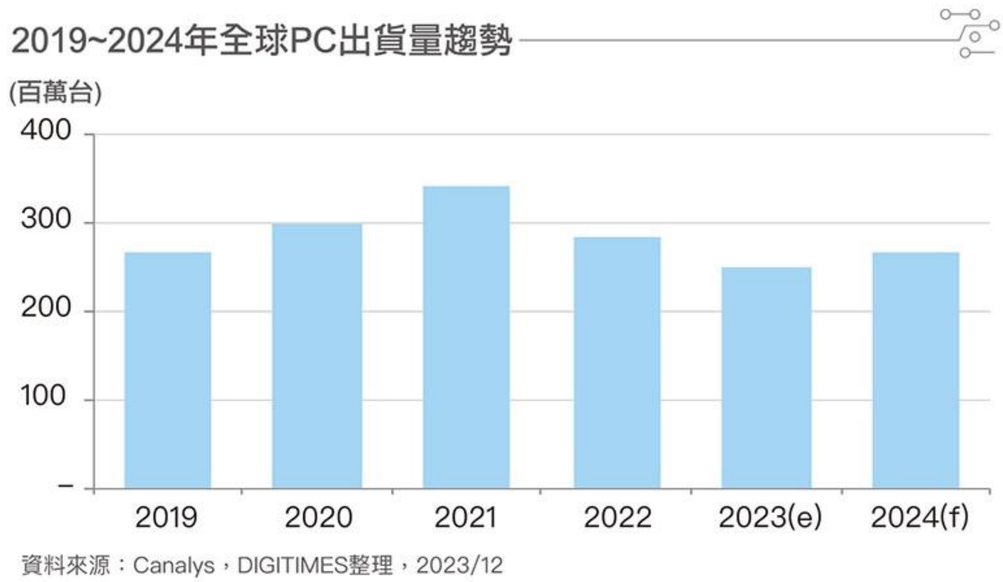
(A) Mouse

Mouse-equipped PC products (desktop and notebook computers) have seen negative growth for more than 6 years due to the popularity of mobile devices such as smart phones and the extension of user renewal cycle. In 2020, due to COVID-19, the demand for work from home and distant learning has increased rapidly, so PC products are in strong market demand. In 2022, as the PC sales boom caused by the global economic slowdown and supply chain fluctuations has ceased, the PC market has declined for eight consecutive quarters. In 2024, there will be 300 million PCs that have been in use for four years. When it is time for commercial upgrades and replacements, the PC market is expected to resume growth, with notebook computers as the main driving force.

According to the latest data from Counterpoint, global PC market shipments will decrease by 14% annually in 2023.According to a report by analyst firm Canalys, driven by factors such as the Windows operating system update cycle and the rise of PC devices with AI functions and PC devices using Arm architecture, PC shipments are expected to return to positive growth in 2024. The estimated growth rate 7.6%, reaching 267 million units. In addition, CNBC cited a report from research firm Canalys that 2023 will be a difficult year for the overall PC market. However, as the market welcomes optimism, the global PC market is expected to grow by 8% in 2024, especially driven by AI PCs. needs.

Digitimes estimates the global DT, NB and tablet shipment CAGR from 2020 to 2024 as 2.4%, 0.3% and 0.8%, respectively. As the market gradually becomes saturated, the demand will return to mainly education.

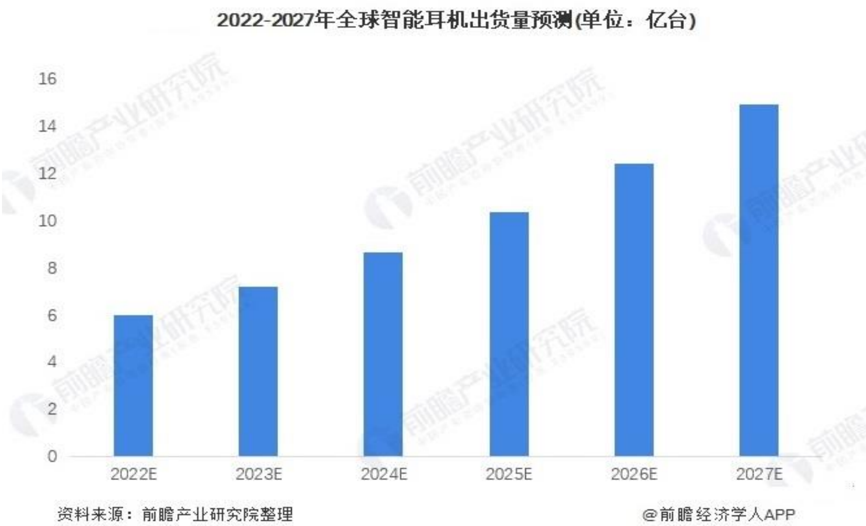
(The above contents and data sources are from Digitimes, Chinatimes money, and udn websites)



(B) Earphones

Headphone market With the rise of mobile devices, the market for high-end products is rapidly expanding.

In 2021, the COVID-19 was gradually under control, but the demand for remote work and distant learning was still there, and the need for PC accessories such as Bluetooth earphones was also booming. In particular, since Apple, the leader of true wireless Bluetooth earphones (TWS), no longer sells earphones together with mobile phones, AirPods are expected to set off a new wave of TWS demand. Currently, smart headphones are mainly used in smartphones. The rich variety of usage scenarios and high fit with market demand make smart headphones one of the few strategic winners under the influence of the COVID-19 epidemic. It is conservatively estimated that the growth rate of global smart headset shipments will remain at around 20% between 2021 and 2027. Shipments will exceed 1 billion units in 2025, and shipments are expected to reach about 1.5 billion units in 2027. (The above contents and data are from the *Digitimes* and Topology Research Institute websites)



Source: Qianzhan, Jan. 2022

Source: Topology Research Institute, Jul.2023

(C) Netcom products

The communication network industry uses wired or wireless equipment to transmit or receive symbols, signals, text, video, sound and other information. The upstream of the industry chain is the component suppliers of various communication terminals, while the downstream is the suppliers of various terminal application products.

With the development of cloud data centers, the continued popularity of 4K/8K audio and video, and the rapid penetration of the Internet of Things and mobile devices, the demand for equipment including 4G/5G data machines, mobile routers and wireless modules, as well as VDSL/G.fast Modem, Cable Modem, PON ONUs, and high level home gate and switch, continues to increase. In addition, emerging smart home applications and home streaming film and television services are rising, driving the shipment of various smart home products such as OTT inflight boxes, smart Wi-Fi routers, smart speakers and IoT terminals.

In recent years, due to COVID-19, the number of people working, studying and playing at home has increased dramatically. Meanwhile, more enterprises are thinking about and accelerating the construction of more advanced ICT software and hardware and cloud application environment. In this way, besides driving a wave of demand for ICT products such as Notebook, PC, OTT box and IP Camera, the trend is also pushing cloud service giants, including Amazon, Microsoft and Google, to increase the number of data centers and marginal computing infrastructure built around the world, and to partner with telecom providers to meet the growing demand for web application traffic from broadband providers. As a result, communication equipment used in data centers, including switches, optical communication peripheral components and related wafers, has also benefited.

If we estimate the global mobile data volume, global data volume will grow another 3.5 times from 2023 to 2028, and FWA is expected to grow up to 5 times. In other words, the growth rate of data traffic connecting FWA networks will be greater than the total data volume. If it is high, it will promote the continuous upgrade of wireless networks. PC platform and brand suppliers such as Intel and Super Micro will all focus on new WiFi 7 models in 2024. Market legal persons also named FWA (Fixed Wireless Access), Wi-Fi 7. Low-orbit satellites will be the three major growth engines of the China Netcom market with great growth potential in 2024. The demand for FWA equipment will continue to be strong until 2028. Taiwan is the center of the global FWA supply chain. FWA networks are blooming all over the world, which will continue to create business opportunities for network communication equipment manufacturers.

市場看好2024年全球網通商機

項目	內　容
今年市場看好三大需求成長來源	FWA、Wi-Fi 7、低軌衛星
FWA概況	TrendForce預估，2023年全球5G FWA出貨量預估為1,300萬台，年增71%，2024年則會再持續年增38%
Wi-Fi 7概況	2023年已小量出貨，預期今年出貨將明顯放量，並在2025年的普及率超過Wi-Fi 6
低軌衛星概況	全球目前已有接近一萬顆的商用衛星，今年在四大衛星營運商加快發射衛星步調下，相關商機持續擴大
台灣可望受惠廠商	啓碁、智易、中磊、正文、合勤控、明泰、昇達科及耀登等股

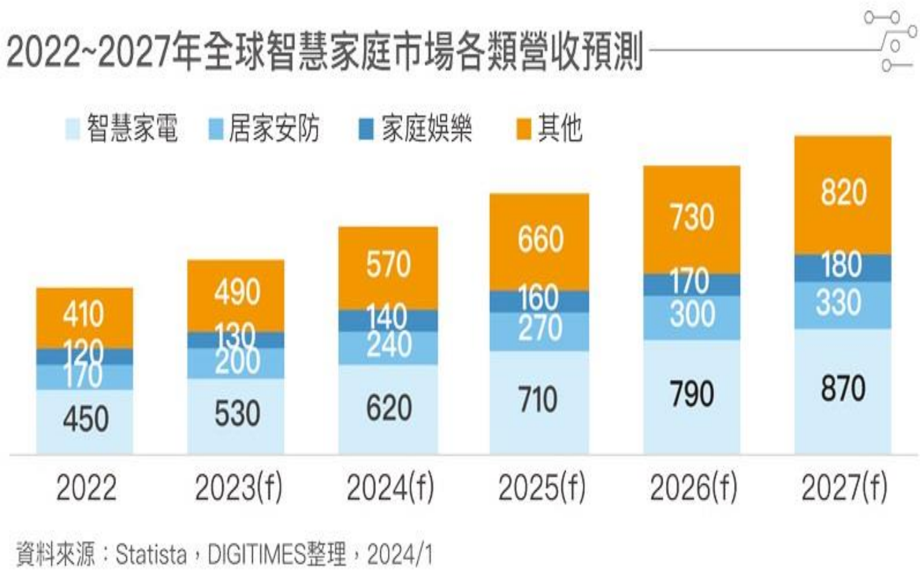
資料來源：採訪整理　　製表：張瑞益

Source： Chinatimes money .Feb.2024

In addition, due to the U.S. FCC ban and the promotion of clean networks by European and American countries to replace China Netcom equipment, customers switched orders to Taiwan Netcom Equipment Factory, and Taiwan Netcom Equipment Factory actively established overseas bases and production capacity to cope with the situation.
Remote working has evolved from an emergency measure to an emerging work style. The global enterprise video conferencing market is expected to generate approximately US$20 billion in revenue by the end of 2035, with a compound annual growth rate of approximately 12% during the forecast period (i.e., 2023 to 2035). %. The growth of the market is mainly attributed to the increasing pace of digitization and the emergence of visual data sharing technologies supported by the increasing popularity of the Internet.
Teleworking and studying at home have greatly increased network demand and traffic, and also brought new opportunities for broadband products. Driven demand for products such as network switches (Switches), wireless local area networks (WLANs), routers (Routes), and gateways (Gateway); the compound growth rates CAGR are 5.2%, 2.6%, and 21.2% respectively.
(The above contents and data sources are Digitimes website, Topology Research Institute, MIC website, and IC TPEX, Research Nester website)

(D) Smart home products
The smart home is an efficient, comfortable, safe, convenient and environmentally friendly living environment which is based on the residence platform and is equipped with construction, network communication, information appliances and equipment automation, and integrates system, structure, service and management. Smart home uses advanced computer technology, network communication technology, and comprehensive wiring technology to organically integrate various subsystems related to home life. Through overall management, it makes home life safer and more comfortable.
According to IDC, the global shipment of smart home devices is expected to grow to 1.44 billion by 2024, with a five-year average compound growth rate of 14%. The smart home products studied by IDC include: video entertainment with smart TV as the core, smart cameras, smart door locks, smart doorbells and other home monitoring and security devices, as well as smart speakers.
Since the COVID-19 in 2020, people's understanding of smart home devices and systems has deepened. One-third of smart device owners in U.S. broadband households have increased their use of devices during the pandemic, according to

new research from Parks Associates. Research firm Omida estimates that the global smart home product market will reach US$249 billion in 2024. The most representative manufacturers or platforms of so-called smart home products include Amazon (launching Echo smart speakers and Alexa-related products) and Google (its Nest series has evolved from thermostats to doorbells), and then Apple (adopting the HomeKit platform ’s product line has extended to smart sprinkler controllers and flood sensors), as well as companies such as iRobot, which produces Roomba.
According to Juniper Research, the number of smart home device activations will grow from over 7.4 billion in 2020 to 13.5 billion in 2025. Voice assistant features, which have become an increasingly common way to control digital entertainment devices (from smart speakers to TVS and game consoles), will also be connected to the smart home ecosystem.
(The above contents and data sources are from iKnow of Science and Technology Policy Research and Information Center, IDC)



Source: Digitimes website

B. Competition

The competition in plastic products manufacturing and mold industry is described as follows:

Manufacturing plastic products

There are few barriers for new entrants, either in terms of technology or capital requirements. Most plastic casings can be made by simple machines in low-tech production. The main advantages of the Company can be summarized as follows:

a. One-stop production mode, providing products and services required by customers at one time, and long-term cooperation with downstream manufacturers, can effectively expand market share, prevent the entry of new manufacturers, to virtually constitute the entry barrier of competitors.
b. Post-process processing technology of plastic casing/mechanism parts require technical and experience threshold.
c. The Company has reached an economic scale in cost or quality, which enjoys an advantage in the face of price competition and is not easy to be replaced by new entrants.

Mold Industry

The competitiveness of mold should consist of four factors, namely price, delivery, quality and service. For molds with mature technology, the difference in on-time delivery and mold quality has been reduced, leading to fierce price competition; but in terms of precision molds, customers pay attention to quality (such as service life, precision, stability, forming speed and low defective rate of finished products) and delivery time, especially for 3C electronic products. The mold industry is faced with tight delivery time.

(III) Overview of Technology and R&D

1. R&D expenses in the most recent year and up to the publication date of the annual report

Unit: NTD thousand; %

Year	2022	2023	Q1 2024
R&D expenses	139,819	180,975	38,836
Percentage of operating revenue (%)	2.89%	4.37%	3.90%

2. Technologies or products successfully developed

- Class 10,000 SurgiBubble and Smart control module surgical platform development
- 8 mm/10 mm/12 mm/15 mm endobag surgical disposable product
- Vein finder medical imaging facility development
- Medical AR imaging system development completed
- Medical FIR therapeutic module
- Implementation of the plan for smart machining and transformation in mold manufacturing applications
- Development and production of smart parking column mechanisms
- Development of smart health wearable devices
- Development of smart home devices (water sterilization)
- Successful development of halogen-free ultraviolet-curable dual-cure acrylic adhesive
- Fluororubber surface coating methods and low-shrinkage epoxy structural adhesive
- EzARGO 720P & 1080P MP
- AR LBS Trigger6.0 shipping
- Complete 1st LBS HOE sample
- Shipping 3.8CC compact LCOS AR glasses sample
- Single color LBS shipping

(IV) Long-term and Short-term Business Development Plans

1. Short-term development plan

(1) Sales strategy

The Company specializes in the mold, plastic molding, surface treatment process and assembly of mechanical parts and appearance parts products, and extends to micro-projection module of mechanical optical electronics integration and high-precision medical materials application and AI application products. Currently, medical material application products include dental electromechanical products, minimally invasive surgical instrument products, medical IoT integrated products, pharmaceutical and equipment integrated products, etc. AI application products include AI PIN and smart conference systems, etc. We will continue to promote medical materials and AI applications to increase its added value.

To adapt to the rapid changes in the global economy and consumption trend, Megaforce also gives full play to resource integration and has a global layout, with production bases in China, Mexico, Malaysia and Taiwan. It operates globally with strategic thinking and provides flexible services to customers with high adaptability.

(2) Production policy

The Company is committed to providing a variety of services and meeting the needs of customers with quality, fast speed and good price, as well as strengthening the overall production and quality assurance management function. Each plant continues to obtain quality and environmental certifications such as ISO 9001, ISO 14000, TS 16946, QC 080000, OHSAS 18000, and UL. In quality, with the introduction of more accurate and faster computer-aided detection instrument (CAV), and the existing three-dimension measurement instrument (CMM), the measurement ability improved to a higher level; regarding the environment, the Shanghai plant has set up Concentrator Wheel, equipped with Regenerative Thermal Oxidizer, and an online monitoring system connected to government environmental protection authorities to continuously handle waste gas treatment and control in spray painting process.

In response to the changes in the business environment and the increase in labor and related costs in China's mainland, it added the planning of automation equipment, process fixtures to save labor costs; it planned small, unmanned workshops to handle small quantities and various types of orders. LSR (liquid silicone) manufacturing process has been added in Shanghai and Taipei plants. For Suzhou plant BMC processing, supporting paint baking, polishing and other appearance process have been completed, with samples successively sent and delivery realized; these new technological processes improved the Company's ability to differentiate its services and conform with new product trends and customer needs.

(3) Technology R&D

The Company is involved in mold design and manufacturing, processing of soft and hard plastic injection molding parts, and appearance processing, throughout the computer, communication, consumer, automobile surrounding industries. Currently its main products include mouse, netcom, audio and video entertainment, wireless charging, automotive interior parts and appearance parts and other mechanical parts. In the short term, the product development is to move towards differentiation, and it will further cooperate with various research institutions and academic institutions to transfer other related precision mold technology and customized appearance technology.

In recent years, processes that have attracted R&D input and successively have mass production capacity include integration of three-shot, plastic and a variety of different materials, liquid silicone LSR used in the isolation of 3C products and medical materials, and then embedding injection of hard glue or metal and liquid silicone LSR, as well as double shooting process of liquid silicone LSR.

Through new machine development process of brand factory's customers, it combined the use of its own polymer material resources; business of mechanical parts extends to mechanical optical electronics, and the Company plans production capacity of optical components which optical lighting and flash need.

(4) Intelligent production

Based on the existing ERP (enterprise resource planning) and PLM (product life cycle management) systems, the Company's new molding equipment is equipped with small area automation and the Internet of things, so that the production information can reflect the production situation more promptly, correctly and transparent, and increase the depth and accuracy of management, so as to achieve our vision of advanced, extension and sustainable.

2. Long-term development plan

(1) Sales strategy

Continue to improve the mechanical parts, appearance parts products; local plants meet customer needs, improve delivery speed, and reduce transportation, tariff and other costs, to achieve mutually beneficial cooperation conditions with customers. Based on the concrete achievements of micro-projection module, the small-scale application cooperation of projection products is carried out by combining upstream MEMS component factories and downstream brand factories. Extend to medical materials, and cooperate with the metal center to obtain the national major project qualification for oral scanner development; other medical materials include minimally invasive devices, and drug dispensers. Continue product development and verification.

(2) Production policy

The updating machine improves the precision of mold processing and molding production, and improves the utilization rate of factory space. Meanwhile, based on automated production ability, to create self-value and help customers improve competitiveness, continue to play the role of strategic partners for customers to reduce costs.

After years of standardization of mold design, the standards are now fully used in 3D mold design and concrete results have been made. We continue to update the database of standard parts, and with the improvement of mold manufacturing expertise and production capacity to show the timeliness and pass rate of mold opening.

(3) Technology R&D

Over the years of continuous efforts in technology development, we won customer recognition and orders of mass production, especially the Shanghai plant continues to be a high-tech enterprise approved by the Shanghai Municipal Science and Technology Commission. The Company continues to develop more sophisticated and advanced mold and plastic molding technology, extending to the production of micro projection products; the Company also carries out related product development in the application of different materials, the use of thermosetting plastic in post-processing of materials, the combination of silicone mechanical parts and optical module in the field of medical materials.

(4) Comprehensive integration

Build the advantage of differentiation in our industry, to provide customers with complete and irreplaceable services and One Stop Shop overall functional solutions. Integrate resources from all places, give full play to the full 3D design mechanism, mold design and component processing in many places, to form a strong comprehensive service network, in order to provide customers with competitive advantages in product development, mass production and aging, cost and quality.

II. Market and Sales Overview

(I) Market analysis

1. Main sales areas

Unit: NTD thousand

Year / Area		2023		2022	
		Sales value	Percentage %	Sales value	Percentage %
Domestic sales		133,164	3.22%	151,485	3.13%
Export	Asia	3,544,496	85.65%	4,326,573	89.49%
	America	460,498	11.13%	353,672	7.31%
	Europe	0	0.00%	3,207	0.07%
	Sum	4,004,994	96.78%	4,683,452	96.87%
Total		4,138,158	100.00%	4,834,937	100.00%

2. Market share

The Company mainly engages in mold design and development and plastic injection components production. Its product applications cover a wide range of industries, such as information, communication, consumer electronics, and home electronics. We diversifies the products to disperse the risk of concentration.

3. Supply and demand in the future and growth potential in the market

Plastic materials gradually replace some traditional materials, and new engineering plastic composite materials replace metal, which enhances added value, and also meets the diversity of the manufacturing industry, and helps the industry development move into the era of technology.

(1) Demand side

With the development of technology, consumer demand for electronic products will continue to change. The popularization and transformation of smart phones, tablets, smart home appliances and other products have driven increased demand for electronic parts. Technological changes in other industries such as automobiles, aviation, and medical equipment also have an impact on the demand for electronic parts. In addition, the popularity of emerging technologies such as AI, IoT, and 5G will also have a significant impact on the demand for electronic parts.

(2) Supply side

Injection molding plastic components have a very wide range of applications. Now the products sold by the Company's main customers cover most electronics products in the industry. Globally, consumer spending as a percentage of total spending has declined year after year due to saturation and commoditization, particularly on PCs, laptops and tablets. As technological changes such as AI and 5G increase and the demand for environmental protection and energy conservation increases, the corresponding supply will rise.

(3) Growth analysis

After years of efforts in Taiwan electronics, information and communication industries, 20 main products such as notebook computer, liquid crystal display, monitor, mainframe board, power supply, case, scanner, drawing card, keyboard, power system, mouse, sound card, video card, hub, data machine, network card and smart phone occupy high market share in the world; the ICT industry in Taiwan is now becoming capital intensive, technology and knowledge intensive, while the design and development of next-generation products and key components is strengthened, as well as the integration of supply chains and the extension of branding and marketing efforts.

The Company has a complete upstream and downstream industrial chain, and can provide a complete cost solution. As for its goals, in addition to continuing the rich manufacturing experience and deep economies of scale of electronic information products parts, the Company will upgrade the existing technology and promote the IMD process, rapid cooling and rapid heating process, micro injection process, different material embedding injection process, LSR liquid silicone process and various post-process processing technology, etc., to ensure the growth momentum of the business and at the same time a stable profit rate.

4. Competitive niche

(1) Skilled and experienced management team

The management team with more than 30 years' experience of plastic injection and mold manufacturing can fully handle production efficiency, improve the technical ability of processes, not only to effectively reduce the production cost, but also to improve the product quality, and then effectively enhance the operating efficiency and market competitiveness.

(2) Strong R&D, design and production technology capability

In plastic injection molding industry, filling in mold model is needed. The Company also has the key technical resources of plastic molding and mold R&D ability, with mold manufacturers and plastic molding plants in many countries around the world, so it can complete the mold development and production operations in the shortest time. To improve the technical ability of manufacturing processes, the Company has introduced precision mold development equipment, so that R & D, design, mold making and production can all be completed in the factory, which can effectively control product quality, improve production efficiency, reduce production costs, save logistics expenses, make the product more competitive, to provide customers with one-stop integrated services with cost and technical value.

For potential products in the future, such as high-temperature water-based paint, antibacterial water-based paint and medical-grade fluororubber hand-touch spraying agent, the Company continues the customized development of AR Glasses and 3D Scanning application, as well as R&D of inhalation drug delivery device in the medical materials and equipment market; all these are expected to bring new driving forces to Megaforce.

(3) Abundant production resources

Manufacturers with relevant product production experience and capacity scale are the first choice for international large factories looking for tollers. With long experience in the production of plastic injection molding products in the past, the Company has established production bases all over the world, such as Dongguan, Shanghai and Suzhou in China's mainland, Tijuana in Mexico, Malaysia and Taiwan, etc. We have production capacity with economies of scale. Economies of scale and professional mass production economy also make it relatively difficult for new competitors to enter. Abundant production capacity has also become an important advantage for the Company to obtain OEM orders from international big brands.

(4) Product quality affirmed by international large brands

On the basis of many years' experience in plastic injection products, product quality has passed the UK SGS ISO 9001 certification and obtained the recognition of international manufacturers, such as Logitech, Powtran, Arcadyan, Asus, SONOS, and Bose etc. That shows the quality has reached the international standard, which is good for the expansion of the export market.

5. Advantages and disadvantages of the development prospect and countermeasures

(1) Advantages

<u>Wide range of downstream applications</u>

Plastic products have a wide range of applications, as plastic injection molding products can be used in information, communication, medical, automotive and other daily supplies. That can reduce operating costs and increase potential business opportunities, without increasing operation risks due to the development of a single product market. Thanks to the rapid development of e-commerce, information related products, communications, consumer electronic products continue to grow, and the evolution of science and technology has made product design slimmer and shorter with high portability, which stimulates the consumer market to continue growing. The aging population has created an emerging market increasing demand for medical supplies. Due to requirements for sterile medical products production environment and equipment, coupled with product yield, this market will be an opportunity to differentiate from competitors and increase the profit margin.

<u>Global operation model</u>

To serve customers locally and reduce production costs, the Company has production base in Dongguan, Shanghai, Suzhou, Mexico, Malaysia and Taiwan. Besides serving customers nearby, it can reduce production costs, flexibly adjust production location or delivery location according to customers' needs, and enhance the Company's international corporate image.

<u>Excellent technical ability</u>

By focusing on the industry for many years for R&D of plastic molding and key technologies of mold, the Company's boasts the leading R&D capacity in the industry. At present, it has nitrogen assisted molding production technology, two-color injection molding technology, vacuum assisted molding technology, development of product technology process of environmental protection and recycling, IMD, rapid cooling and rapid heating, micro injection molding technology, different material embedding injection, electronic component protection low-voltage molding technology, LSR molding technology and other advanced technologies. The Company attaches great importance to the integration of technology and commercialization, and quickly launches mass production according to customer needs to increase the added value of technology.

(2) Disadvantages

No long-term sales contract

Due to industry features, the design and production of plastic injection products are tailored to different products. Whether the terminal application products meet the market demand is also the main factor which affects order intake, so the Company has not signed long-term sales contracts with customers. The company can maintain good supply and demand relationships with customers by virtue of its technology and production strength. However, if competitors improve their technology and production strength in the future, or even adopt price strategies to attack the market, our current stable supply and demand relationship with customers will be adversely affected.

[Countermeasures]

a. The Company actively maintains close interaction with downstream manufacturers in terms of supply and demand, keeps abreast of customers' demands and production conditions, controls production and marketing processes with order-oriented production, and precisely controls inventory; furthermore, through investment in R&D, the design and development capabilities of products are constantly improved, so as to meet in time the needs of downstream customers in mold development and product making. And the Company actively participates in the product development process of downstream customers, with technological innovation and product design creativity to master the source of new orders.

b. The Company follows the plant establishment plan for downstream customers and sets up satellite factories near their factories to keep track of customers' product trends and reduce freight costs.

c. In addition to the existing customer base, the Company is also actively developing new customers, including the development of customer sources in emerging markets.

Over-concentrated terminal products

With the continuous introduction of electronic products for future digital life and the evolution of cloud computing, the growth of computer equipment and its peripheral equipment has slowed down in recent years due to the influence of product replacement. In the past, the business performance of downstream main application products such as mouse, keyboard and other computer peripheral equipment which took up the larger share of the Company's profits has also declined due to the changes of the computer peripheral industry. That will have a significant adverse impact on revenue and earnings in the future.

[Countermeasures]

In addition to existing products, the Company extends its technology to other growth product applications, such as instant cooling and heating, IMD product line, LSR product line, embedding injection products with different materials or adding post-process processing technology (such as LSR-attached liquid silicone polycarbonate base coating, and medical grade silicone spray) to expand the product line. In the future, the Company will be involved in the automobile, medical equipment and other related product markets, without incurring significant changes in revenue due to the life cycle of a single product.

Decreased gross margin due to customer demand for price reduction

For plastic injection molding products, after a certain period of time after mass production, customers often set a price reduction time, by asking for a certain reduction, which has an obvious adverse impact on our revenue and profit.

〔Countermeasures〕

a. Strengthen the bargaining power of raw materials, purchase in large quantities as much as possible, and reduce the cost of raw materials with better purchasing price.

b.Improve material management efficiency, reduce loss rate, or improve use efficiency, etc.

c. Continuously improve mold design ability to reduce the raw material loss rate in the process and improve the yield.

(II) Important Uses and Manufacturing Processes of Main Products

1. Important uses

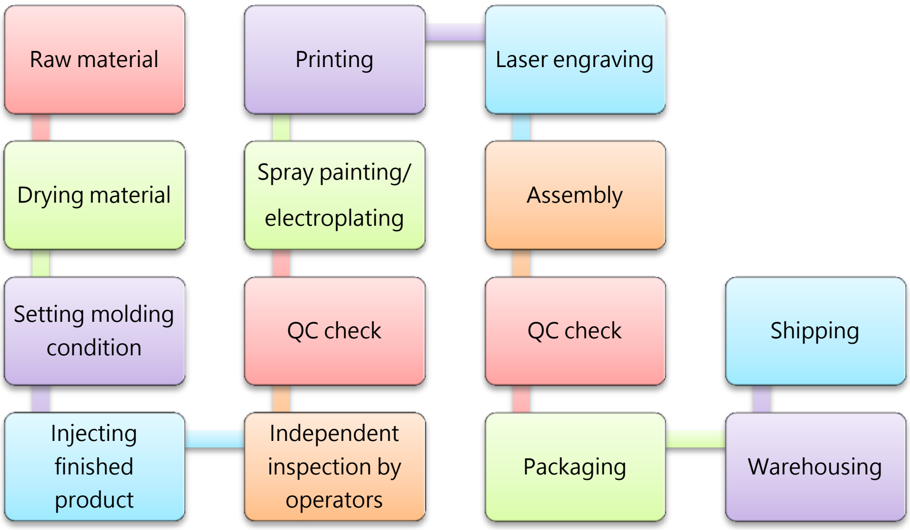
Injection molding products are used in medical equipment, automotive industry, information industry, communication equipment, optical components and LED lighting cups. The Company is positioned to engage in precision engineering plastic molding and manufacturing injection molding products, currently in plastic mold manufacturing, injection molding, assembly parts and mechanical processing which are needed for computer products and peripheral equipment, communication equipment, optical components and medical equipment.

In recent years, on the basis of existing plastic mechanical parts, we produce micro projection and HUD modules or products by combining mechanical, optical electronics. These have been applied to portable electronic products, household appliances and auto parts, etc.

At present, main product uses are as follows:

Major Products	Use of Goods (services)
Electronic plastic components	Optical mouse, game consoles, network products, earphones, speakers, etc.
Mold	Injection Molding
Biomedical materials	Medical equipment, etc.
Optoelectronic products	AI PIN and smart conference systems, etc.
Product development	Medical equipment and optoelectronic products, etc.
Others	Other raw materials & miscellaneous items, etc.

2. Manufacturing process of main products of mechanical parts and appearance parts



(III) Supply of Main Raw Materials

The Company has established good supply relationships with main raw material suppliers such as Chimei Corporation, Grand Pacific, and Nagase Wahlee Plastics, and suppliers of MEMS, laser light source and electronic component for micro-projection products. At the same time, we pay attention to market conditions, price fluctuations of crude oil and plastics, quantity-based price discounts and sources of key electronic materials, and establish long-term strategic cooperation with manufacturers.

(IV) The names of customers who have accounted for more than 10% of the total value of goods bought (sold) in any year of the recent two years, and the amount and percentage of goods bought (sold), together with the reasons for the changes.

1. Information of major suppliers

Not applicable since in any year of the recent two years, the total purchase value from a single supplier did not exceed 10%.

2. Information of major sales customer

(1) Information on major sales customers in the past two years

Unit: NTD thousand

	2022				2023				By Q1, 2024 (Note 2)			
Item	Name	Amount	Percentage in annual net sales (%)	Relationship with issuer	Name	Amount	Percentage in annual net sales (%)	Relationship with issuer	Name	Amount	Percentage in the net sales by the previous quarter of the current year (%)	Relationship with issuer
1	Customer A	2,692,732	55.69	N/A	Customer A	1,985,971	47.99	N/A	Customer A	425,394	42.67	N/A
2	Others	2,142,205	44.31		Others	2,152,187	52.01		Others	571,500	57.33	
	Net sales	4,834,937	100.00		Net sales	4,138,158	100.00		Net sales	996,894	100.00	

Note 1: List the names of customers who have accounted for more than 10% of the total value of goods sold in any year of the recent two years, and the amount and percentage of goods sold. But codes are used to replace customer names which cannot be disclosed required by contracts, and individuals who are not related parties.

Note 2: As of the date of publication of the annual report, a company listed or whose shares have been traded on the premises of a securities broker should disclose its most recent financial information which has been certified or reviewed by accountants.

(2) Reasons for increase or decrease

Changes in the overall environment and market demand, as well as the company's active expansion into new businesses, have resulted in a decrease in the proportion of net sales to major sales customers.

(V) Table of Production Quantity and Value in recent two years

Unit: Plastic components (thousand PCS/thousand); Mold (PCS/thousand)

Year / Production Quantity and Value / Main Commodity	2022			2023		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Plastic Components	1,099,000	363,737	3,732,600	1,099,000	337,622	2,959,081
Mold(Note 3)	1,045	763	333,155	1,045	454	249,426
Others	(Note 4)	266	62,825	(Note 4)	1,608	155,245
Sum (Note 3)		364,003	4,128,580		339,230	3,363,752

Note 1: Production capacity refers to the number of products that the Company can produce under normal operations by using existing production equipment after taking into account necessary downtime, holidays and other factors.

Note 2: If the production of various products is merely the same (replicable), the production capacity shall be calculated as a whole with notes added.

Note 3: The unit of mold is “PCS,” and the total output is not included.

Note 4: The product category is diversified with insignificant quantity; therefore, no classification is implemented.

(VI) Table of sales volume and value of recent two years

Unit: Plastic components (thousand PCS/thousand); Mold (PCS/thousand)

Year / Sales Volume and Value / Main Commodity	2022				2023			
	Domestic Sales		Export		Domestic Sales		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Electronic plastic components	5,101	83,917	414,230	4,369,212	2,804	68,654	333,114	3,618,596
Mold(Note 2)	72	53,076	621	204,623	98	37,468	344	128,146
Biomedical materials	32	8,855	89	56,897	269	13,000	97	85,668
Optoelectronic products	0	22	2	27,718	0,	356	21	84,934
Product development(Note 2)	5	4,808	6	21,349	3	4,038	6	81,070
Others(Note 1)	(Note 3)	807	(Note 3)	3,653	(Note 3)	9,648	(Note 3)	6,580
Sum (Note 2)		151,485		4,683,452		133,164		4,004,994

Note 1: Others refer to the sale of raw materials, and miscellaneous, etc.

Note 2: The unit of mold is “PCS,” ,the unit of product development is "Item" , and the total is not included.

Note 3: The product category is diversified with insignificant quantity; therefore, no classification is implemented.

III.Status of Employees

Number of employees, average length of service, average age and education distribution ratio of employees in the last two years and as of the publication date of the annual report

Year		2022	2023	By April 30, 2024 in the current year
Number of Employees	R&D	55	87	98
	Business	32	39	38
	Management	793	709	736
	Production	2,380	1981	2174
	Total	3,260	2816	3046
Average Age		39.17	41.46	40.17
Average Length of Service		7.57	8.86	8.38
Education Distribution Ratio	Doctor	0.21%	0.18%	0.16%
	Master	1.38%	1.92%	1.81%
	Bachelor	7.91%	10.12%	8.96%
	Junior College	8.59%	8.45%	8.37%
	High School	40.06%	37.71%	35.33%
	Below High school	41.85%	41.62%	45.37%

Note: Information for the year by the publication date of the annual report should be included.

IV. Expenditure on Environmental Protection

In the most recent year and up to the date of publication of the annual report, for losses due to environmental pollution (including compensation and environmental protection inspection results) and violations of environmental protection laws and regulations, what shall be specified is the date of punishment, the file number of punishments, the provisions of the laws and regulations violated, the contents of the laws and regulations violated, and the contents of punishments. And the estimated amounts that may occur at present and in the future, and responses shall be disclosed. If the estimates cannot be reasonably made, the fact that the estimates cannot be reasonably made should be specified: no such circumstances.

V. Labor Relations

(I) The Company’s various employee welfare measures, further study, training and retirement systems and their implementation, as well as the agreement between labor and management and various measures to protect employees’ rights and interests

1. Employee welfare measures and implementation
   - In accordance with the law, the Company contributes labor insurance and national health insurance, and allocates welfare funds to set up the employee welfare committee, and organizes employee travel, gatherings and lottery activities.
   - Welfare includes birthday gifts, wedding and funeral allowances, travel allowances, education grants, senior staff gifts, occupational annuity, hospital care allowances, emergency relief, special shops, regular health check-ups.
   - Compensation includes competitive salary, extra bonus for three festivals, year-end bonus, performance bonus, etc.
   - From 2020, an employee stock holding committee has been established to handle employee stock holding trust, where employees can deposit a certain amount of money every month, and the Company deposits the same amount. The practice is better than the industry average.
2. Employee’s further education, training and implementation
   - The Company aims to educate and cultivate employees, provides employees with opportunities and funds to take part in training, sets up the “Management Method of Education and Training” and “Operation Guidelines of Employee Training Subsidy,” in order to enable employees to grow hand in hand with the Company, improve work quality, and enhance the overall interests of the Company.
   - The human resources department of the Company is responsible for the implementation of employee education and training, coordinating all departments to formulate annual education and training plans, which are divided into internal training

and external training according to the functional needs of employees, including pre-service training for new employees, in-service education or training, professional training and corporate culture lectures, so as to improve the knowledge and skills of employees.

3. Employee retirement system and implementation
   - In accordance with the "Labor Standard Law," the Company has established the "Employee Retirement Management Measures." According to the provisions, the Company allocates the retirement reserves to the special account of the labor retirement reserves supervision committee every month, and has fully implemented the "Labor Pension Act" since July 1, 2005. The applicable provisions are as follows:
     (1) "The Labor Pension Act" shall apply to all those who have been employed since July 1, 2005 (included).
     (2) For those who started employment before 1 July 2005 (excluding), they may choose the pension system under the "Labor Pension Act" or the "Labor Standard Law" within 5 years from 1 July 2005 according to their actual needs; If the employee has not chosen by the end of the term, the pension provisions of the "Labor Standard Law" shall continue to apply from the date of implementation.
     (3) Employees in one of the following circumstances may ask for retirement.
       a. Those who have worked for 15 years or more and are 55 years.
       b. Employees who have worked for 25 years or more.
       c. Those who have worked for more than 10 years and are 60 years old.
     (4) Pension standard:
       [Old Pension Scheme]
       For employees who started employment before July 1st, 2005 (excluding July 1st), two bases are given for each full year of service, but one base is given for each full year of service for those with over 15 years of service. The maximum is 45 bases. Those less than six months shall be counted as six months; those who have completed half a year are counted as one year.
       [New Old Pension Scheme]
       For those who started employment after July 1, 2005 (inclusive), the Company's retirement pension contribution under the new scheme is 6%.

4. Labor–management agreement and various measures to protect employees' rights and interests
   - Quarterly labor–management meetings are held, a labor–management consultation mechanism is established.
   - Regularly and promptly revise working rules and personnel rules and regulations, clearly regulate and protect employees' rights and interests.
   - Promote gender equality at work and labor relations, and establish channels for employees to complain.
     The Company is committed to enhancing labor harmony and two-way communication to resolve problems. So far, there are no major pending labor disputes.

5. Whether there is a code of conduct or ethics for employees
   - The Company has established management rules such as "Work Rules" and "Code of Ethics for Employee Behavior," for the Company and employees to follow. So that employees know the basic rules for their behavior or ethics. The contents of the rules are as follows:
     (1) The employees of the Company shall be loyal to their duties, abide by all reasonable rules and regulations of the Company, and obey the reasonable command of supervisors at all levels, and shall not agree overtly but oppose covertly, or be perfunctory. Supervisors at all levels should kindly guide and inculcate employees.
     (2) Employees of the Company should work hard, cherish public property, reduce wastage, improve quality and increase production; keep business or job secrets confidential.
     (3) The employees of the Company shall report to their direct supervisors their job performance or company affairs instead of to supervisors at higher level, except for emergency or special circumstances.
     (4) Employees of the Company shall not receive relatives or friends without approval during working hours, or leave work without permission. If it is necessary to receive visitors due to important accidents, they shall do so at designated time and place.
     (5) Employees of the Company shall not bring relatives and friends into the factory without approval.

(6) Employees of the company shall not carry all kinds of contraband (such as guns or drugs) to workplace.
(7) Employees of the Company shall not leave factory with public property without approval.
(8) Employees of the Company shall go to and from work in accordance with the prescribed time, and play (swipe) the card in person, shall not entrust or play (swipe) the card on behalf of others, and shall not be late, leave early or conduct absenteeism, except for business trips or holidays.

- To improve work efficiency, maintain discipline in the workplace, and establish a rewarding and punishing culture, the Company has set up a "Rewarding and Punishing Management Policy" for all employees to follow.
- Computers are an important tool for our staff. In order to regulate the use of electronic tools by our staff, there are "Laptop Management Measures," "Network Management Measures" and "Software Management Measures" to follow

6. Working environment and personal safety protection measures for employees
   - To protect the rights and interests of employees and life safety, the Company set the "Occupational Safety and Health Management Regulations" which employees are required to thoroughly implement.
   - To protect employees, hazard identification and risk assessments are regularly conducted and training education is conducted.
   - Emergency response, fire protection and disaster prevention training and drills are held regularly to strengthen employees' fire protection concepts and accumulate experience through practical operations.
   - Provide employees with labor, health and group insurance.
   - Check drinking water quality regularly to ensure healthy drinking water.
   - Regular disinfect plant, clean cooling water tower, and conduct environmental testing.
   - In order to protect the health of employees, the lighting and carbon dioxide concentration in the work area are regularly tested evert half year.
   - In order to promote the health of employees and in accordance with occupational safety laws, health examinations, health consultations and on-site services are provided every year. Based on the results of the health examinations, special occupational nurses will establish a high-risk watch list and provide continuous tracking and consultation.
7. According to the Company's "Occupational Safety and Health Management Plan," we carry out various environmental safety and health services to provide a safe and healthy working environment for employees. The implementation is as follows:
   - Environmental safety and health inspection: conducted before the 25th of every month.
   - Convening of occupational safety and health committees: held in the third week of each quarter where labor representatives exercise the power of review and deliberation; items include: automatic inspection, employee injury accident, education and training, personal protective equipment inspection, operating environment monitoring, etc.
   - Fire emergency drill: held in May and November every year to strengthen the use of fire extinguishers and emergency response.
   - Processing environmental monitoring: in May and November every year, qualified manufacturers are entrusted to carry out inspection; for carbon dioxide monitoring, the results will be compiled and published, and the improvement measures will be taken for the abnormal values.
   - Employee health examination and consultation: health check-up from October to November every year, and arrange medical staff to carry out health consultation on site after the results are available.
   - Illegal infringements in the workplace: identify and evaluate illegal infringements in the workplace by questionnaire every March to April.
   - Fire equipment maintenance: from October to November every year to find qualified fire equipment engineers (technicians) for inspection and maintenance of fire equipment in the factory.
   - On-the-job education and training on occupational safety: three hours of on-the-job training every three years to prevent disasters and promote awareness of occupational safety and health.

(II) Losses due to labor disputes in the most recent year and up to the date of publication of the annual report (including violations of the Labor Standard Law as a result of labor inspection, what shall be specified is the date of punishment, the file number of punishments, the provisions of the laws and regulations violated, the contents of the laws and regulations violated, and the contents of punishments). And the estimated amounts that may occur at present and in the future, and responses shall be disclosed. If the estimates cannot be reasonably made, the fact that the estimates cannot be reasonably made should be specified: no such circumstances.

VI.Cyber Security Management

(I) Clarify the information security risk management structure, security policy, specific management plan and resources invested in information security management, etc.:

(1) Information security risk management structure

The Information Office is an independent department which is not affiliated to the users' department. It organizes a meeting at least once a month and has three staff members responsible for coordinating and implementing information security policies, promoting information security messages, raising staff awareness of information security, and collecting and improving the performance and effectiveness of the organization's information security management system. The Audit Office conducts an annual information security check on the computer cycle of the internal control system to evaluate the effectiveness of the Company's internal control of information operations.

(2) Information security policies

To implement the information security management, the Company has an internal control system – computer cycle and information security management regulations, through the joint efforts of all colleagues to maintain the Company's important systems and information security, and avoid business damage caused by major information security incidents.

(3) Specific management plan

1. Network information security control
   - Set up a firewall
   - Perform regular virus scans on computers and database
   - Carry out network services in accordance with information security policies
   - Periodically review each network service and track anomalies
2. Data access control
   - Computers are entrusted to a designated person to keep, and set accounts and passwords.
   - Give different access permissions depending on the function.
   - Original access permissions of the transferred or outgoing personnel are cancelled
   - Remove or overwrite confidential and sensitive data and copyrighted software before the equipment is scrapped.
   - Remote access to the management information system should be properly approved
3. Contingency recovery mechanism
   - Regular review of emergency response plan and annual exercise of system recovery
   - Establish and implement the remote backup mechanism
   - Regularly review network security control measures
4. Publicity and inspection
   - Publicize at any time information of security information to enhance employee awareness of information security
   - Regularly carry out safety inspection of the information every year

(4) Resources invested for information security management

1. In response to external security incidents, Megaforce Group security notification was issued to remind employees of following information security guidelines. In 2023, a total of 4 information security bulletins were issued in January, August, October and December.

2. Plan to introduce trending DDI advanced protection intrusion detection and information security event handling procedures in 2024 to implement third-party assisted defense operations.
3. The Information Security Department established in 2024 to regularly conduct information security education, training and publicity, including information security policies, information security legal requirements, information security operating procedures, and promote employees to understand the importance of information security and comply with information security regulations.

(II) Losses due to major information security incidents and labor disputes in the most recent year and up to the date of publication of the annual report, and possible impact and countermeasures. If the estimates cannot be reasonably made, the fact that the estimates cannot be reasonably made should be specified: no such circumstances.

VII. Important Contracts (relevant contracts that are still in force and expire in the most recent year as of the publication date of the annual report)

Contract	Party	Start and end dates	Main Content	Restrictions
Medium-term loan contract	Bank SinoPac	October 20, 2022 – October 20, 2026	Loan line: NT$152 million	Pledge by Zhonghe and Tucheng real estate
Medium-term loan contract	Hua Nan Commercial Bank	September 27, 2023 – September 26, 2025	Loan line: NT$100 million	N/A
Long-term loan contract	Bank of Taiwan	February 3, 2020 – February 3, 2035	Loan line: NT$227 million	Pledge by Jiayi real estate
Shanghai Relocation Compensation Agreement	People's Government of Qingpu District, Shanghai	September 28, 2023 – New factory completed	Amount: RMB 432 million	-

VIII. Intellectual Property Management Plan

To implement the compliance of corporate governance regulations, standardize patent management, promote technological innovation and form independent intellectual property rights, the “Patent Management Measures,” “Trademark Management Measures,” “Intelligent Property Management Policies” and “Business Secret Management Measures” have been successively formulated to follow, and serve as the basis for the implementation of various intelligent property management measures in accordance with the operation targets each year. The Company regularly submits matters related to its intellectual property to the Board of Directors annually, and the latest submission date is November 8, 2023.

- Patent protection
  To implement global patent laws and regulations, publicize patent knowledge, and encourage colleagues for invention, the “Patent Management Measures” are formulated to follow, and apply to all innovative technologies proposed for patent protection during internal or external cooperation development.
- Trademark Management
  “Trademark Administration Measures” are formulated for registration, proper use and effective management of trademarks. Design trademark patterns according to the purpose of use, decide on the country of application and the category of goods and services; after obtaining the exclusive right to use the trademark, the internal application should be completed first to ensure the correct marking and use of the drawings and categories; half a year before the expiration of the trademark right, the corresponding management department shall evaluate whether to maintain the validity.

- Implementation of the management of intellectual property

Patent Development: Table of patents in force

Country	Republic of China	China	Others	Total
2023	36 pieces	111 pieces	17 pieces	164 pieces

Trademarks: Table of valid trademarks

Country	Republic of China	China	Others	Total
2023	19 pieces	9 pieces	6 pieces	34 pieces

- Trade Secret

The company has implemented a business secret protection project since 2019, including information with business secret value in the master list of business secrets of each enterprise, and regularly reviewing newly added and declassified confidential information; in 2021, the scope of protection will be expanded to include general confidential information. ; In 2024, a confidentiality management information platform will be introduced. All information that has been approved as confidential will need to perform specific confidentiality protection work, such as applying electronic file formats, stamping paper documents with confidential document stamps, and using seals when transmitting and submitting documents. Stickers and electronic files require lock codes, etc.

Important employees related to the development and use of business secrets are required to sign confidentiality and non-competition agreements when they arrive, and necessary resignation management is carried out, including confidentiality reminder meetings before key personnel leave, and evaluation of non-competition restrictions. .Education and training are conducted every year for new employees; the legal department conducts inspections every six months, publishes the inspection status, and requires continuous strengthening and improvement to ensure implementation.

VI. Financial Information

I. Concise balance sheet and comprehensive income statement for the recent five years

(I) Five-Year Financial Summary

1. Concise balance sheet

Unit: NTD thousand

Item \ Year		Financial information for the latest Five years (Note 1)					Financial information for the year by March 31, 2024 (Note 3)
		2019	2020	2021	2022	2023	
Current assets		3,726,633	4,417,362	4,216,276	3,711,614	4,117,921	4,132,965
Real estate, Plant and Equipment (Note 2)		872,549	1,099,054	1,084,470	999,601	871,598	860,237
Intangible assets		37,528	41,693	63,482	62,338	36,727	35,884
Other assets (Note 2)		562,042	454,938	458,662	381,723	333,842	308,831
Total assets		5,198,752	6,013,047	5,822,890	5,155,276	5,360,088	5,337,917
Current liabilities	Before distribution	2,208,101	2,832,266	2,579,234	2,314,567	2,004,891	1,854,024
	After distribution	2,247,706	2,898,274	2,612,238	2,314,567	2,004,891	1,854,024
Non-current liabilities		641,169	728,074	850,595	591,291	1,248,076	1,234,766
Total liabilities	Before distribution	2,849,270	3,560,340	3,429,829	2,905,858	3,252,967	3,088,790
	After distribution	2,888,875	3,626,348	3,462,833	2,905,858	3,252,967	3,088,790
Equity attributed to the parent company		2,337,735	2,439,379	2,371,841	2,233,532	2,092,238	2,234,763
Capital stock		1,320,159	1,320,159	1,320,159	1,320,159	1,320,159	1,320,159
Capital reserves		830,450	831,284	830,637	830,582	830,473	871,834
Retained earnings	Before distribution	260,941	333,888	284,718	107,321	(31,036)	(22,312)
	After distribution	221,336	267,880	251,714	107,321	(31,036)	(22,312)
Other equity		(73,815)	(45,952)	(63,673)	20,375	17,547	65,082
Treasury stock		0	0	0	(44,905)	(44,905)	0
Non-controlling equity		11,747	13,328	21,220	15,886	14,883	14,364
Total equities	Before distribution	2,349,482	2,452,707	2,393,061	2,249,418	2,107,121	2,249,127
	After distribution	2,309,877	2,386,699	2,360,057	2,249,418	2,107,121	2,249,127

* If the Company has prepared individual financial reports, it shall separately prepare a concise individual balance sheet and comprehensive profit and loss statement for the last five years.

* If the financial information of IFRS has been adopted for less than 5 years, Table (2) of the financial information with financial reporting standards of Republic of China adopted shall be prepared separately.

Note 1: The year in which the report has not been verified by an accountant shall be indicated.

Note 2: For those who have handled asset revaluation in the current year, the date of handling and the amount of revaluation shall be stated.

Note 3: A company whose shares are listed or traded at the business premises of a securities firm as of the date of publication of the annual report shall disclose the most recent financial information audited or reviewed by an accountant.

Note 4: The above figure after distribution shall be filled in according to the resolution of the Board of Directors or the next annual shareholders’ meeting.

Note 5: If the financial data should be corrected or restated after being notified by the competent authority, the corrected or restated figures shall be listed, and the circumstances and reasons shall be indicated.

Note 6: The financial information of the last five years must be checked and approved by accountants.

Note 7: The financial information as at March 31, 2024 has been reviewed by accountants.

Note 8: The resolution of non-distribution for 2023 and the surplus distribution for 2024 are pending.

2. Concise comprehensive income statement

Unit: NTD thousand

Item \ Year	Financial information for the latest Five years (Note 1)					Financial Information for the year by March 31, 2024 (Note 2)
	2019	2020	2021	2022	2023	
Operating revenue	5,000,238	5,093,357	5,319,553	4,834,937	4,138,158	996,894
Operating gross margin	674,830	859,190	626,209	483,224	557,945	128,893
Operating profit and loss	56,714	217,382	45,024	(84,882)	(46,452)	(49,501)
Non-operating revenue and expenses	45,979	(33,748)	31,940	70,031	39,078	60,250
Pre-tax profit	102,693	183,634	76,964	(14,851)	(7,374)	10,749
Net profit of continuing operations for the current period	25,822	86,477	23,906	(161,808)	(133,036)	8,010
Loss of discontinuing operations	0	0	0	0	0	0
Net profit (loss) for the current period	25,822	86,477	23,906	(161,808)	(133,036)	8,010
Other comprehensive profit and loss for the current period (net after tax)	(106,675)	54,877	(25,108)	96,074	(9,261)	47,730
Total comprehensive profit and loss for the current period	(80,853)	141,354	(1,202)	(65,734)	(142,297)	55,740
Net profit attributable to the parent company	30,532	85,706	23,994	(156,567)	(129,394)	8,724
Net profit attributable to non-controlling equity	(4,710)	771	(88)	(5,241)	(3,642)	(714)
Total comprehensive profit and loss attributable to the parent company	(75,749)	140,415	(883)	(60,345)	(141,073)	56,259
Total comprehensive profit and loss attributable to non-controlling equity	(5,104)	939	(319)	(5,389)	(1,224)	(519)
Earnings per share	0.23	0.65	0.18	(1.198)	(0.995)	0.067

* If the Company has prepared individual financial reports, it shall separately prepare a concise individual balance sheet and comprehensive profit and loss statement for the last five years.

* If the financial information of IFRS has been adopted for less than 5 years, Table (2) of the financial information with financial reporting standards of Republic of China adopted shall be prepared separately.

Note 1: The year in which the report has not been verified by an accountant shall be indicated.

Note 2: A company whose shares are listed or traded at the business premises of a securities firm as of the date of publication of the annual report shall disclose the most recent financial information audited or reviewed by an accountant.

Note 3: Loss of discontinuing operations is shown net of income tax.

Note 4: If the financial data should be corrected or restated after being notified by the competent authority, the corrected or restated figures shall be listed, and the circumstances and reasons shall be indicated.

Note 5: The financial information of the last five years must be checked and approved by accountants.

Note 6: The financial information as at March 31, 2024 has been reviewed by accountants.

(II) Concise balance sheet and comprehensive income statements – international financial reporting standards (individual)

1. Concise individual balance sheet

Unit: NTD thousand

Item \ Year		Financial information for the latest Five years (Note 1)					Financial Information for the year by March 31, 2024 (Note 3)
		2019	2020	2021	2022	2023	
Current assets		341,157	600,403	568,142	787,849	961,704	902,581
Real estate, Plant and Equipment (Note 2)		120,409	415,461	473,493	460,553	431,107	443,185
Intangible assets		3,315	6,753	3,764	2,761	1,404	2,569
Other assets (Note 2)		3,812,241	3,938,586	3,946,528	3,251,021	2,784,069	2,880,909
Total assets		4,277,122	4,961,203	4,991,927	4,502,184	4,178,284	4,229,244
Current liabilities	Before distribution	1,442,566	1,911,238	1,891,522	1,786,412	1,455,069	1,371,588
	After distribution	1,482,171	1,977,246	1,924,526	1,786,412	1,455,069	(Note 4)
Non-current liabilities		496,821	610,586	728,564	482,240	630,977	622,893
Total liabilities	Before distribution	1,939,387	2,521,824	2,620,086	2,268,652	2,086,046	1,994,481
	After distribution	1,978,992	2,587,832	2,653,090	2,268,652	2,086,046	(Note 4)
Equity attributed to the parent company		2,337,735	2,439,379	2,371,841	2,233,532	2,092,238	2,234,763
Capital stock		1,320,159	1,320,159	1,320,159	1,320,159	1,320,159	1,320,159
Capital reserves		830,450	831,284	830,637	830,582	830,473	871,834
Retained earnings	Before distribution	260,941	333,888	284,718	107,321	(31,036)	(22,312)
	After distribution	221,336	267,880	251,714	107,321	(31,036)	(Note 4)
Other equity		(73,815)	(45,952)	(63,673)	20,375	17,547	65,082
Treasury stock		0	0	0	(44,905)	(44,905)	0
Non-controlling equity		0	0	0	0	0	0
Total equities	Before distribution	2,337,735	2,439,379	2,371,841	2,233,532	2,092,238	2,234,763
	After distribution	2,298,130	2,373,371	2,338,837	2,233,532	2,092,238	(Note 4)

* If the Company has prepared individual financial reports, it shall separately prepare a concise individual balance sheet and comprehensive profit and loss statement for the last five years.
* If the financial information of IFRS has been adopted for less than 5 years, Table (2) of the financial information with financial reporting standards of Republic of China adopted shall be prepared separately.

Note 1: The year in which the report has not been verified by an accountant shall be indicated.
Note 2: For those who have handled asset revaluation in the current year, the date of handling and the amount of revaluation shall be stated.
Note 3: A company whose shares are listed or traded at the business premises of a securities firm as of the date of publication of the annual report shall disclose the most recent financial information audited or reviewed by an accountant.
Note 4: The above figure after distribution shall be filled in according to the resolution of the Board of Directors or the next annual shareholders' meeting.
Note 5: If the financial data should be corrected or restated after being notified by the competent authority, the corrected or restated figures shall be listed, and the circumstances and reasons shall be indicated.
Note 6: The financial information of the last five years must be checked and approved by accountants.
Note 7: The financial information as at March 31, 2024 has been reviewed by accountants.
Note 8: The resolution of non-distribution for 2023 and the surplus distribution for 2024 are pending.

2. Concise individual comprehensive income statement

Unit: NTD thousand

Item \ Year	Financial information for the latest Five years (Note 1)					Financial Information for the year by March 31, 2024 (Note 2)
	2019	2020	2021	2022	2023	
Operating revenue	933,716	1,256,261	1,161,025	1,019,369	1,140,190	306,526
Operating gross margin	126,077	115,213	58,259	78,230	117,588	54,020
Operating profit and loss	(117,539)	(150,150)	(221,940)	(200,532)	(163,171)	(63,577)
Non-operating revenue and expenses	175,607	285,365	252,328	163,347	118,600	70,264
Pre-tax profit	58,068	135,215	30,388	(37,185)	(44,571)	6,687
Net profit of continuing operations for the current period	30,532	85,706	23,994	(156,567)	(129,394)	8,724
Loss of discontinuing operations	0	0	0	0	0	0
Net profit (loss) for the current period	30,532	85,706	23,994	(156,567)	(129,394)	8,724
Other comprehensive profit and loss for the current period (net after tax)	(106,281)	54,709	(24,877)	96,222	(11,679)	47,535
Total comprehensive profit and loss for the current period	(75,749)	140,415	(883)	(60,345)	(141,073)	56,259
Net profit attributable to the parent company	30,532	85,706	23,994	(156,567)	(129,394)	8,724
Net profit attributable to non-controlling equity	0	0	0	0	0	0
Total comprehensive profit and loss attributable to the parent company	(75,749)	140,415	(883)	(60,345)	(141,073)	56,259
Total comprehensive profit and loss attributable to non-controlling equity	0	0	0	0	0	0
Earnings per share	0.23	0.65	0.18	(1.198)	(0.995)	0.067

* If the Company has prepared individual financial reports, it shall separately prepare a concise individual balance sheet and comprehensive profit and loss statement for the last five years.

* If the financial information of IFRS has been adopted for less than 5 years, Table (2) of the financial information with financial reporting standards of Republic of China adopted shall be prepared separately.

Note 1: The year in which the report has not been verified by an accountant shall be indicated.

Note 2: A company whose shares are listed or traded at the business premises of a securities firm as of the date of publication of the annual report shall disclose the most recent financial information audited or reviewed by an accountant.

Note 3: Loss of discontinuing operations is shown net of income tax.

Note 4: If the financial data should be corrected or restated after being notified by the competent authority, the corrected or restated figures shall be listed, and the circumstances and reasons shall be indicated.

Note 5: The financial information of the last five years must be checked and approved by accountants.

Note 6: The financial information as at March 31, 2024 has been reviewed by accountants.

(III) CPA and audit opinions for the last five years

Year	CPA firm	Names of CPAs	Audit opinions
2019	KPMG Taiwan	Mei-Yen, Chen、Yu-Feng, Hsu	Unqualified opinion
2020	KPMG Taiwan	Mei-Yen, Chen、Yu-Feng, Hsu	Unqualified opinion
2021	KPMG Taiwan	Mei-Yen, Chen、Yu-Feng, Hsu	Unqualified opinion
2022	KPMG Taiwan	Mei-Yen, Chen、Yu-Feng, Hsu	Unqualified opinion
2023	KPMG Taiwan	Yen-Ta,Su、Mei-Yen, Chen	Unqualified opinion

II. Five-Year Financial Analysis

(I) Financial analysis of the last five years-IFRS (Consolidated)

Analysis item	Year (Note 1)	Financial analysis of the last five years (Note 1) 2019	2020	2021	2022	2023	For the current year as at March 31, 2024 (Note 1)
Financial structure	Liabilities to assets ratio (%)	54.81	59.21	58.90	56.37	60.69	57.87
	Ratio of long-term funds to real estate, plant and equipment (%)	342.75	289.41	299.10	284.18	384.95	404.99
Solvency	Current ratio (%)	168.77	155.97	163.47	160.36	205.39	222.92
	Quick ratio (%)	147.32	132.84	135.37	136.07	182.25	200.83
	Interest coverage ratio	5.67	8.69	4.46	0.47	0.74	2.50
Operation ability	Receivables turnover (times)	3.34	2.88	2.91	3.19	3.10	3.19
	number of days' sales in receivables	109	127	125	114	118	114
	Inventory turnover ratio (times)	8.13	8.37	7.49	7.52	8.03	9.40
	Payables turnover (times)	8.50	7.59	7.87	8.80	7.33	7.41
	Average days of sales	45	44	49	49	45	39
	Real estate, plant and equipment turnover rate (times)	5.50	5.17	4.87	4.64	4.42	4.61
	Turnover of total assets (times)	0.99	0.91	0.90	0.88	0.79	0.75
Profitability	Return on assets (%)	0.96	1.88	0.70	(2.45)	(2.04)	1.08
	Return on equity (%)	1.27	3.57	0.99	(6.74)	(5.94)	1.60
	Ratio of net profit before tax to paid-in capital (%)	7.78	13.91	5.83	(1.12)	(0.56)	3.26
	Net profit ratio (%)	0.52	1.70	0.45	(3.35)	(3.21)	0.80
	Earnings per share (NT$)	0.23	0.65	0.18	(1.198)	(0.995)	0.067
Cash flow	Cash flow ratio (%)	13.21	5.12	9.28	14.02	18.97	0.58
	Cash flow allowance ratio (%)	125.58	94.23	77.31	84.07	106.25	105.02
	Cash reinvestment ratio (%)	5.30	2.01	3.26	5.76	6.63	0.18
leverage	Operating leverage	5.97	2.20	6.69	(Note 6)	(Note 6)	(Note 6)
	Financial leverage	1.63	1.12	1.98	(Note 6)	(Note 6)	(Note 6)

* If the Company has prepared individual financial reports, it should prepare analysis of individual financial ratio.

* If the financial information of IFRS has been adopted for less than 5 years, Table (2) of the financial information with financial reporting standards of Republic of China adopted shall be prepared separately.

Note 1: The year in which the report has not been verified by an accountant shall be indicated.

Note 2: A company whose shares are listed or traded at the business premises of a securities firm as of the date of publication of the annual report shall disclose the most recent financial information audited or reviewed by an accountant.

Note 3: Please refer to page 100 for the above formula and related instructions.

Note 4: Information for the last five years has been verified by accountants. Financial information for the year by March 31, 2024 has been verified by accountants.

Note 5: This ratio is not applicable because net profit before income tax and interest expense is negative and does not meet the definition of interest cover ratio.

Note 6: As operating profit is negative and does not meet the definition of operating leverage analysis, this ratio is not applicable.

Note 7: If the Company's shares are non-denomination or denomination per share is not NT$10, the previous calculation of the paid-in capital ratio will be changed to the equity ratio attributable to the parent company on the balance sheet.

Reasons for changes in financial ratios in the last two years: (Changes of less than 20% are exempt from analysis)

Analysis Item		2022	2023	Variance Ratio	Explanations
Financial Structure	Liabilities to assets ratio (%)	56.37	60.69	8%	
	Ratio of long-term funds to real estate, plant and equipment (%)	284.18	384.95	35%	Main reason: the increase in other non-current liabilities by NT$657 million in 2023.
Solvency	Current ratio (%)	160.36	205.39	28%	Main reason: current assets increased by 406 million and short-term borrowings decreased by NT$330 million in 2023,.
	Quick ratio (%)	136.07	182.25	34%	
	Interest coverage ratio	0.47	0.74	57%	Main reason: the decrease of NT$7 million in pre-tax net loss in 2023 compared with 2022.
Operation Ability	Receivables turnover (times)	3.19	3.10	-3%	
	number of days' sales in receivables	114	118	3%	
	Inventory turnover ratio (times)	7.52	8.03	7%	
	Payables turnover (times)	8.80	7.33	-17%	
	Average days of sales	49	45	-6%	
	Real estate, plant and equipment turnover rate (times)	4.64	4.42	-5%	
	Turnover of total assets (times)	0.88	0.79	-10%	
Profitability	Return on assets (%)	(2.45)	(2.04)	-17%	
	Return on equity (%)	(6.74)	(5.94)	-12%	
	Ratio of net profit before tax to paid-in capital (%)	(1.12)	(0.56)	-50%	Main reason: the decrease of NT$7 million in pre-tax net loss in 2023 compared with 2022.
	Net profit ratio (%)	(3.35)	(3.21)	-4%	
	Earnings per share (NTD)	(1.198)	(0.995)	-17%	
Cash Flow	Cash flow ratio (%)	14.02	18.97	35%	Main reason: the increase in net cash inflow from operating activities in 2023 compared with 2022.
	Cash flow allowance ratio (%)	84.07	106.25	26%	
	Cash reinvestment ratio (%)	5.76	6.63	15%	
Leverage	Operating leverage	NA	N/A	NA	Net operating loss for year 2023 and 2022.
	Financial leverage	NA	N/A	NA	

(2) Financial analysis of the last five years- IFRS (Individual)

Analysis item \ Year (Note 1)		Financial Analysis of the last five years					For the current year as at March 31, 2024 (Note 1)
		2019	2020	2021	2022	2023	
Financial Structure	Liabilities to assets ratio (%)	45.34	50.83	52.49	50.39	49.93	47.16
	Ratio of long-term funds to real estate, plant and equipment (%)	2354.11	734.12	654.79	589.68	631.68	644.80
Solvency	Current ratio (%)	23.65	31.41	30.04	44.10	66.09	65.81
	Quick ratio (%)	17.72	25.24	21.93	36.85	54.64	57.25
	Interest coverage ratio	4.34	7.58	2.57	(Note 7)	(Note 7)	2.01
Operation Ability	Receivables turnover (times)	5.61	4.33	2.97	2.88	3.03	2.98
	number of days' sales in receivables	65	84	123	127	120	123
	Inventory turnover ratio (times)	9.00	11.70	8.60	7.36	7.73	7.98
	Payables turnover (times)	3.81	2.76	2.13	1.98	2.27	2.53
	Average days of sales	41	31	42	50	47	46
	Real estate, plant and equipment turnover rate (times)	8.26	4.69	2.61	2.18	2.56	2.80
	Turnover of total assets (times)	0.23	0.27	0.23	0.21	0.26	0.29
Profitability	Return on assets (%)	1.09	2.21	0.79	(2.88)	(2.51)	1.33
	Return on equity (%)	1.28	3.59	1.00	(6.80)	(5.98)	1.61
	Ratio of net profit before tax to paid-in capital (%)	4.40	10.24	2.30	(2.82)	(3.38)	2.03
	Net profit ratio (%)	3.27	6.82	2.07	(15.36)	(11.35)	2.85
	Earnings per share (NT$)	0.23	0.65	0.18	(1.198)	(0.995)	0.067
Cash Flow	Cash flow ratio (%)	1.03	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)
	Cash flow allowance ratio (%)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)
	Cash reinvestment ratio (%)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)
Leverage	Operating leverage	(Note 6)	(Note 6)	(Note 6)	(Note 6)	(Note 6)	(Note 6)
	Financial leverage	0.87	0.88	0.92	(Note 6)	(Note 6)	(Note 6)

* If the Company has prepared individual financial reports, it should prepare analysis of individual financial ratio.

* If the financial information of IFRS has been adopted for less than 5 years, Table (2) of the financial information with financial reporting standards of Republic of China adopted shall be prepared separately.

Note 1: The year in which the report has not been verified by an accountant shall be indicated.

Note 2: A company whose shares are listed or traded at the business premises of a securities firm as of the date of publication of the annual report shall disclose the most recent financial information audited or reviewed by an accountant.

Note 3: Please refer to page 100 for the above formula and related instructions.

Note 4: Information for the last five years has been verified by accountants. Financial information for the year by March 31, 2024 has been verified by accountants.

Note 5: As net cash flows from operating activities are outflows, which do not meet the definition of cash flow analysis, this ratio is not applicable.

Note 6: As operating profit is negative and does not meet the definition of operating leverage analysis, this ratio is not applicable.

Note 7: This ratio is not applicable because net profit before income tax and interest expense is negative and does not meet the definition of interest cover ratio.

Note 8: If the Company's shares are non-denomination or denomination per share is not NT$10, the previous calculation of the paid-in capital ratio will be changed to the equity ratio attributable to the parent company on the balance sheet.

Reasons for changes in financial ratios in the last two years: (Exempted from analysis if the change is less than 20%)

Analysis Item		2022	2023	Variance Ratio	Explanations
Financial Structure	Liabilities to assets ratio (%)	50.39	49.93	-1%	
	Ratio of long-term funds to fixed assets (%)	589.68	631.68	7%	
Solvency	Current ratio (%)	44.10	66.09	50%	Main reason: current assets in 2023 increased.
	Quick ratio (%)	36.85	54.64	48%	
	Interest coverage ratio	NA	NA	NA	
Operation Ability	Receivables turnover (times)	2.88	3.03	5%	
	number of days' sales in receivables	127	120	-5%	
	Inventory turnover ratio (times)	7.36	7.73	5%	
	Payables turnover (times)	1.98	2.27	14%	
	Average days of sales	50	47	-5%	
	Turnover of fixed assets (times)	2.18	2.56	17%	Main reason: net sales increase in 2023
	Turnover of total assets (times)	0.21	0.26	22%	
Profitability	Return on assets (%)	(2.88)	(2.51)	-13%	Main reason: net loss after tax in 2023.
	Return on shareholders' equity (%)	(6.80)	(5.98)	-12%	
	Ratio of net profit before tax to paid-in capital (%)	(2.82)	(3.38)	20%	
	Net profit ratio (%)	(15.36)	(11.35)	-26%	
	Earnings per share (NTD)	(1.198)	(0.995)	-17%	
Cash Flow	Cash flow ratio (%)	NA	NA	NA	
	Cash flow allowance ratio (%)	NA	NA	NA	
	Cash reinvestment ratio (%)	NA	NA	NA	
Leverage	Operating leverage	NA	NA	NA	
	Financial leverage	NA	NA	NA	

Calculating formula using IFRS as follow:

1. Financial structure
   (1) Liabilities to assets ratio = total liabilities / total assets.
   (2) Ratio of long-term funds to real estate, plant and equipment = (total equity + non-current liabilities) / net of real estate, plant and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
   (3) Interest cover ratio = net profit before income tax and interest expense / interest expense for the current period.
3. Operation ability
   (1) Turnover of receivables (including accounts receivable and notes receivable arising from operations) = net sales / average receivables (including accounts receivable and notes receivable arising from operations) balance for each period.
   (2) Number of days' sales in receivables= 365 / turnover of receivables.
   (3) Inventory turnover = Cost of goods sold / average inventory.
   (4) Payables turnover (including accounts payable and notes payable arising from operations) = Cost of sales / average payables (including accounts payable and notes payable arising from operations) balance for each period.
   (5) Average days of sales = 365 / inventory turnover.
   (6) Turnover of real estate, plant and equipment = Net sales / Average net real estate, plant and equipment.
   (7) Total assets turnover = net sales / average total assets.
4. Profitability
   (1) Return on assets = [profit and loss after tax + interest expense × (1 - tax rate)] / average total assets.
   (2) Return on equity = after-tax profit and loss / average total equity.
   (3) Net profit ratio = after-tax profit and loss / net sales.
   (4) Earnings per share = (Profit and loss attributable to the parent company - special stock dividends) / weighted average number of shares issued. (Note 1)
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
   (2) Net cash flow allowance ratio = Net cash flow from operating activities of the last five years / the last five years (capital expenditure + inventory increase + cash dividends).
   (3) Cash reinvestment ratio = (Net cash flow from operating activities - cash dividends) / (gross real estate, plant and equipment + long-term investments + other non-current assets + working capital). (Note 2)
6. Leverage
   (1) Operating leverage = (Net operating revenue - variable operating costs and expenses) / operating profit (Note 3).
   (2) Financial leverage = operating profit / (operating profit - interest expense).

Note 1: In calculating the above earnings per share, special attention should be paid to the following matters:

1. Based on the weighted average number of common shares and not on the number of shares outstanding at year-end.
2. Where there is capital increase by cash or trade on treasury stock, the period in circulation shall be taken into account, and the weighted average number of shares shall be calculated.
3. Where there is surplus to capital increase or capital reserve to capital increase, in calculating the earnings per share of previous years and half years, it shall be adjusted retroactively according to the proportion of capital increase, without the issuance period of the capital increase taken into account.
4. If the special shares are non-convertible cumulative special shares, the dividends (whether paid or not) for the current year shall be deducted from the net profit after tax or added to net profit after tax. If the special shares are non-cumulative, the special share dividend shall be deducted from the net profit after tax if there is net profit after tax; if there is a loss, adjustment is not needed.

Note 2: In measuring cash flow analysis, special attention should be paid to the following:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows.
2. Capital expenditure refers to the annual cash outflow from capital investment.
3. The increase in inventory is credited only when the ending balance is greater than the beginning balance, and zero if the year-end inventory is reduced.
4. Cash dividends include those on common and special shares.
5. Gross real estate, plant and equipment refer to the total amount of real estate, plant and equipment before deduction of accumulated depreciation.

Note 3: The issuer shall classify various operating costs and operating expenses as fixed and variable by nature. If there is any estimation or subjective judgment involved, the issuer shall pay attention to its rationality and maintain consistency.

Note 4: If the Company's shares are non-denomination or denomination per share is not NT $10, the previous calculation of the paid-in capital ratio will be changed to the equity ratio attributable to the parent company on the balance sheet.

III.Audit Committee’s Review Report

Megaforce Company Limited

Audit Committee’s Review Report

The Board of Directors has prepared the Company’s 2023 Business Report, the Parent Company Only Financial Statements and Consolidated Financial Statements, and Loss Appropriation Proposal. The Parent Company Only Financial Statements and Consolidated Financial Statements have been audited and attested by CPA Yen-Ta, Su and CPA Mei-Yen, Chen of KPMG in Taiwan. The aforementioned documents have been reviewed by the Audit Committee members in accordance with the relevant provisions of the Securities and Exchange Act and the Company Act and with a report prepared and presented for your reference.

Convener of the Audit Committee
Hai-Pang, Chiang

March 15, 2024

IV. Consolidated Financial Statements

Latest annual financial report, including accountant's audit report, two-year balance sheet, comprehensive income statement, statement of changes in equity, cash flow statement and notes or attached tables

Please refer to pages 116 to 187.

V. Non-Consolidated Financial Statements

Individual financial report of the Company (excluding the list of important accounting items) of the latest year verified and approved by accountants

Please refer to pages 188 to 255.

VI.Financial Difficulties

The impact of financial difficulties on the financial situation of the Company and its affiliated enterprises in the latest year and up to the date of publication of the annual report

None.

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

I. Financial Status

(I) Main reasons and effects of major changes in assets, liabilities and equity in the last two years

Unit: NTD thousand

Item \ Year	2022	2023	Variance	
			Amount	Percentage %
Current Assets	3,711,614	4,117,921	406,307	11%
Real Estate, Plant and Equipment	999,601	871,598	(128,003)	-13%
Intangible Assets	62,338	36,727	(25,611)	-41%
Other Assets	381,723	333,842	(47,881)	-13%
Total Assets	5,155,276	5,360,088	204,812	4%
Current Liabilities	2,314,567	2,004,891	(309,676)	-13%
Non-current Liabilities	591,291	1,248,076	656,785	111%
Total Liabilities	2,905,858	3,252,967	347,109	12%
Capital Stock	1,320,159	1,320,159	0	0%
Capital Reserves	830,582	830,473	(109)	0%
Retained Earnings	107,321	(31,036)	(138,357)	-129%
Total Shareholders' Equity	2,249,418	2,107,121	(142,297)	-6%

Explanation of major change items (the change rate in the previous and later periods is more than 20%, and the amount exceeds NT$10 million):

1. Intangible assets: main reason:the recognition of goodwill impairment losses in 2023.
2. Non-current liabilities: main reason: the first phase of compensation for policy relocation received by the Shanghai subsidiary in 2023.
3. Retained surplus: mainly due to the loss in 2023.

(II) If the impact is significant, its future response plan: Not applicable.

II. Operating Results

(I) Main reasons for major changes in operating revenue, net operating profit and net profit before tax in the last two years

Table of Comparative Analysis of Operating Results

Unit: NTD thousand

Item \ Year	2022	2023	Increase or decrease in amount	Change percentage (%)
Operating revenue	4,834,937	4,138,158	(696,779)	-14%
Operating costs	4,351,713	3,580,213	(771,500)	-18%
Operating gross margin	483,224	557,945	74,721	15%
Operating expenses	568,106	604,397	36,291	6%
Net operating profit (loss)	(84,882)	(46,452)	38,430	-45%
Non-operating revenue and expenses	70,031	39,078	(30,953)	-44%
Net profit (loss) before tax	(14,851)	(7,374)	7,477	-50%
Income tax expense	146,957	125,662	(21,295)	-14%
Net profit (loss) for the current period	(161,808)	(133,036)	28,772	-18%
Other comprehensive profit and loss (net after tax)	96,074	(9,261)	(105,335)	-110%
Total comprehensive profit and loss for the current period	(65,734)	(142,297)	(76,563)	116%

Description of major change projects (If the change rate of the previous and later periods is more than 20% and the amount exceeds NT$10 million):

1. Decrease in net operating loss: mainly due to increase in main operating profit.
2. Decrease in non-operating revenue and expenses: mainly due to increase in impairment losses on non-financial assets and decrease in exchange gains.
3. Decrease in net loss before tax: mainly due to the increase in operating gross margin.
4. Decrease in other comprehensive profit and loss (net after tax) and total comprehensive profit and loss for the current period: mainly due to the decrease in the exchange variance in the conversion of financial reports of foreign operating entities caused by exchange rate fluctuations.

(II) Expected sales volume and its basis

The Company’s expected sales volume is based on the overall industry environment and market supply and demand, as well as its own production capacity and business development. However, the company has not disclosed its financial forecast for 2024, and the product categories are diverse and the units are different, making it difficult to present them one by one, so it does not intend to disclose the expected sales volume.

(III) The possible impact on the Company’s financials and business in the future, and the response plan.

Continue to control costs and strengthen operation and management. In addition, the company will continue to develop new businesses such as niche products related to AI applications and biomedicine, and strengthen the global layout to improve its overall competitiveness and corporate value.

III. Cash Flow

(I) Analysis and explanation of changes in cash flow in the latest year and improvement plan for insufficient liquidity

Unit: NTD thousand

Cash Balance at the beginning of the period	Net Cash Flow from Operating Activities for the year	Net Cash Flow from Investment and Financing Activities for the year	Amount of Cash Surplus (shortfall)	Remedial Measures for Cash Shortfall	
				Investment Planing	Financial Planning
1,756,579	380,287	15,102	2,133,533	N/A	N/A

- The net cash inflow from operating activities in 2023 was NT$380,287 thousand, of which, In addition to the income and loss of NT$249,097 thousand, the rest were mainly due to the decrease of NT$89,467 thousand in accounts receivable, the decrease in inventory by NT$99,542 thousand, the increase in accounts payable by NT$27,001 thousand, and the payment of income tax of NT$75,838 thousand.
- The net cash inflow from investment activities in 2023 was NT$332,794 thousand, mainly due to the Shanghai subsidiary received the first phase of policy relocation compensation of NT$562,540 thousand,and other financial assets decreased by NT$218,570 thousand (taken as a 3-year certificate of deposit).
- The net cash outflow from financing activities in 2023 years was NT$317,692 thousand, mainly due to the net decrease of long-term and short-term borrowings of NT$203,000 thousand, repaid corporate debt of NT$30,000 thousand and lease principal of NT$59,447 thousand.

(II) Cash liquidity analysis for the next year

- Operating activities: Operating conditions remained stable in 2024. Accounts receivable and inventory were continuously controlled to maintain a stable net cash inflow from operating activities.
- Investment activities: In response to the development of new businesses, we will continue to implement investment plans in 2024. However, affected by the overall environment, we will prudently and conservatively control capital outflows to save the company's operating costs.
- Financing activities: We will adopt the most favorable financing scheme depending on the actual operating conditions and investment needs and take into account market conditions.
- Measures to make up for projected cash flow shortfall and flow analysis: None.

IV. Major Capital Expenditures

Impact of significant capital expenditure on financials and business In the most recent year : None.

V. Investment Policy

Reinvestment policy for the latest year, main reasons for profit or loss, improvement plan and investment plan for the next year

(I) Reinvestment policy of the Company

The decision-making authority of the Company makes reinvestment based on operational needs or the consideration of the Company’s future growth and other factors. The demand department proposes an investment plan and makes a detailed evaluation of the organizational type, investment purpose, and location of new business, market conditions, business development, possible joint venture objects, shareholding ratio, reference price and financial status. The demand department reviews the completeness and rationality of the plan together with the Group’s financial accounting department, and prepares an investment proposal evaluation table for the decision-making authority to use as the basis for investment decisions. In addition, for the invested businesses, the Company also keeps track of the operating status, analyzes the investment results, and helps the decision-making authorities to track and evaluate as part of post-investment management.

(II) Main reasons for profits or losses

Up to now, the operations of the major reinvestment businesses are still stable, but due to different customer portfolios and business strategy considerations, there are profits for some businesses and losses for others.

(III) Improvement plan and investment plan for the next year

In response to changes in the external environment, the Company has carried out resource integration and organizational adjustment. In the next year, the market development for biomedical business of material products and AI-related product application will continue to be promoted with increased investment.

VI. Risk Management

(I) The impact of interest rate, exchange rate fluctuations and inflation on the Company's profit and loss, and future countermeasures

1. Interest rate fluctuations

Impact

In the last two years, the interest on the Company's bank loans accounted for approximately 0.50% to 0.60% of the consolidated revenue. With other variables remaining unchanged, if the annual bank interest rate increased or decreased by 0.25%, the annual net pre-tax income would decrease or increase by approximately NT$2,988 thousand to NT$3,745 thousand, as shown below.

Unit: NTD thousand

Item	2022	2023	Q1 2024
Interest on bank loans	24,069	24,923	6,638
Net operating revenue	4,834,937	4,138,158	996,894
Interest on bank loans/Operating revenue	0.50%	0.60%	0.67%
Balance of long-term and short-term borrowings	1,498,000	1,195,000	1,233,324
The impact of 0.25% change of annual interest rate on profit and loss	3,745	2,988	771

Countermeasures

A. Refer to the research reports and outlooks of domestic and foreign economic research institutions and banks, and the interest rate fluctuations of domestic and foreign indicator markets to grasp the trend of interest rates.

B. Keep good contact and communication with correspondent banks, keep abreast of interest rate changes and strive for preferential interest rates.

C. Make capital plans in advance, reduce financing needs in a timely manner, manage interest expenses effectively, and adjust financing plans promptly to maintain a sound financial structure.

2. Exchange rate changes

Impact

The products of the Company and its subsidiaries mainly sell in the export market and are mostly priced in US dollars and RMB. Therefore, the exchange rate changes of the US dollar and RMB have a great impact on its profit and loss. The Company uses the adjustment of US dollar and RMB assets and liabilities for natural hedging. The Company's needs of working capital will continue to be planned and arranged in advance, and the foreign currency assets and liabilities of each company of the Group will be adjusted promptly to reduce the risk of exchange rate fluctuations.

Unit: NTD thousand

Item	2022	2023	Q1 2024
Net exchange gains and losses	23,193	8,323	9,889
Net operating revenue	4,834,937	4,138,158	996,894
Exchange gains and losses/net revenue	0.48%	0.20%	0.99%
Net operating profit (loss)	(84,882)	(46,452)	(56,102)
Exchange gains and losses/net operating gains (loss)	27.32%	17.92%	17.63%

Countermeasures

A.The business department, in quotation, has taken into account the impact of exchange rate fluctuations on the selling price, and adjusted the product price according to the exchange rate fluctuations to appropriately reflect the fluctuations and ensure the profitability of products.
B.The purchase department and the supplier negotiate a consensus on common sharing of exchange rate risks, and decide whether to renegotiate the transaction price with the supplier according to the range of exchange rate changes.
C.The financial department pay close attention to international financial conditions, obtain the latest information on exchange rate fluctuations, and ask correspondent banks to provide professional consulting services to fully master the trend of exchange rate, and adopt appropriate hedging strategies at appropriate times to reduce exchange rate risks according to the actual capital demand.
D.In the future, natural hedging of foreign exchange positions will continue to be the main strategy for exchange rate risk control, and the positions of foreign currency assets and liabilities will be adjusted promptly to reduce the risk of exchange rate fluctuations.

3. Inflation

Impact

The Company's main business is mold development, and manufacturing and sales of plastic injection molding products. The current inflation has no direct material impact on the Company's profit and loss.

Countermeasures

A. Refer to the statistics of Department of Statistics of the Ministry of Economic Affairs, and the research reports and economic indexes of major economic research institutions and professional investment institutions at home and abroad.
B. Discuss and collect economic data from time to time to provide reference for management decision-making.

(II) Policies for engaging in high-risk and highly leveraged investments, capital loans to others, endorsement guarantee and derivative commodity trading, main reasons for profits or losses, and future countermeasures

The Company has not engaged in high-risk, highly leveraged investment and other transactions in the recent year, being conservative and prudent; the operating procedures for capital loans to others, endorsement guarantee and derivative commodity trading have been formulated in accordance with relevant provisions, and have been implemented in accordingly, and the announcement and declaration have been made regularly in accordance with relevant provisions.

(III) R&D plans and estimated R&D expenses in the future

The Company's R&D plans in the future mainly include:

- Submission of generic product to Canadian and FDA regulatory bodies
- Actuator semi-automation
- Scented pacifier for baby market (customized silicone material for LSR)
- Vein finder medical imaging facility production
- Medical AR imaging system production
- Electrophysiotherapy device home use
- Assembly and testing of the entire intelligent overhead vehicle identification system
- Assembly and testing of smart parking columns and charging piles.
- Smart manufacturing - scientific injection mold temperature monitoring.
- Research and development of new materials - low-shrinkage conductive PEEK material, thermal conductive PA material, high-rigidity wear-resistant PPS/PTFE material.
- Complete Compact LCOS 1.5 CC OE for AR Glasses sample
- MP compact LCOS 3.8CC optical engine for AR Glasses
- Completed LBS 720p samples
- Develop Retinal Imaging Display device and MP

The Company is expected to invest NT$170 million in R&D in 2024.

(IV) The impact of important domestic and foreign policy and legal changes on the Company's financials and business, and the countermeasures

The "Medical Devices Act," which was passed on January 15, 2020 and implemented on May 1, 2021, removed the management of medical devices from the past "Pharmaceutical Affairs Act," and added the establishment of product source and flow information, electronic registration of some low-risk medical devices, flexible approval of license validity period and active notification obligation of industry players, etc. This new act not only accelerates the process of product marketing, benefits patients, but also promotes the development of the industry and improves the management system of medical devices, which is of great importance to the operation and development of the Company's biomedical department.

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

In the environment of rapid industrial development and change, we can only seek differentiation and strengthen core competitiveness to develop blue ocean technology, products and markets. Therefore, the Company actively participates in various industrial exhibitions at home and abroad, and jointly develops new technologies and products with strategic customers to enhance our adaptability of the environment. In addition, the Company integrates internal technology of mechanical optical electronics software and hardware to establish synergy and core capabilities, and fully communicate with research institutes or universities to jointly develop the latest technology to enhance competitiveness in the future market.

In response to the increasing impact of information and communications security risks on businesses, information security management is implemented through processes such as strengthening concepts, prevention, behavior recording, proactive early warning and regular audit, so that the Company can operate , and protect customer data and the Company's intellectual property. The Company set up a Group information department responsible for information security management, and formulating information security policies according to the actual internal management needs. In addition, with the information security inspection, information personnel regularly participate in external seminars to understand the information security problems and preventive measures, increase the knowledge and practice of information security, and promote the awareness of information protection with all colleagues, and issue information security notice from time to time, so as to improve preventive measures of the relevant departments and colleagues.

(VI) The impact of corporate image change on corporate crisis management and countermeasures

The Company adheres to the core value of broadness, innovation, promptness, sincerity and teamwork to treat every employee and serve customers, enjoys a good corporate image, and has won a good reputation. There is nothing that harms the corporate image.

(VII) Expected benefits, possible risks and countermeasures of merger and acquisition: no such circumstances, it is not applicable.

(VIII) Expected benefits, possible risks and countermeasures of expansion of the plant: no such circumstances, it is not applicable.

(IX) Risks arising from concentration of purchase or sale of goods, and countermeasures

The largest supplier accounted for 8.79% and 8.97% of the total purchase amount in 2023 and 2022 respectively. There is no over-concentration of purchases.

The sales value the Company's largest customer in 2023 and 2022 accounted for 47.99% and 55.69% of the total annual net sales respectively. To avoid high sales concentration, in addition to continuously evaluating the financial situation and operating situation of customers, the Company actively develop other customers to disperse the risk of high sales concentration.

(X) The impact, risks and countermeasures of a mass transfer or replacement of shares of directors, supervisors or major shareholders holding more than 10% of the shares in the Company: no such circumstances, it is not applicable.

(XI)The impact of the change of management right on the Company, risks and countermeasures: no such circumstances, it is not applicable.

(XII) Litigation or non-litigation matters

The relevant information shall be disclosed of any major litigation, non-litigation or administrative litigation that has been determined or is still pending in the latest year and as of the date of publication of the annual report, involving the Company and its directors, supervisors, general manager, substantial responsible persons, major shareholders holding more than 10% of the shares and affiliated companies, and the outcome of which may have a material impact on the rights and interests of shareholders or the price of securities of the Company: no such case.No such event has ever occurred.

(XIII) Other important risks and countermeasures: None.

VII. Other Important Matters: None.

VIII. Other Special Notes

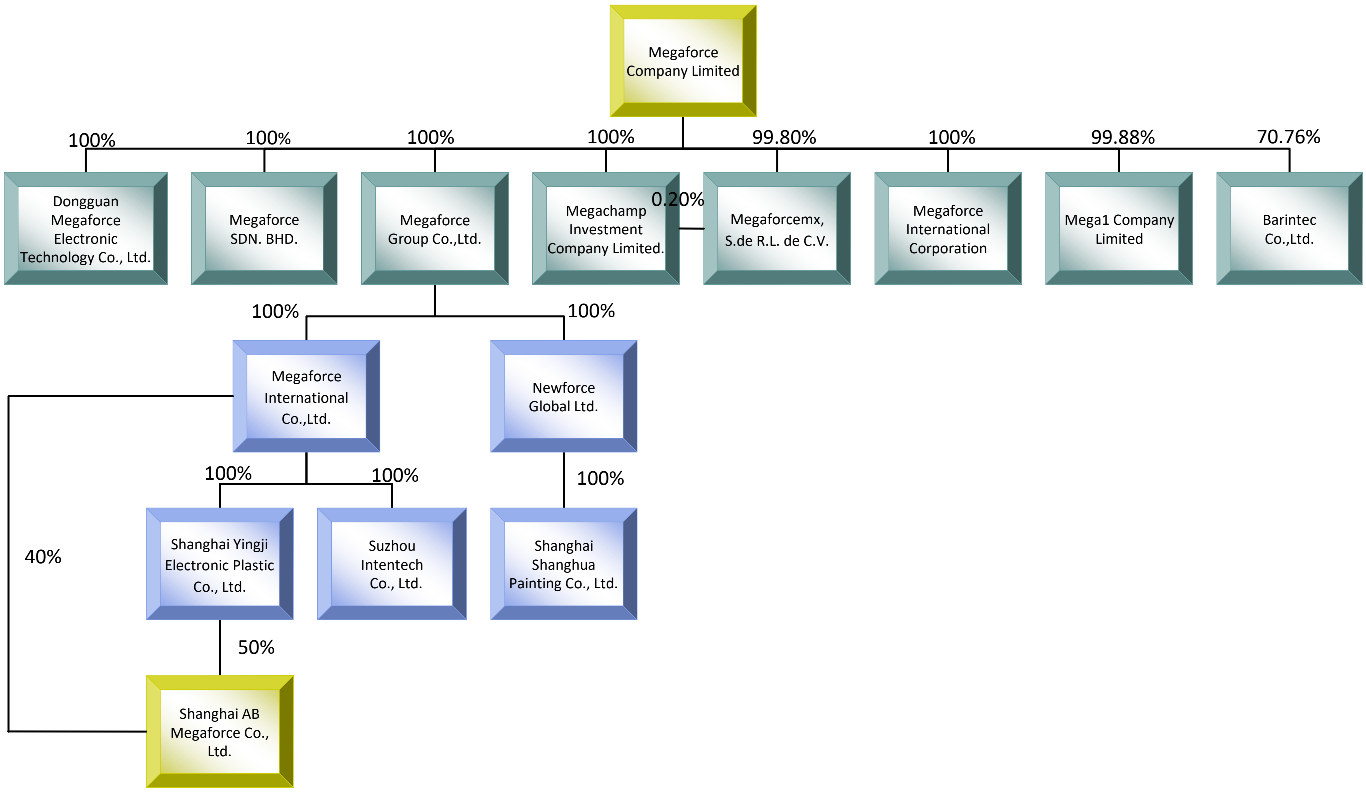
I. Affiliated Companies

(I) Consolidated business report of the related enterprises

1. Overview of Related Enterprises

(1) Organizational chart of related enterprises

Dec. 31, 2023



Entities presumed to have control and subordinate relations according to Item 3 of Article 369 of the Company Act: none.

(2) Basic information of related enterprises

December 31, 2023; Unit: NTD thousand

Company name	Date of establishment	Address	Amount of paid-in capital	Main business or production items
Megaforce Group Co., Ltd.	October 9, 2002	No.5, Zihciang St.Tucheng Dist., NewTaipei City, Taiwan,R.O.C.	492	Holding company
Megaforce International Co., Ltd.	October 31, 2002	No.5, Zihciang St.Tucheng Dist., NewTaipei City, Taiwan,R.O.C.	144,455	Holding company
Newforce Global Ltd.	January 8, 2003	No.5, Zihciang St.Tucheng Dist., NewTaipei City, Taiwan,R.O.C.	615	Holding company
Megachamp Investment Company Limited.	June 11, 2013	9F., No. 15, Section 2, Zhonghua Road, Xinzhuang District, New Taipei City	5,000	Holding company
Mega1 Company Limited	December 17, 2015	14F., No. 16 Jian 8th Road, Zhonghe District, New Taipei City	100,000	Optical component manufacturing
Megaforce International Corporation	February 13, 2019	4355 W. Emerald Street, Suite 110 Boise, Idaho 83706	9,221	Buying and selling of goods
Megaforcemx, S.de R.L. de C.V.	August 26, 2016	PIC 1, Blvd Pacífico 7630, Parque Industrial Pacífico, Tijuana BC, México.	461,025	Plastic components and precision molds

Company name	Date of establishment	Address	Amount of paid-in capital	Main business or production items
Megaforce SDN. BHD.	September 18, 2019	Lot 213086, Jalan Industri 1/1, Kawasan Perindustrian Gopeng, Mukim Sg Raya, Daerah Kinla, 31600 Gopeng, Perak	122,940	Plastic components
Barintec Co., Ltd.	October 17, 2018	Keihanna Open Innovation Center, 7-5-1 Seikadai, Seika-cho, Soraku-gun, Kyoto, Japan	7,602	AR and optical technology development and commodity trading
Shanghai Yingji Electronic Plastic Co., Ltd.	December 21, 1993	No. 885 Xinye Road, Qingpu Industrial Park, Shanghai	476,393	Plastic components
Shanghai Shanghua Painting Co., Ltd.	March 12, 2003	No. 900 Xinda Road, Qingpu Industrial Park, Shanghai	61,470	Coating of plastic products
Shanghai AB Megaforce Co., Ltd.	April 11, 2001	No. 930 Xinda Road, Qingpu Industrial Park, Shanghai	113,720	Precision die and mold
Suzhou Intentech Co., Ltd.	February 16, 2006	Xujiang Industrial Park, Xukou Town, Wuzhong District, Suzhou city	998,888	Plastic components
Dongguan Megaforce Electronic Technology Co., Ltd.	November 18, 2016	No. 176 Yinhe North Road, Southwest Village, Shijie Town, Dongguan city	200,546	Plastic components and precision molds

(3) Information on the same shareholders of those presumed to have control and affiliation relations: not applicable.

(4) Industries covered by the business of the overall related enterprises: manufacturing and sales of plastic components and precision molds, optical instrument manufacturing, AR and optical technology development.

(5) Information of directors, supervisors and general managers of each related enterprise

Dec. 31, 2023; Unit: 1,000 shares

Company Name	Job Title	Name or Representative	Holding of Shares	
			Shares	Shareholding Ratio
Megaforce Group Co., Ltd.	Director	Wen-Lin, Hsu	0	0%
Megaforce International Co., Ltd.	Director	Wen-Lin, Hsu	0	0%
Newforce Global Limited	Director	Wen-Lin, Hsu	0	0%
Megachamp Investment Company Limited.	Chairman	Wen-Lin, Hsu	0	0%
Mega1 Company Limited	Chairman	Wen-Lin, Hsu	0	0%
	Director	Tung-Hui, Chiang	0	0%
	Director	Makoto Masuda	0	0%
	Supervisor	Chia-Cheng, Chang	0	0%
Megaforce International Corporation	Director	Wan-Sheng, Hsu	0	0%
	Director	Li-Kai, Chen	0	0%
Megaforcemx, S.de R.L. de C.V.	Director	Ming-Wei, Hsu	0	0%
	Director	Cheng-Yen, Yang	0	0%
	Director	Jui-Sheng, Tsai	0	0%
	General Manager	Ming-Wei, Hsu	0	0%
Megaforce SDN. BHD.	Director	Wen-Lin, Hsu	0	0%
	Director	Hong-Te, Chen	0	0%
Barintec Co., Ltd.	Director	Makoto Masuda	0	0%
	Director	Wen-Lin, Hsu	0	0%
	Director	Wan-Sheng, Hsu	0	0%
Shanghai Yingji Electronic Plastic Co., Ltd.	Chairman	Wen-Lin, Hsu	0	0%
	Director	Tung-Hui, Chiang	0	0%
	Director	Cheng-An, Lee	0	0%
	Supervisor	Chia-Cheng, Chang	0	0%
	General manager	Cheng-An, Lee	0	0%
Shanghai Shanghua Painting Co., Ltd.	Chairman	Wen-Lin, Hsu	0	0%
	Director	Tung-Hui, Chiang	0	0%
	Director	Cheng-An, Lee	0	0%
	Supervisor	Chia-Cheng, Chang	0	0%
	General Manager	Cheng-An, Lee	0	0%

Company name	Job Title	Name or Representative	Holding of Shares	
			Shares	Shareholding Ratio
Shanghai AB Megaforce Co., Ltd.	Chairman	Wen-Lin, Hsu	0	0%
	Director	Chih-Wei, Chang	0	0%
	Director	Ko Tanaka	0	0%
	Supervisor	Chia-Cheng, Chang	0	0%
	General Manager	Chih-Wei, Chang	0	0%
Suzhou Intentech Co., Ltd.	Chairman	Wen-Lin, Hsu	0	0%
	Director	Tung-Hui, Chiang	0	0%
	Director	Tsung-Ho, Ou	0	0%
	Supervisor	Chia-Cheng, Chang	0	0%
	General Manager	Tsung-Ho, Ou	0	0%
Dongguan Megaforce Electronic Technology Co., Ltd.	Chairman	Wen-Lin, Hsu	0	0%
	Director	Tung-Hui, Chiang	0	0%
	Director	Ming-Wei, Hsu	0	0%
	Supervisor	Chia-Cheng, Chang	0	0%
	General Manager	Ming-Wei, Hsu	0	0%

2. Operation overview of each related enterprise

December 31, 2023; Unit: NTD thousand

Company Name	Amount of Paid-in Capital	Total Value of Assets	Total Liabilities	Net Value	Operating Revenue	Operating Profit	Profit and Loss for the current period (after tax)	Earnings Per Share (NTD)
Megaforce Group Co., Ltd.	492	2,248,719	0	2,248,719	0	(376)	337,880	0
Megaforce International Co., Ltd.	144,455	2,100,708	0	2,100,708	0	0	334,661	0
NewForce Global Ltd.	615	107,552	0	107,552	0	0	4,959	0
Megachamp Investment Company Limited.	5,000	2,054	40	2,014	0	(82)	(173)	0
Mega1 Company Limited	100,000	60,837	84,803	(23,966)	21,784	(74,278)	(74,506)	0
Megaforce International Corporation	9,221	27,495	28,047	(552)	86,629	(2,611)	(2,625)	0
Megaforcemx, S.de R.L. de C.V.	461,025	195,569	59,554	136,015	52,877	(57,758)	(57,200)	0
Megaforce SDN. BHD.	122,940	75,930	28,450	47,481	40,943	(18,254)	(17,629)	0
Barintec Co., Ltd.	7,602	4,330	1,196	3,134	2,299	(13,414)	(13,331)	0
Shanghai Yingji Electronic Plastic Co., Ltd.	476,393	2,210,241	915,402	1,294,839	2,279,494	303,874	305,258	0
Shanghai Shanghua Painting Co., Ltd.	61,470	263,289	155,750	107,539	143,594	(1,181)	4,959	0
Shanghai AB Megaforce Co., Ltd.	113,720	236,712	96,715	139,997	100,707	(1,282)	3,451	0
Suzhou Intentech Co., Ltd.	998,888	1,014,520	263,406	751,114	755,285	(11,140)	27,566	0
Dongguan Megaforce Electronic Technology Co., Ltd.	200,546	401,641	152,874	248,767	447,146	(10,372)	(10,246)	0

(II) Consolidated financial statements of related enterprises

As the entities included in the preparation are the same, and the relevant information to be disclosed has been disclosed in the previous financial report, it will not be prepared separately and a statement will be issued. Please refer to pages 116 to 187 for the foregoing financial report and page 115 for the statement.

(III) Relationship Report

安侯建業聯合會計師事務所
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Accountants' Review Opinion

The 2022 annual relationship report of Megaforce Co., Ltd. has been reviewed by the accountant in accordance with the provisions of Letter Tai-Cai-Zheng-(6)-Zi No. 04448 issued by the former Securities and Futures Supervisory Commission of the Ministry of Finance of R.O.C on November 30, 1999. This review is to issue a review opinion on whether the 2023 annual relationship report of Megaforce Co., Ltd. is prepared in accordance with the provisions of the "Standards for the Preparation of Consolidated Business Report of Related Enterprises, Consolidated Financial Statements Of Related Enterprises and Relationship Reports," and whether the disclosed information is materially inconsistent with the relevant information disclosed in the notes to the financial statements of the same period examined by the accountant on March 15, 2024.

According to the results of this accountant's review, it is not found that the preparation of the above relationship report violates the provisions of the "Standards for the Preparation of Consolidated Business Report of Related Enterprises, Consolidated Financial Statements Of Related Enterprises and Relationship Reports," nor is it found that the information disclosed in the aforesaid relationship report is materially inconsistent with the relevant information disclosed in the notes to the financial statements of the same period.

KPMG Taiwan

CPA: Yen-Ta,Su Mei-Yen, Chen

March 15, 2024

1. Overview of the relationship between the affiliated company and the controlling company:

Dec. 31, 2023

Name of Controlling Company	Reasons for Control	Shareholding and Pledging of Controlling Company			Personnel such as Directors, Supervisors or Managers Appointed by Controlling Company	
		Number of Shares Held	Shareholding Ratio	Number of Shares Pledged	Title	Name
Ying fan Investment Co., Ltd.	The same with Chairman	38,983,802	29.52%	0	Director	Le-Li, Lu; Wan-Sheng, Hsu

2. Buying and selling transactions: None.

3. Property transaction: None.

4. Financing: None.

5. Asset lease: None.

6. Endorsement guarantee: None.

II. Private Placement Securities

In the most recent year and up to the date of publication of the annual report, handling of private equity: None.

III. The Shares of the Company Held or Disposed of by the Subsidiaries

Shares held or disposed of by subsidiaries of the Company in the latest year and as of the date of publication of the annual report: None.

IV.Special Notes

In accordance with the provisions of the Letter Zheng-Gui-Jian-Zi No. 1020200236 issued by Taipei Exchange of the Republic of China on March 21, 2013, the Company discloses the outstanding OTC commitments: all the Company’s OTC commitments have been completed.

IX.Events that have a significant impact on shareholders’ rights and interests or securities prices as specified in subparagraph 2, Item 3, Article 36 of the Securities and Exchange Act occur in the most recent year and up to the date of publication of the annual report: None.

Representation Letter

The entities that are required to be included in the combined financial statements of Megaforce Company Limited as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Megaforce Company Limited and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Megaforce Company Limited
Chairman: Wen-Lin Hsu
Date: March 15, 2024

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Independent Auditors' Report

To the Board of Directors of

Megaforce Company Limited:

Opinion

We have audited the consolidated financial statements of Megaforce Company Limited and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year 2023. These matters were addressed in the context of our audit of the consolidated financial statements taken as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters that should be communicated in our report.

1. Inventory valuation

   Please refer to notes (4)(h) to the consolidated financial statements for the accounting policies on the valuation of inventories, note (5)(a)for the uncertainties in accounting estimates and assumptions regarding the valuation of inventories, and note (6)(e) for the provision for losses on decline in value of inventories.

Description of key audit matter:

Inventories are measured at the lower of costs and net realizable values. Due to fierce market competition or change in customer's demands, sales of related products might fluctuate significantly, which could possibly result in an obsolescence of products or no longer meet the market demand, and a significant fluctuation in the sales of the related products, wherein the carrying value of the inventories may exceed its net realizable value. Therefore, the valuation of inventories has been identified as key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included reviewing the lower of inventory and net realizable value assessments and inventory aging schedules provided by the Group; analyzing the fluctuation of inventory aging; evaluating the most recent sales prices used by the management and reviewing subsequent inventory liquidation to assess the reasonableness of the net value of the Group's inventories to verify the accuracy of the management's estimate of the inventory allowance for losses and adequacy of the disclosure.

2. Assessment on impairment of long-term non-financial assets (including goodwill)

Please refer to notes (4)(k) "Impairment of non-financial assets" of the consolidated financial statements for the accounting policies concerning the assessment on impairment of long-term non-financial assets (including goodwill), note (5)(b) for relevant accounting estimates and assumption uncertainty, and note (6)(f)(g)(h) for details on the impairment assessment of long-term non-financial assets (including goodwill).

Description of key audit matter:

The industry in which the Group operates is sensitive to market environment and the assessment on impairment of long-term non-financial assets (including goodwill) is based on management's estimates of recoverable amount. As the assumptions of relevant assessments involve judgement of the management, the assessment on impairment of long-term non-financial assets (including goodwill) has been identified as one of the key audit matters in our audit of the Group's consolidated financial statements.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included assessing whether there are impairment indications for the identified cash-generating units of the Group and its related assets; assessing the reasonableness of assumptions adopted by the management in calculating the recoverable amount, including the main parameters such as cash flow projections and discount rates; comparing the future cash flows projected in the past with the actual results to examine the accuracy of estimates made by the management and conducted sensitivity analysis on key assumptions; reviewing the adequacy of disclosures concerning the assessment on impairment of long-term non-financial assets (including goodwill); and making inquiries with management to ensure that matters having significant influence on impairment assessment did not occur after the reporting date.

Other Matter

Megaforce Company Limited has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Yen-Ta Su and Mei-Yen Chen.

KPMG

Taipei, Taiwan (Republic of China)

March 15, 2024

Notes to Readers

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

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

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

MEGAFORCE COMPANY LIMITED AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note (6)(a))	$ 2,133,533	40	1,756,579	34
1110	Financial assets at fair value through profit or loss—current (note (6)(b))	598	-	-	-
1170	Notes and accounts receivable, net (notes (6)(c), (r) and (7))	1,282,712	24	1,387,041	27
130X	Inventories (note (6)(e))	395,498	8	496,691	10
1476	Other financial assets—current (note (6) (a) (d) and (7))	235,208	4	4,868	-
1479	Other current assets	70,372	1	66,435	1
	Total current assets	4,117,921	77	3,711,614	72
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income—non-current (note (6)(b))	21,460	-	21,460	1
1600	Property, plant and equipment (notes (6)(f) and (8))	871,598	16	999,601	19
1755	Right-of-use assets (note (6)(g))	143,946	3	193,271	4
1780	Intangible assets (notes (6)(h))	36,727	1	62,338	1
1840	Deferred income tax assets (note (6)(o))	130,516	3	141,778	3
1980	Other financial assets—non-current	15,562	-	16,955	-
1990	Other non-current assets	22,358	-	8,259	-
	Total non-current assets	1,242,167	23	1,443,662	28
		$ **5,360,088**	**100**	**5,155,276**	**100**

		December 31, 2023		December 31, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note (6)(j))	$ 690,000	13	1,020,000	20
2110	Short-term notes and bills payable (note (6)(i))	100,000	2	-	-
2120	Financial liabilities at fair value through profit or loss—current (notes (6)(b) and (l))	-	-	285	-
2130	Contract liabilities—current (note (6)(r))	54,076	1	59,229	1
2170	Notes and accounts payable	526,261	10	450,232	9
2200	Other payables (notes (7))	481,390	9	539,041	11
2230	Current income tax liabilities	22,581	-	21,697	-
2280	Lease liabilities—current (note (6)(m))	44,709	1	52,448	1
2321	Current portion of bonds payable (note (6)(l))	-	-	28,907	1
2322	Current portion of long-term debt (notes (6)(k) and (8))	44,097	1	114,764	2
2360	Net defined benefit liability—current (note (6)(n))	6,250	-	6,000	-
2399	Other current liabilities—other	35,527	1	21,964	-
	Total current liabilities	2,004,891	38	2,314,567	45
	Non-current liabilities:				
2540	Long-term debt (notes (6)(k) and (8))	460,903	9	363,236	7
2570	Deferred income tax liabilities (note (6)(o))	114,682	2	75,190	1
2580	Lease liabilities—non-current (note (6)(m))	68,075	1	107,408	2
2640	Net defined benefit liability—non-current (note (6)(n))	41,366	1	45,055	1
2670	Other non-current liabilities (notes (9))	563,050	10	402	-
	Total non-current liabilities	1,248,076	23	591,291	11
	Total liabilities	3,252,967	61	2,905,858	56
	Equity attributable to owners of parent (notes (6)(l) and (p)):				
3100	Common stock	1,320,159	25	1,320,159	26
3200	Capital surplus	830,473	16	830,582	16
3300	Retained earnings(Accumulated deficits)	(31,036)	(1)	107,321	2
3400	Other equity	17,547	-	20,375	1
3500	Treasury shares	(44,905)	(1)	(44,905)	(1)
	Total equity attributable to owners of parent	2,092,238	39	2,233,532	44
36XX	Non-controlling interests	14,883	-	15,886	-
	Total equity	2,107,121	39	2,249,418	44
	Total liabilities and equity	$ **5,360,088**	**100**	**5,155,276**	**100**

See accompanying notes to consolidated financial statements.

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

MEGAFORCE COMPANY LIMITED AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

		2023			2022	
			Amount	%	Amount	%
4000	**Operating revenues (notes (6)(r) and (7))**	$	4,138,158	100	4,834,937	100
5000	**Operating costs (notes (6)(e), (f), (g), (h), (m), (n), (7) and (12))**		3,580,213	87	4,351,713	90
	Gross profit		557,945	13	483,224	10
	Operating expenses (notes (6)(c), (d), (f), (g), (h), (m), (n), (7) and (12)):					
6100	Selling expenses		102,646	2	95,179	2
6200	Administrative expenses		321,330	8	331,772	7
6300	Research and development expenses		180,975	4	139,819	3
6450	Recognized (reversal of) expected credit losses		(554)	-	1,336	-
	Total operating expenses		604,397	14	568,106	12
	Net operating loss		(46,452)	(1)	(84,882)	(2)
	Non-operating income and expenses (notes (6)(h), (l), (m), (t) and (7)):					
7100	Interest income		29,047	1	17,686	1
7020	Other gains and losses, net		38,060	1	80,282	2
7510	Interest expense		(28,029)	(1)	(27,937)	(1)
	Total non-operating income and expenses		39,078	1	70,031	2
7900	**Loss before tax**		(7,374)	-	(14,851)	-
7950	Less: Income tax expenses (note (6)(o))		125,662	3	146,957	3
	Net loss		(133,036)	(3)	(161,808)	(3)
8300	**Other comprehensive income (loss):**					
8310	**Items that will not be reclassified subsequently to profit or loss**					
8311	Remeasurement of defined benefit plans (note (6)(n))		(1,823)	-	15,217	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (notes (6)(p) and (u))		4,800	-	(1,139)	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss (note (6)(o))		(364)	-	3,043	-
	Items that will not be reclassified subsequently to profit or loss		3,341	-	11,035	-
8360	**Items that will be reclassified subsequently to profit or loss**					
8361	Exchange differences on translation of foreign operations (note (6)(p))		(12,602)	-	85,039	2
8399	Income tax related to items that will be reclassified subsequently to profit or loss		-	-	-	-
	Items that will be reclassified subsequently to profit or loss		(12.602)	-	85,039	2
8300	**Other comprehensive income (loss), net**		(9,261)	-	96,074	2
8500	**Total comprehensive income (loss)**	**$**	**(142,297)**	**(3)**	**(65,734)**	**(1)**
	Profit (loss), attributable to:					
8610	Profit (loss), attributable to owners of parent	$	(129,394)	(3)	(156,567)	(3)
8620	Profit (loss), attributable to non—controlling interests		(3,642)	-	(5,241)	-
	Net loss	**$**	**(133,036)**	**(3)**	**(161,808)**	**(3)**
	Comprehensive loss attributable to:					
8710	Comprehensive loss, attributable to owners of parent	$	(141,073)	(3)	(60,345)	(1)
8720	Comprehensive loss, attributable to non—controlling interests		(1,224)	-	(5,389)	-
	Total comprehensive loss	**$**	**(142,297)**	**(3)**	**(65,734)**	**(1)**
	Earnings per share (in New Taiwan dollars) (note (6)(q))					
9750	Basic earnings (loss) per share	**$**	**(0.995)**		**(1.198)**	
9850	Diluted earnings (loss) per share	**$**	**(0.995)**		**(1.198)**	

See accompanying notes to consolidated financial statements.

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

MEGAFORCE COMPANY LIMITED AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
			Retained earnings				Other equity interest					
	Common Stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2022	$ 1,320,159	830,637	55,622	45,952	183,144	284,718	(52,620)	(11,053)	-	2,371,841	21,220	2,393,061
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	1,684	-	(1,684)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	17,721	(17,721)	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(33,004)	(33,004)	-	-	-	(33,004)	-	(33,004)
Net loss	-	-	-	-	(156,567)	(156,567)	-	-	-	(156,567)	(5,241)	(161,808)
Other comprehensive income	-	-	-	-	12,174	12,174	85,187	(1,139)	-	96,222	(148)	96,074
Total comprehensive income	-	-	-	-	(144,393)	(144,393)	85,187	(1,139)	-	(60,345)	(5,389)	(65,734)
Purchase of treasury share	-	-	-	-	-	-	-	-	(44,905)	(44,905)	-	(44,905)
Change in ownership interest in subsidiaries	-	(55)	-	-	-	-	-	-	-	(55)	55	-
Balance at December 31, 2022	1,320,159	830,582	57,306	63,673	(13,658)	107,321	32,567	(12,192)	(44,905)	2,233,532	15,886	2,249,418
Appropriation and distribution of retained earnings:												
Reversal special reserve	-	-	-	(63,673)	63,673	-	-	-	-	-	-	-
Net loss	-	-	-	-	(129,394)	(129,394)	-	-	-	(129,394)	(3,642)	(133,036)
Other comprehensive income	-	-	-	-	(1,459)	(1,459)	(15,020)	4,800	-	(11,679)	2,418	(9,261)
Total comprehensive income	-	-	-	-	(130,853)	(130,853)	(15,020)	4,800	-	(141,073)	(1,224)	(142,297)
Change in ownership interest in subsidiaries	-	(109)	-	-	(112)	(112)	-	-	-	(221)	221	-
Disposal of equity investments measured at fair value through other comprehensive income	-	-	-	-	(7,392)	(7,392)	-	7,392	-	-	-	-
Balance at December 31, 2023	$ 1,320,159	830,473	57,306	-	(88,342)	(31,036)	17,547	-	(44,905)	2,092,238	14,883	2,107,121

See accompanying notes to consolidated financial statements.

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

MEGAFORCE COMPANY LIMITED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Profit (loss) before tax	$ (7,374)	(14,851)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	226,450	246,827
Amortization expense	3,670	3,846
Recognized (reversal of) expected credit loss	(554)	1,336
Net gain on financial assets or liabilities at fair value through profit or los	(3,792)	(5,110)
Interest expense	28,029	27,937
Interest income	(29,047)	(17,686)
Gain on disposal of property, plan and equipment	(5,158)	(915)
Property, plant and equipment reclassified to expenses	3,740	-
Lease modification gains	(485)	-
Impairment loss on non-financial assets	25,495	-
Loss on redemption of convertible bonds	749	-
Total adjustments to reconcile profit (loss)	249,097	256,235
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes and accounts receivable	89,467	272,896
Inventories	99,542	173,167
Other current assets	669	4,758
Other financial assets	(5,762)	487
Other non-current assets	(319)	(541)
Net changes in operating assets	183,597	450,767
Changes in operating liabilities:		
Contract liabilities	(5,563)	(6,319)
Notes and accounts payable	82,118	(95,849)
Other payables	(55,117)	(108,023)
Other current liabilities	14,629	(10,309)
Net defined benefit liability	(5,262)	(10,014)
Net changes in operating liabilities	30,805	(230,514)
Total changes in operating assets and liabilities	214,402	220,253
Total adjustments	463,499	476,488
Cash inflow generated from operations	456,125	461,637
Income taxes paid	(75,838)	(137,148)
Net cash flows from operating activities	380,287	324,489
Cash flows from (used in) investing activities:		
Proceeds from disposals of financial assets at fair value through other comprehensive income	4,800	-
Acquisition of financial assets at fair value through other comprehensive income	-	(15,480)
Proceeds from disposal of financial assets designated at fair value through profit or loss	-	30,000
Acquisition of financial assets at fair value through profit or loss	(625,176)	(2,560,274)
Proceeds from disposal of financial assets at fair value through profit or loss	625,778	2,594,301
Acquisition of property, plant and equipment	(47,577)	(75,704)
Proceeds from disposal of property, plant and equipment	10,027	1,578
Acquisition of intangible assets	(3,577)	(2,671)
Increase in other financial assets	(216,928)	(1,857)
Received in advance due to disposal of assets	562,540	-
Interest received	22,907	16,778
Net cash flows used in investing activities	332,794	(13,329)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	3,649,000	6,895,000
Repayments of short-term borrowings	(3,979,000)	(6,995,000)
Increase in short-term notes and bills payable	190,000	-
Decrease in short-term notes and bills payable	(90,000)	-
Repayments of bonds	(30,000)	-
Increase in long-term debt	126,000	180,000
Repayments of long-term debt	(99,000)	(321,571)
Payments of lease liabilities	(59,447)	(78,715)
Increase (decrease) in other non-current liabilities	115	6
Cash dividends paid	-	(33,004)
Payments to acquire treasury shares	-	(44,905)
Interest paid	(25,360)	(23,818)
Net cash flows used in financing activities	(317,692)	(422,007)
Effect of exchange rate changes on cash and cash equivalents	(18,435)	25,569
Net increase (decrease) in cash and cash equivalents	376,954	(85,278)
Cash and cash equivalents at beginning of period	1,756,579	1,841,857
Cash and cash equivalents at end of period	$ 2,133,533	1,756,579

See accompanying notes to consolidated financial statements.

(1) Company history

Megaforce Company Limited (the "Company"). was incorporated on October 15, 1991, as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of Company's registered office is 1F., No.5, Ziqiang St., Tucheng Dist., New Taipei City 236, Taiwan. The Company and subsidiaries (the "Group") is engaged in the manufacture and sales of plastic injection mold, tooling manufacturing and general import and export trade.

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

These consolidated financial statements were authorized for issue by the Board of Directors on March 15, 2024.

(3) New standards, amendments and interpretations adopted:

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

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

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

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

- Amendments to IAS 12 "International Tax Reform – Pillar Two Model Rules"

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

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

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(Continued)

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (“the IFRSs endorsed by the FSC”).

(b) Basis of preparation

(i) Basis of measurement

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

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

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

3) The defined benefit liabilities is recognized as the present value of the defined benefit obligation less the fair value of the plan assets and the effect of the asset ceiling mentioned in note (4)(n).

(ii) Functional and presentation currency

The functional currency of the Group is determined based on the primary economic environment in which the Group operates. The Company’s consolidated financial statements are presented in New Taiwan Dollars, which is the Company’s functional currency. Except when otherwise indicate, all financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

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

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

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

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

(ii) List of subsidiaries in the consolidated financial statements

			Percentage of ownership		
Name of investor	**Name of subsidiary**	**Principal activity**	**December 31, 2023**	**December 31, 2022**	**Description**
The Company	Megaforce Group Co., Ltd. (Group)	Holding company	100.00%	100.00%	
The Company	Megachamp Investment Company Limited (Megachamp)	Holding company	100.00%	100.00%	
The Company	Dongguan Megaforce Electronic Technology Co., Ltd. (Dongguan Megaforce)	Manufacturing and selling plastic components and high-precision tools	100.00%	100.00%	
The Company and Megachamp	Megaforcemx, S.de R.L. de C.V. (MegaforceMX)	Manufacturing and selling plastic components and high-precision tools	100.00%	100.00%	(Note 1)
The Company	Megaforce SDN. BHD. (MegaforceMY)	Manufacturing and selling plastic components	100.00%	100.00%	
The Company	Megal Company Limited (Megal)	Manufacturing optical components	99.88%	99.88%	
The Company	Barintec Co., Ltd. (Barintec)	Developing AR modules and optical technology, and selling related products	70.76%	64.79%	(Note 2)
The Company	Megaforce International Corporation (International-US)	Trading of merchandise	100.00%	100.00%	
Group	Megaforce International Co., Ltd. (International-Samoa)	Holding company	100.00%	100.00%	
Group	Newforce Global Ltd. (Newforce)	Holding company	100.00%	100.00%	
International-Samoa	Shanghai Yingji Electronic Plastic Co., Ltd. (Shanghai Yingji)	Manufacturing and selling plastic components	100.00%	100.00%	

(Continued)

			Percentage of ownership		
Name of investor	**Name of subsidiary**	**Principal activity**	**December 31, 2023**	**December 31, 2022**	**Description**
International-Samoa	Suzhou Intentech Co., Ltd. (Suzhou Intentech)	Manufacturing and selling plastic components	100.00%	100.00%	
International-Samoa and Shanghai Yingji	Shanghai AB Megaforce Co., Ltd. (Shanghai AB)	Manufacturing and selling of high-precision tools	90.00%	90.00%	(Note 3)
Newforce	Shanghai Shanghua Painting Co.,Ltd. (Shanghai Shanghua)	Painting of electronic and plastic products	100.00%	100.00%	

Note 1: The Group held 99.8% and 0.2% equity interests in MegaforceMX through the Company and Megachamp, respectively.

Note 2: Barintec issued share for cash in January 2023, which increased the Copmany's shareholding to 70.76%.

Note 3: The Group owned 40% and 50% equity interests in Shanghai AB through International-Samoa and Shanghai Yingji , respectively.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currencies of the Group at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period (“the reporting date”), monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Exchange differences are generally recognized in profit or loss.

(ii) Foreign operations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(f) Cash and cash equivalents

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

(g) Financial instruments

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

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

Subsequent to initial recognition, these assets are measured at amortized cost, which equals to carrying amount determined by the effective interest less any impairment loss. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Financial assets measured at fair value through other comprehensive income (FVOCI)

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

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

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established (usually the ex-dividend date).

3) Financial assets measured at fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

(Continued)

4) Assessment whether contractual cash flows are solely payments of principal and interest on the principal amount outstanding

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features)

5) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECLs) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, refundable deposit and other financial assets.)

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

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables are always measured at an amount equal to lifetime ECL.

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

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

(Continued)

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

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

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

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

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

6) Derecognition of financial assets

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

(Continued)

3) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

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

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

6) Offsetting of financial assets and liabilities

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

(Continued)

(h) Inventories

The costs of inventories include all necessary expenditures and charges for bringing them to a condition and location wherein they are available to be sold or processed. Subsequently, inventories are evaluated at the lower of cost and net realizable value; net realizable value is the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses. The Group's inventories are normally valued at standard costs that are reviewed periodically and revised to suit current conditions when necessary. When the standard costs approximate the actual costs, the differences are directly recognized as operating costs. At the end of the period, the differences between the costs are allocated to operating costs and inventories on an average basis.

(i) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

1)	Buildings and construction	20~55 years
2)	Machinery equipment	5~10 years
3)	Office and other equipment	3~5 years

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

(j) Intangible assets

Goodwill arising on the acquisition of associates is included in the carrying amount of investment in associates. Goodwill is not amortized but is measured at cost, less accumulated impairment losses.

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

(Continued)

Other intangible assets, including computer software, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straightline basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for computer software is 2~3 years.

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

(k) Impairment of non-financial assets

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

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

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

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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

(l) Treasury stock

Repurchased shares are recognized under treasury shares (a contra equity account) based on its repurchase price (including all directly accountable costs). Gains on disposal of treasury shares should be recognized under capital reserve–treasury shares transaction; losses on disposal of treasury shares should be offset against existing capital reserve arising from similar types of treasury shares. If there are insufficient capital reserve to be offset against, then such losses should be accounted for under retained earnings. The carrying amount of treasury shares should be calculated using the weighted average different types of repurchase.

During the cancellation of treasury shares, capital reserve–share premiums and share capital should be debited proportionately. Gains on cancellation of treasury shares should be recognized under existing capital reserve arising from similar types of treasury shares; losses on cancellation of treasury shares should be offset against existing capital reserve arising from similar types of treasury shares. If there are insufficient capital reserve to be offset against, then such losses should be accounted for under retained earnings.

(m) Revenue from contracts with customers

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

(i) Sale of goods

The Group manufactures and sells plastic goods and molds to electronic product vender. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer or accepted by the customer with supporting documents issued, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(ii) Revenue from service rendered

The Group provide product design, prototyping and development service to customers. Revenue from providing services is recognized in the accounting periods in which the services are rendered. For performance obligations that are satisfied over time, the revenue is determined based on the milestone of services that have been reached at the end of the reporting period.

(iii) Financing components

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

(n) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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

(iii) Short-term employee benefits

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

(o) Leases

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

(i) As a leasee

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

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

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

(Continued)

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

1) fixed payments;

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

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

4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

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

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

3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

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

5) there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for leases that have a lease term of 12 months or less and leases of low-value assets, including dormitory, warehouse and other equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(Continued)

(ii) As a lessor

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

(p) Income taxes

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

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

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

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

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

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

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

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

(Continued)

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

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

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

1) the same taxable entity; or

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

(q) Government grants

A government grant is recognized in profit or loss only when there is reasonable assurance that the Group will comply with the conditions attached to it and that the grant will be received.

On a systematic basis, the grant is recognized in profit or loss for the period wherein the costs that it is intended to compensate are recognized as expenses by the Group. Government grants for obtaining non-current assets through acquisition, construction, and other methods shall be deducted when recognizing the underlying assets' carrying amounts. Over the useful lives of depreciable assets, the corresponding amounts shall be reclassified as profit or loss on a reasonable and systematic basis.

(r) Earnings per share

The Group discloses the basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and stock-based employee compensation.

(s) Operating segments

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

(Continued)

(5) Critical accounting judgments, estimates, and assumptions on uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations Governing the Preparation of Financial Reports requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included as follows:

(a) Inventory valuation

As inventories are stated at the lower of cost or net realizable value, the Group estimates the amount of obsolete and unmarketable inventories on the reporting date, and then writes down the cost of inventories to net realizable value. The valuation of the inventories is mainly determined based on assumptions as to future demand within a specific time horizon. Due to both rapid industrial transformation and fierce competition, there may be significant changes in the net realizable values of inventories. Please refer to note (6)(e) for inventory valuation.

(b) Assessment on impairment of long-term non-financial assets (including goodwill)

During the assessment on asset impairment, the Group shall rely on subjective judgment and determine the recoverable amount of specific asset group based on the use pattern and industry characteristics. Changes in estimates due to changes in economic status and corporate strategies may lead to significant impairment loss in the future. Please refer to note (6)(h) for the assessment method and key assumptions applied for the recoverable amount of the long-term non-financial assets (including goodwill).

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

		December 31, 2023	December 31, 2022
Cash on hand	$	837	1,232
Demand deposits		1,723,732	1,533,781
Time deposits		408,964	221,566
	$	2,133,533	1,756,579

As of December 31, 2023, the Group’s time deposits with original maturities exceeding three months amounted to $218,570 and presented in “other financial assets – current”.

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

(b) Financial instruments

(i) Financial assets at fair value through profit or loss

	December 31, 2023	December 31, 2022
Current:		
Common stocks – domestic public companies	$ 598	-
Non-current:		
Common stocks – domestic private companies	$ -	-

Based on the assessment of the Group's management, the equity interests in domestic private companies were fully recognized as impairment losses for prior years after the net value has already approximated $0.

(ii) Financial liabilities at fair value through profit or loss

	December 31, 2023	December 31, 2022
Convertible bonds with embedded derivatives	$ -	285

(iii) Fair value through other comprehensive income –equity investment

	December 31, 2023	December 31, 2022
Common stocks – domestic private companies	$ 21,460	21,460

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for the long-term strategic purposes. In 2023, for strategic purpose, the Group has sold a part of equity investment at the amount of $4,800, resulting in the Group to reclassify the loss of $7,392 from other equity to retained earnings. There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of December 31, 2022.

(iv) Please refer to note (6)(u) for credit risk and market risk.

(v) As of December 31, 2023 and 2022, none of the Group's financial assets mentioned above has been pledged as security.

(c) Accounts receivable (including related parties)

	December 31, 2023	December 31, 2022
Accounts receivable	$ 1,282,363	1,387,282
Receivable from related parties	555	1,720
Less: loss allowance	(206)	(1,961)
	$ 1,282,712	1,387,041

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables (including related parties). Forward looking information is taken into consideration as well. Analysis of expected credit losses on notes and accounts receivable (including related parties) were as follows:

	December 31, 2023		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 1,270,436	0.01%	127
Past due 1~90 days	12,446	0.6%	75
Past due 91~180 days	36	11%	4
	$ 1,282,918		**206**

	December 31, 2022		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 1,366,704	0.01%	137
Past due 1~90 days	21,668	1.1%~100%	1,704
Past due 91~180 days	630	19%	120
	$ 1,389,002		**1,961**

The movements in the allowance for notes and accounts receivable (including related parties) were as follows:

	2023	**2022**
Balance at January 1	$ 1,961	618
Impairment losses recognized (reversed)	(553)	1,335
Amounts written off	(1,211)	-
Foreign exchange gains or losses	9	8
Balance at December 31	**$ 206**	**1,961**

As of December 31, 2023 and 2022, the notes and accounts receivable were not pledged as collateral.

(d) Other receivables (including related parties)

	December 31, 2023	**December 31, 2022**
Other receivables	$ 16,259	4,869
Other receivable from related parties	379	-
Less: loss allowance	-	(1)
	$ 16,638	**4,868**

(Continued)

The movements in the allowance for other receivables were as follows:

	2023	2022
Balance at January 1	$ 1	-
Impairment losses recognized (reversed)	(1)	1
Balance at December 31	$ -	1

(e) Inventories

	December 31, 2023	December 31, 2022
Raw materials	$ 84,030	112,236
Work in progress and semi-finished products	112,118	178,366
Finished goods	141,765	203,455
Merchandise	57,585	2,634
	$ 395,498	496,691

The details of the cost of sales were as follows:

	2023	2022
Inventory that has been sold	$ 3,410,786	4,110,483
Write-down of inventories (reversal of write-downs)	(15,714)	3,150
Loss on disposal of inventories	39,968	50,066
Gain on physical inventory count	(554)	(74)
Unallocated production costs	116,748	140,339
Others	28,979	47,749
	$ 3,580,213	4,351,713

The reversal of write-downs arose when the inventories initially written down are sold or used, resulting in a decrease in the amount of the original write-down. The write-downs arose from the write-down of inventories to net realizable value.

As of December 31, 2023 and 2022, the Group did not provide any inventories as collateral for its loans.

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended 2023 and 2022, were as follows:

		Land	Buildings and construction	Machinery and equipment	Office and other equipment	Construction in progress/ equipment to be tested	Total
Cost:							
Balance at January 1, 2023	$	320,108	630,919	1,957,366	600,414	5,794	3,514,601
Additions		-	-	24,373	5,994	3,464	33,831
Disposals		(1,730)	(3,527)	(49,589)	(6,702)	-	(61,548)
Reclassification and other		-	-	(423)	470	(2,055)	(2,008)
Reclassified to expenses		-	-	-	-	(3,740)	(3,740)
Effects of changes in foreign exchange rates		1,751	(4,050)	(8,714)	(2,890)	157	(13,746)
Balance on December 31, 2023	$	320,129	623,342	1,923,013	597,286	3,620	3,467,390
Balance at January 1, 2022	$	318,300	619,705	1,959,469	587,556	1,626	3,486,656
Additions		-	-	43,524	15,215	5,817	64,556
Disposals		-	-	(88,235)	(10,765)	-	(99,000)
Reclassification		-	-	4,103	(2,476)	(1,627)	-
Effects of changes in foreign exchange rates		1,808	11,214	38,505	10,884	(22)	62,389
Balance on December 31, 2022	$	320,108	630,919	1,957,366	600,414	5,794	3,514,601
Accumulated depreciation and impairment losses:							
Balance at January 1, 2023	$	-	421,061	1,612,028	481,911	-	2,515,000
Depreciation		-	24,307	84,413	51,509	-	160,229
Disposals		-	(672)	(49,305)	(6,702)	-	(56,679)
Reclassification and other		-	-	(1,681)	-	-	(1,681)
Effects of changes in foreign exchange rates		-	(5,793)	(12,696)	(2,588)	-	(21,077)
Balance at December 31, 2023	$	-	438,903	1,632,759	524,130	-	2,595,792
Balance at January 1, 2022	$	-	392,849	1,578,855	430,482	-	2,402,186
Depreciation		-	22,511	94,628	54,495	-	171,634
Disposals		-	-	(88,088)	(10,249)	-	(98,337)
Reclassification		-	-	1,025	(1,025)	-	-
Effects of changes in foreign exchange rates		-	5,701	25,608	8,208	-	39,517
Balance at December 31, 2022	$	-	421,061	1,612,028	481,911	-	2,515,000
Carrying amount:							
Balance at December 31, 2023	$	320,129	184,439	290,254	73,156	3,620	871,598
Balance at December 31, 2022	$	320,108	209,858	345,338	118,503	5,794	999,601
Balance at January 1, 2022	$	318,300	226,856	380,614	157,074	1,626	1,084,470

Please refer to note (8) for the Group's property, plant and equipment pledged as collateral for debt and credit lines as of December 31, 2023 and 2022.

The Group performed impairment testing on assets as there were indication of impairment in 2023. As a result of the testing, the Group didn't have to recognize impairment loss as the recoverable amount of CGUs exceeded the carrying amount.

As for the key assumptions in the estimation of recoverable amount, the discount rate was based on the weighted-average cost of capital of the industry and it was 8.67%~9.81% for 2023, Cash flow estimates were based on the 5-year budget. The above-mentioned key assumptions represented the management's evaluation of future trends in the industry including historical information from internal and external source.

(g) Right-of-use assets

The Group leases many assets including land, buildings and vehicles. Information about leases for which the Group is a lessee was presented below:

	Right of land use	Buildings	Vehicles	Total
Cost:				
Balance at January 1, 2023	$ 72,031	311,222	1,549	384,802
Additions	-	16,419	221	16,640
Deductions	-	(68,162)	(556)	(68,718)
Lease modifications	-	51	-	51
Effect of changes in foreign exchange rates	(608)	11,005	-	10,397
Balance at December 31, 2023	**$ 71,423**	**270,535**	**1,214**	**343,172**
Balance at January 1, 2022	$ 71,460	268,039	2,672	342,171
Additions	-	66,473	-	66,473
Deductions	-	(42,114)	(1,123)	(43,237)
Lease modifications	-	4,950	-	4,950
Effect of changes in foreign exchange rates	571	13,874	-	14,445
Balance at December 31, 2022	**$ 72,031**	**311,222**	**1,549**	**384,802**
Accumulated depreciation:				
Balance at January 1, 2023	$ 39,913	150,686	932	191,531
Depreciation	1,118	64,624	479	66,221
Deductions	-	(62,352)	(556)	(62,908)
Effect of changes in foreign exchange rates	(278)	4,660	-	4,382
Balance at December 31, 2023	**$ 40,753**	**157,618**	**855**	**199,226**
Balance at January 1, 2022	$ 38,565	114,053	1,502	154,120
Depreciation	1,122	73,518	553	75,193
Deductions	-	(42,114)	(1,123)	(43,237)
Effect of changes in foreign exchange rates	226	5,229	-	5,455
Balance at December 31, 2022	**$ 39,913**	**150,686**	**932**	**191,531**
Carrying amount:				
Balance at December 31, 2023	**$ 30,670**	**112,917**	**359**	**143,946**
Balance at December 31, 2022	**$ 32,118**	**160,536**	**617**	**193,271**
Balance at January 1, 2022	**$ 32,895**	**153,986**	**1,170**	**188,051**

The Group performed impairment testing on assets as there were indication of impairment in 2023. As a result of the testing, the Group didn't have to recognize impairment loss as the recoverable amount of CGUs exceeded the carrying amount. Please refer to Note(6)(f) Property, plant and equipment for the key assumptions used in the estimation of recoverable amount.

(h) Intangible assets

The cost, amortization and impairment of the intangible assets of the Group for the years ended 2023 and 2022, were as follows:

		Computer software	Goodwill	Total
Cost:				
Balance at January 1, 2023	$	20,455	57,971	78,426
Additions		3,577	-	3,577
Disposals		(483)	-	(483)
Effect of changes in foreign exchange rates		117	-	117
Balance at December 31, 2023	$	23,666	57,971	81,637
Balance at January 1, 2022	$	19,702	57,971	77,673
Additions		2,671	-	2,671
Disposals		(2,154)	-	(2,154)
Effect of changes in foreign exchange rates		236	-	236
Balance at December 31, 2022	$	20,455	57,971	78,426
Accumulated amortization and impairment losses:				
Balance at January 1, 2023	$	16,088	-	16,088
Amortization		3,670	-	3,670
Impairment loss		-	25,495	25,495
Disposals		(483)	-	(483)
Effect of changes in foreign exchange rates		140	-	140
Balance at December 31, 2023	$	19,415	25,495	44,910
Balance at January 1, 2022	$	14,191	-	14,191
Amortization		3,846	-	3,846
Disposals		(2,154)	-	(2,154)
Effect of changes in foreign exchange rates		205	-	205
Balance at December 31, 2022	$	16,088	-	16,088
Carrying amount:				
Balance at December 31, 2023	$	4,251	32,476	36,727
Balance at December 31, 2022	$	4,367	57,971	62,338
Balance at January 1, 2022	$	5,511	57,971	63,482

(Continued)

(i) Amortization

The amortization of intangible assets are included in the statement of comprehensive income:

	2023	2022
Operating cost	$ 1,658	1,126
Operating expense	2,012	2,720
	$ 3,670	**3,846**

(ii) Impairment testing for goodwill

For impairment testing purposes, goodwill has been allocated to the operating units, which are the minimum level for monitoring the Group's goodwill for internal management. Such units shall not be larger than the Group's operating segments. The overall carrying amount of goodwill as of December 31, 2023 and 2022, is allocated to the segments of electronic components and opto-mechatronics.

The recoverable amount of the cash generating unit (CGU) is based on value in use. Value in use is determined by discounting the future cash flows arising from the continued use of the unit. The values in use (including goodwill) on December 31, 2023 and 2022, determined in similar methods, were calculated based on the following key assumptions.

1) The estimate of cash flow was based on past experience, actual operating results and a 5-year operating plan. The portion of cash flows of more than 5 years is estimated at the carrying amount of the net future cash flows to be received from the disposal of assets.

2) The Group estimates the discount rate according to the weighted-average capital cost. The discount rate adopted for the recoverable amount of CGUs is as follows:

	December 31, 2023	December 31, 2022
Discount rate	8.67%	7.72%

As the recoverable amount of the opto-mechatronics CGU was lower than its carrying amount, the Group recognized an impairment loss of $25,495 on December 31, 2023 and didn't have to recognize impairment loss on December 31, 2022 as the recoverable amount exceeded the carrying amount impairment loss on December 31, 2022. The impairment losses which caused a decrease in the carrying amount of goodwill for the opto-mechatronics segments were included in "other gains and losses" of the consolidated statement of comprehensive income.

(i) Short-term notes and bills payable

	December 31, 2023	December 31, 2022
Short-term notes and bills payable	**$ 1,00,000**	**-**
Range of interest rates	**1.848%~1.888%**	**-**

(Continued)

(j) Short term borrowings

	December 31, 2023	December 31, 2022
Unsecured bank loans	$ 690,000	1,020,000
Unused credit lines	$ 563,394	675,999
Range of interest rates	1.82%~1.9662%	1.64%~1.93%

(k) Long-term debt

The details of long-term debt were as follows:

	December 31, 2023			
	Currency	Range of interest rate	Maturity year	Amount
Unsecured bank loans	NTD	2.09%	2025	$ 100,000
Secured bank loans	NTD	1.7439%~2.0521%	2026~2036	405,000
Less: current portion of long-term debt				(44,097)
Total				$ 460,903
Unused credit lines				$ -

	December 31, 2022			
	Currency	Range of interest rate	Maturity year	Amount
Unsecured bank loans	NTD	1.71%~1.88%	2023	$ 75,000
Secured bank loans	NTD	1.84%~1.944%	2026~2035	403,000
Less: current portion of long-term debt				(114,764)
Total				$ 363,236
Unused credit lines				$ -

Refer to note (8) for a description of the Group's assets pledged as collateral to secure the bank loans.

(l) Bonds payables

The details of unsecured convertible bonds were as follows:

	December 31, 2023	December 31, 2022
Total convertible bonds issued	$ 30,000	30,000
Less: cumulative redemption amount	(30,000)	-
Less: unamortized discounted corporate bonds payalbe	-	(1,093)
Less: current portion of bonds payables	-	(28,907)
	$ -	-
Embedded derivatives–put options (included in financial liabilities at fair value through profit or loss)	$ -	285

	2023	2022
Embedded derivatives–gains or losses on put options remeasured at fair value (included in other gains and losses)	$ (216)	45
Interest expenses	$ 373	563

On March 13, 2020, the Group's Board of Directors resolved to issue domestic unsecured convertible bonds under private placement, so as to repay bank loans and improve the financial structure. On June 5, 2020, the shareholders' meeting resolved to issue the bonds twice within 1 year from the date of the resolution, with the aggregate amount of the issue being capped at $100,000.

On August 7, 2020, the Group's Board of Directors resolved to issue the 1st domestic unsecured convertible bonds under a private placement, which has been carried out on August 26, 2020. The amount of the issue totaled $30,000, which has been received.

In accordance with IFRS 9, the Company separated the conversion option from bonds, and recognized as equity and liabilities. The related information was as follows:

The fair value of convertible bonds at issuance	$ 27,939
The embedded derivatives at issuance (i.e., put options)	585
The equity components at issuance (i.e., conversion right)	1,476
	$ 30,000

The major terms of the aforementioned first private unsecured convertible bond were as follows:

(i) Period of issue: 5 years (August 26, 2020 ~ August 25, 2025)

(ii) Terms of repayment: Unless the bondholders request the Company to repurchase the bonds or the bonds are converted into ordinary shares of the Company in accordance with the regulations, the Company shall redeem the bonds in cash at par value of the bonds upon maturity.

(iii) Conversion period: The bondholders have the right to ask for conversion of the bonds into common shares of the Company at any time during the period from the date after three months of the bonds issued to the maturity date by notifying to the Company, with the exceptions of the following: (1) the book closure period of the ordinary shares according to law; (2) from the 15 business days prior to the closure date of the Company's stock dividends, the closure date of cash dividends, or the closure date of cash capital increase subscription, to the ex-dividend date; (3) from the capital reduction base date to the day before the trading day of producing the new stock certificates due to the capital reduction.

(iv) Put option of bondholders: The Group shall set the date after 3 years (August 26, 2023) and the date after 4 years (August 26, 2024) from the issue date of the convertible bond as the record dates for the early exercise of put option. The bondholders are entitled to request the Group to redeem the private placement convertible bond at par value plus an indemnity to cover the interest rate, which amounted to 101.5075% of the par value after 3 years (0.50% yield rate) and 102.0151% of the par value after 4 years (0.50% yield rate), respectively. After accepting the redemption request, the Group should redeem the bonds by cash within 5 business days after the redemption date.

(v) Conversion price: Determined on August 7, 2020, the conversion price of the convertible bond shall be the higher of the following two calculations, multiplied by 110% (rounded to the nearest dime of NTD):

- The simple average closing price of the common shares of the Company for either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of share dividends, cash dividends or capital reduction.
- The simple average closing price of the common shares of the Company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.

Under the above-mentioned method, the conversion price was set at $15.2 per share.

In August, 2023, the bondholders made a request to the Company to redeem the private placement convertible bond, with a par value of $30,000, for $30,000 in cash plus an interest of $452, in accordance with the above-mentioned redemption condition. The Company recognized a loss of $749 on the redemption of the bonds, which was included in "other gains and losses".

The Company had neither issued, repurchased, nor redeemed, bonds payable during 2022.

(m) Lease liabilities

The carrying amounts of the Group's lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	$ 44,709	52,448
Non-current	$ 68,075	107,408

Please refer to note (6)(u) for the maturity analysis.

The amounts recognized in profit or loss was as follows:

	2023	2022
Interest expense on lease liabilities	$ 2,733	3,305
Expense relating to short-term lease	$ 11,030	8,782
Expenses related to leases of low-value assets (excluding short-term leases of low-value assets)	$ 1,141	1,477

The amounts recognized in the statement of cash flows by the Group were as follows:

	2023	2022
Total cash outflow for leases	$ 74,351	92,279

(i) Leases of land and buildings

The Group leases lands and buildings for its factory and storage locations. The leases of factory typically run for a period of 10 years, and of storage locations for 1 to 5 years. Leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Group leases transportation equipment with contract terms of 2 to 5 years. In addition, the Group leases dormitories, parking spaces and miscellaneous equipment, with contract terms of 6 months to 1 year. These leases are short-term and/or of leases of low-value items, for which the Group elected not to recognized right-of-use assets and lease liabilities for these leases.

(n) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value was as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 110,756	110,592
Fair value of plan assets	(63,140)	(59,537)
Net defined benefit liabilities	**$ 47,616**	**51,055**

The amounts recognized as net defined benefit liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	$ 6,250	6,000
Non-current	41,366	45,055
	$ 47,616	**51,055**

Only the Company within the Group adopts defined benefit plans. The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

As of December 31, 2023 and 2022, the balances of the labor pension reserve account and the Company’s Bank of Taiwan labor pension reserve account amounted to $63,140 and $59,537 respectively. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Group were as follows:

	2023	2022
Defined benefit obligations on January 1	$ 110,592	123,820
Current service cost and interest	2,914	2,570
Remeasurement of net defined benefit liabilities		
－Actuarial losses (gains) arising from experience adjustments	328	(69)
－Actuarial gains (losses) arising from changes in financial assumptions	1,805	(11,607)
Benefits paid by the plan	(4,095)	(4,122)
Benefits paid by the Company	(788)	-
Defined benefit obligations on December 31	**$ 110,756**	**110,592**

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

	2023	2022
Fair value of plan assets on January 1	$ 59,537	47,534
Interest income	886	332
Remeasurements loss (gain):		
－Return on plan assets (excluding interest income)	310	3,541
Contribution of pension fund	6,502	12,252
Benefits paid	(4,095)	(4,122)
Fair value of plan assets on December 31	**$ 63,140**	**59,537**

4) For 2023 and 2022, there was no effect of asset ceiling of defined benefit plan.

5) Expenses recognized in profit or loss:

	2023	2022
Current service costs	$ 1,188	1,800
Net interest on the net defined benefit liabilities	840	438
	$ 2,028	**2,238**
Operating costs	$ 114	300
Administrative expenses	1,670	1,698
Research and development expenses	244	240
	$ 2,028	**2,238**

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	2023.12.31	2022.12.31
Discount rate	1.25%	1.75%
Future salary increase rate	1.00%	1.00%

The Group expects to make contribution of $6,250 to the defined benefit plans in the year following December 31, 2023.

The weighted average lifetime of the defined benefits plans is 8 years.

7) Sensitivity analysis

The following table summarizes the impact of a change in the assumptions on the present value of the defined benefit obligation:

	Impact on the defined benefit obligations	
	0.25% increase	0.25% decrease
December 31, 2023		
Discount rate	$ (915)	942
Future salary increase rate	4,180	(3,818)
December 31, 2022		
Discount rate	$ (1,812)	1,868
Future salary increase rate	1,839	(1,793)

The sensitivity analysis above was based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

The Group allocates 6% of each employee’s monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $15,562 and $14,518 for the years ended December 31, 2023 and 2022, respectively.

The pension costs, basic old-age insurance and social welfare expenditure recognized by other subsidiaries including in consolidated financial statements amounted to $126,781 and $143,045 for the years ended December 31, 2023 and 2022, respectively.

(o) Income taxes

(i) The components of income tax in the years 2023 and 2022 were as follows:

	2023	2022
Current tax expenses	$ 75,720	122,016
Deferred tax expenses	49,942	24,941
Income tax expenses	**$ 125,662**	**146,957**

The amount of income tax recognized in other comprehensive income for 2023 and 2022 was as follows:

	2023	2022
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	**$ (364)**	**3,043**

Reconciliation of income tax and profit before tax for 2023 and 2022 is as follows:

	2023	2022
Loss before tax	$ (7,374)	(14,851)
Income tax using the Company's statutory tax rate	(1,475)	(2,970)
Effect of tax rates in foreign jurisdiction	12,751	10,599
Share of profit of equity-accounted subsidiaries	33,075	37,592
Permanent difference and others	4,646	3,134
Income added pursuant to the Income Tax Act	1,468	21
Changes in unrecognized temporary differences	61,583	121,938
Current-year losses for which no deferred tax asset was recognized	39,445	23,618
Withholding tax in foreign jurisdiction	34,166	2,022
Change in provision in prior periods	3,414	4,732
Tax incentives	(63,411)	(53,729)
Income tax expenses	**$ 125,662**	**146,957**

Shanghai Yingji and Suzhou Intentech, the Company's subsidiaries, obtained high-tech enterprise certifications. During the three years after dates on which the certifications were issued, the two subsidiaries were entitled to a preferential income tax rate of 15%.

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

Deferred tax liabilities have not been recognized in respect of the following items:

	December 31, 2023	December 31, 2022
Investment income recognized under the equity method (Note)	$ 247,636	300,481
Others	22,628	1,650
	$ 270,264	**302,131**

(Note) The Company is able to control and assure the amount will not be remitted back in the foreseeable future; therefore, such temporary differences are not recognized as deferred tax liabilities.

2) Unrecognized deferred tax assets

As of December 31, 2023 and 2022, the Group's unrecognized deferred tax assets were as follows:

	December 31, 2023	December 31, 2022
Deductible temporary differences	$ 249,716	218,983
The carryforward of unused tax losses	231,463	182,435
	$ 481,179	**401,418**

The Income Tax Act of each country allows net losses, as assessed by the tax authorities, to offset taxable income for local tax reporting purposes.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom. As of December 31, 2023, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	Unused tax loss	Expiry date
2014	$ 74	2024
2015	62	2025
2016	14,889	2026
2017	26,532	2027
2018	39,665	2028
2019	21,524	2029
2019	977	-
2020	2,892	2029
2020	35,557	2030
2020	371	-
2021	2,306	2026
2021	23,319	2031
2021	45	-
2022	2,148	2027
2022	632	2031
2022	20,543	2032
2022	29	-
2023	976	2028
2023	2,085	2032
2023	36,383	2033
2023	454	-
	$ 231,463	

3) Recognized deferred tax assets and liabilities

Changes in the amounts of deferred income tax assets and liabilities for 2023 and 2022 were as follows:

		Loss on inventory valuation	Depreciation adjustment for tax purposes	Defined benefit plans	Tax losses carry forwards	Others	Total
Deferred income tax assets:							
Balance at January 1, 2023	$	20,584	37,628	10,211	42,839	30,516	141,778
Recognized in profit or loss		(10,261)	(3,935)	(1,052)	4,300	523	(10,425)
Recognized in other comprehensive income		-	-	364	-	-	364
Effect on changes in foreign exchange rate		(84)	(420)	-	(373)	(324)	(1,201)
Balance at December 31, 2023	$	**10,239**	**33,273**	**9,523**	**46,766**	**30,715**	**130,516**
Balance at January 1, 2022	$	20,833	42,646	15,257	88,957	29,028	196,721
Recognized in profit or loss		(452)	(5,454)	(2,003)	(46,421)	1,189	(53,141)
Recognized in other comprehensive income		-	-	(3,043)	-	-	(3,043)
Effect on changes in foreign exchange rate		203	436	-	303	299	1,241
Balance at December 31, 2022	$	**20,584**	**37,628**	**10,211**	**42,839**	**30,516**	**141,778**

		Unrealized gains on equity method investments	Others	Total
Deferred income tax liabilities:				
Balance at January 1, 2023	$	73,520	1,670	75,190
Recognized in profit or loss		39,386	131	39,517
Effect on changes in foreign exchange rate		-	(25)	(25)
Balance at December 31, 2023	$	**112,906**	**1,776**	**114,682**
Balance at January 1, 2022	$	94,553	8,808	103,361
Recognized in profit or loss		(21,033)	(7,167)	(28,200)
Effect on changes in foreign exchange rate		-	29	29
Balance at December 31, 2022	$	**73,520**	**1,670**	**75,190**

The Company’s tax returns through 2021 were assessed and approved by the Tax Authority.

(p) Capital and other equity

As of December 31, 2023 and 2022, the Company's authorized share capital consisted of 200,000 thousand shares, with a par value of $10 per share, amounting to $2,000,000, of which 132,016 thousand shares were issued. All issued shares were paid up upon issuance. In addition, the Company has reserved $200,000 for employee stock options.

Reconciliation of shares outstanding for 2023 and 2022, was as follows (expressed in thousands shares):

	Ordinary shares	
	2023	**2022**
Balance at January 1	130,016	132,016
Repurchase of treasury stock	-	(2,000)
Balance at December 31	**130,016**	**130,016**

(i) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2023	**December 31, 2022**
Additional paid-in capital	$ 734,511	734,511
Treasury share transactions	41,683	41,683
Lapsed share options	52,798	52,798
Changes in equity of subsidiaries for using the equity method	-	109
Equity component of issuance for convertible bonds	1,476	1,476
Dividends not claimed by shareholders within time limit	5	5
	$ 830,473	**$ 830,582**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received.

According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(ii) Retained earnings

According to the Company's Articles of Incorporation, the Company's annual net profit shall first be used to offset accumulated losses in previous years, and then set aside the legal reserve at 10% of net profit, until the accumulated legal reserve equals to the Company's capital and any special reserve pursuant to relevant regulations or as requested by the authorities. The remainder, plus the undistributed prior-year earnings, shall be distributed as dividends or retained based on business operation conditions after the earnings distribution plan proposed by the Board of Directors and approved during the stockholders' meeting. Dividends shall be distributed by way of cash or stock; however, cash dividends shall not be less than 30% of the total dividends.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it shall make supplemental allocation of special reserve for any difference between the amount it has already allocated and the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. When the Company distributes its 2021 earnings in 2022, a portion of its current-period earnings and undistributed prior-period earnings shall be reclassified to special earnings reserve. When the Company distributes its 2022 earnings in 2023, the after-tax net profit in the period, plus items other than the after-tax net profit in the period, that are included in the undistributed current-period earnings and undistributed prior-period earnings, shall be reclassified to special earnings reserve. A portion of undistributed prior-period earnings shall be reclassified to special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(iii) Earnings distribution

The appropriations of earning for 2021 had been approved by the shareholder's meeting held on June 8, 2022. The relevant dividend distributions to shareholders were as follows:

	2021	
	Dividends per share (in dollars)	**Amount**
Dividends distributed to ordinary shareholders:		
Cash	$ 0.25	33,004

As of December 31, 2023, and 2022, the Company had incurred a net loss. Therefore, considering the Company's operational and capital requirements, the Company's board resolved that no dividends would be distributed on March 15, 2024, and 2023.

(iv) Treasury shares

In accordance with the requirements under Article 28-2 of the Securities and Exchange Act and Regulation Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies, the Company's board of directors decided on March 18, 2022 to repurchase 2,000 thousand shares of the Company in order to motivate employees and enhance internal cohesion in the company. The number of the above-mentioned repurchase shares will not over 1.51% of the total number of issued of the Company. The shares purchased for the purpose of transferring to employees shall be transferred within three years from the date of share repurchase. Those not transferred within the said limit shall be deemed as not issued by the Company and it should be cancelled. As of December 31, 2023, the Company has repurchased its 2,000 thousand ordinary shares, at a total cost of $44,905.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

(v) Other equity interests (net of tax)

	Exchange differences on translation of foreign financial statements attributable to owners of parent	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Non-controlling interests	Total
Balance at January 1, 2023	$ 32,567	(12,192)	(1,315)	19,060
Exchange differences arising from translation of foreign operations	(15,020)	-	2,418	(12,602)
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	-	4,800	-	4,800
Proceeds from investments in equity instruments measured at fair value through other comprehensive income	-	7,392	-	7,392
Balance at December 31, 2023	**$ 17,547**	**-**	**1,103**	**18,650**
Balance at January 1, 2022	$ (52,620)	(11,053)	(1,167)	(64,840)
Exchange differences arising from translation of foreign operations	85,187	-	(148)	85,039
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	-	(1,139)	-	(1,139)
Balance at December 31, 2022	**$ 32,567**	**(12,192)**	**(1,315)**	**19,060**

(q) Earnings per share

The Group's basic and diluted earnings per share were calculated as follows:

	2023	2022
Basic earnings per share		
Loss attributable to ordinary shareholders of the Company	(129,394)	(156,567)
Weighted-average number of ordinary shares outstanding (in thousands)	130,016	130,646
Basic loss per share (in dollars)	(0.995)	(1.198)

The Company incurred a net loss for the year ended December 31, 2023, and 2022, the potential ordinary shares had an anti-dilutive effect, therefore, there is no need to calculate the diluted earnings per share.

(r) Revenue from contracts with customers

(i) Details of revenue

	2023	2022
Primary geographical markets:		
Asia	$ 3,677,660	4,478,058
America	460,498	353,672
Europe	-	3,207
	$ 4,138,158	4,834,937
Major products lines:		
Plastic injection	$ 3,687,250	4,453,129
Tools	165,614	257,699
Product development services	85,108	26,157
Medical product	98,668	65,752
Laser Optics	85,290	27,740
Others	16,228	4,460
	$ 4,138,158	4,834,937

(ii) Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable (including related parties)	$ 1,282,918	1,389,002	1,643,684
Less: loss allowance	(206)	(1,961)	(618)
Total	$ 1,282,712	1,387,041	1,643,066
Contract liabilities-plastic injection	$ 258	2,310	1,072
Contract liabilities-tools	17,800	26,663	50,272
Contract liabilities-laser Optics	17,439	43	48
Contract liabilities-product development services	12,194	17,320	8,203
Contract liabilities-medical product	6,260	12,785	3,317
Contract liabilities-Others	125	108	-
Total	$ 54,076	59,229	62,912

Please refer to note (6)(c) for details on notes and accounts receivable and allowance for impairment.

The amount of revenue recognized for the years ended December 31, 2023 and 2022 that was included in the contract liability balance at the beginning of the period were $55,284 and $53,897, respectively.

The contract liabilities were primary related to the advance received from customers due to sales and product development services; for which revenue is recognized when products have been delivered to or accepted by customers.

The changes in the contract liability balances primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment.

(s) Remuneration to employees and directors

In accordance with the Articles of Incorporation, if the Company incur profit for the year (prior to deduction of compensations to employees and directors), the profit shall first to be offset against any deficit, then, the Company shall contribute no less than 1% of the profit as employee remuneration and no more than 5% as directors remunerations. The aforementioned employee compensation shall be paid in shares or cash, and the recipients may include the employees of the subsidiaries of the Company who meet the certain conditions determined by the Board of Directors.

The Company incurred a net loss for year 2023 and 2022, therefore, no remuneration was accrued.

(t) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	2023	2022
Interest income from bank deposits	$ 29,046	17,686
Other interest income	1	-
	$ 29,047	**17,686**

(ii) Other gains and losses

	2023	2022
Gains on disposal of property, plant and equipment	$ 5,158	915
Foreign exchange gains	8,323	23,193
Gains on financial assets (liabilities) at fair value through profit or loss	3,792	5,110
Impairment loss on non-financial assets	(25,495)	-
Gain on advance receipts	2,193	13,832
Government grants income	13,801	11,752
Revenues from the sale of scrap	18,341	16,241
Others	11,947	9,239
Income tax expenses	**$ 38,060**	**80,282**

(iii) Finance costs

The details of finance costs were as follows:

	2023	2022
Interest expense from bank loans	$ 24,923	24,069
Interest expenses on lease liabilities	2,733	3,305
Interest expense and indemnity from bonds payable	373	563
	$ 28,029	27,937

(u) Financial instruments

(i) Credit risk

1) Credit risk exposure

Credit risk is the risk of financial loss to the Group if a customer or counterparty of a financial instrument fail to meet its contractual obligations. The carrying amount of the Group's financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

To minimize credit risk, the Group continuously evaluates it customer's financial positions and periodically monitors and reviews the recoverable amount of the accounts receivable to ensure the uncollectible amount are recognized appropriately as impairment loss. As of December 31, 2023 and 2022, 62.79% and 65.34% of the Group's accounts receivable were concentrated on 3 and 2 specific customers, respectively. Therefore, credit risk is significantly centralized.

3) Receivables

For credit risk exposure of notes and accounts receivable, please refer to note (6)(c).

For other financial assets at amortized cost includes other receivables, please refer to note (6)(d).

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2023							
Non-derivative financial liabilities							
Short-term notes and bills payable	$ 100,000	100,026	100,026	-	-	-	-
Short-term borrowings	690,000	691,617	691,617	-	-	-	-
Long term debt (including current portion)	505,000	545,317	24,431	29,522	157,767	187,940	145,657
Lease liabilities (including current portion)	112,784	115,992	26,284	20,193	40,598	26,808	2,109
Account and other payables	1,007,651	1,007,651	1,007,651	-	-	-	-
Total	$ 2,415,435	2,460,603	1,850,009	49,715	198,365	214,748	147,766

December 31, 2022	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
Non-derivative financial liabilities							
Short-term borrowings	$ 1,020,000	1,024,627	1,024,627	-	-	-	-
Long term debt (including current portion)	478,000	515,434	40,063	82,807	49,467	197,965	145,132
Lease liabilities (including current portion)	159,856	165,655	31,185	23,856	40,490	65,302	4,822
Account and other payables	989,273	989,273	989,273	-	-	-	-
Bonds payable	28,907	30,452	-	30,452	-	-	-
Total	$ 2,676,036	2,725,441	2,085,148	137,115	89,957	263,267	149,954

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Market risk

1) Foreign currency risk

The Group's significant exposure to foreign currency risk on financial assets and liabilities was as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 37,852	30.735	1,163,381	35,145	30.708	1,079,233
RMB	55,890	4.3394	242,529	66,205	4.3999	291,295
JPY	25,618	0.2172	5,564	20,038	0.2324	4,657
Financial liabilities						
Monetary items						
USD	23,007	30.735	707,120	23,083	30.708	708,833
JPY	450	0.2172	98	-	-	-

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivables; and accounts and other payables that are denominated in foreign currency. A strengthening (weakening) of 1% of the NTD against the USD, RMB, and JPY as of December 31, 2023 and 2022, would have increased or (decreased) the net profits before taxes by $7,043 and $6,663, respectively. The analysis is performed on the same basis for both periods.

As the Group has a variety of functional currencies, gains and losses including realiezed and unrelized on foreign exchange were summarized and disclosed in note (6)(t) for the years ended December 31, 2023 and 2022.

2) Interest rate analysis

The following sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 0.25%, with all other variable factors remaining constant, the Group's profit before tax would have decreased or increased by $2,988 and $3,745 for the years ended December 31, 2023 and 2022 respectively, which was mainly resulted from the borrowings with floating interest rate.

3) Other price risk

The impact of changes in the prices of equity securities (both periods adopted the same basis and assumed other variable factors had remained constant) on the comprehensive income as of the reporting date was as flows:

	2023		2022	
Price of Securities on the Reporting Date	**Other comprehensive income, Net of Tax**	**Net Income (Loss)**	**Other comprehensive income, Net of Tax**	**Net Income (Loss)**
3% increase	$ -	14	-	-
3% decrease	$ -	(14)	-	-

(iv) Fair value information

1) Financial instruments not measured at fair value

The Group's management considers the carrying amounts of financial assets and financial liabilities measured at amortized cost approximate of their fair values.

2) Financial instruments measured at fair value

The Group's accounting policies and disclosures include measuring financial and non financial assets and liabilities at fair value through profit or loss. The Group's financial and accounting department is responsible for the assessment of fair value by striving to use market observable inputs when measuring assets and liabilities. In addition, necessary adjustments of fair value are made to ensure that the evaluation results are reasonable.

The financial instruments at fair value through profit and loss and financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. The table below analyzes financial instruments that are measured at fair value subsequent to initial recognition and grouped into Levels 1 to 3 based on the degree to which the fair value is observable. Fair value levels have been defined as follows:

(Continued)

A. Level 1: quoted process (unadjusted) in active markets for identified assets or liabilities.

B. Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

C. Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	December 31, 2023				
		Fair value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss–current					
Common stocks – domestic public companies	$ 598	598	-	-	598
Financial assets at fair value through other comprehensive income–non-current	21,460	-	-	21,460	21,460
Financial assets measured at amortized cost					
Cash and cash equivalents	2,133,533	-	-	-	-
Notes and accounts receivable (including related parties), net	1,282,712	-	-	-	-
Other financial assets–current	235,208	-	-	-	-
Other financial assets–non-current	15,562	-	-	-	-
Subtotal	3,667,015	-	-	-	-
Total	**$ 3,689,073**	**598**	**-**	**21,460**	**22,058**
Financial liabilities at amortized cost					
Short-term notes and bills payable	$ 100,000	-	-	-	-
Bank loans	1,195,000	-	-	-	-
Notes and accounts payable (including related parties)	526,261	-	-	-	-
Other payables (including related parties)	481,390	-	-	-	-
Lease liabilities	112,784	-	-	-	-
Total	**$ 2,415,435**	**-**	**-**	**-**	**-**

	December 31, 2022				
		Fair value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income–non-current	$ 21,460	-	-	21,460	21,460
Financial assets measured at amortized cost					
Cash and cash equivalents	1,756,579	-	-	-	-
Notes and accounts receivable (including related parties), net	1,387,041	-	-	-	-
Other financial assets–current	4,868	-	-	-	-
Other financial assets–non-current	16,955	-	-	-	-
Subtotal	3,165,443	-	-	-	-
Total	**$ 3,186,903**	**-**	**-**	**21,460**	**21,460**
Financial liabilities at fair value through profit or loss					
Put option of domestic convertible bond	$ 285	-	285	-	285
Financial liabilities at amortized cost					
Bank loans	1,498,000	-	-	-	-
Notes and accounts payable	450,232	-	-	-	-
Other payables (including related parties)	539,041	-	-	-	-
Lease liabilities	159,856	-	-	-	-
Bonds payable	28,907	-	-	-	-
Subtotal	2,676,036	-	-	-	-
Total	**$ 2,676,321**	**-**	**285**	**-**	**285**

3) Valuation techniques for financial instruments measured at fair value

A. Non derivative financial instruments

The fair value of financial instruments with quoted prices in an active market is based on quoted prices. The prices announced by the main exchange centers or the exchange center of central government bonds serve as the basis for the fair value of the listed equity instruments and debt instruments with quoted prices from an active market.

If the market quotes of financial instruments from the Taiwan Stock Exchange, broker, underwriters, industrial trade unions, pricing service agencies or competent authorities can be frequently obtained on time, and the prices represent the actual and frequent transactions at arm’s length, then the financial instruments are deemed to have quoted prices in an active market. If the conditions above cannot be met, the market is deemed inactive. In general, wide bid-ask spread, significant increases in bid-ask spread or extremely low trading volume are all indicators of an inactive market.

TPEx-listed shared held by the Group are financial assets with standardized terms and conditions and an active market. Their fair value is determined by market quotes.

When the financial instruments of the Group are not traded in an active market, their fair values are illustrated by the category and nature as follows:

- Equity instruments without an active market price: Measurements of fair value of financial instruments without an active market price are calculated using the comparable market approach, with the use of key assumptions based on the ratio of the net value per share of the investee to the net value of the shares derived from the quoted market prices of comparable listed companies. These assumptions have been adjusted for the effect of discount on the lack of the marketability of the equity securities.

B. Derivative financial instruments

For the conversion and put options of bonds payable, the fair values are estimated based on appraisal reports by external experts. The evaluation model is a binary tree model for convertible bond pricing that uses market observable inputs including share price volatility, risk free interest rate, risk discount rate, and liquidity risk, so as to reflect the fair value of the option.

4) Transfers between levels of fair value hierarchy

There were no transfer among fair value hierarchies for the years ended December 31, 2023 and 2022.

5) Reconciliation of Level 3 fair values

	Financial assets at fair value through other comprehensive income
Opening balance, January 1, 2023	$ 21,460
Total gains and losses	
Recognized in other comprehensive income	4,800
Disposals	(4,800)
Ending Balance, December 31, 2023	**$ 21,460**
Opening balance, January 1, 2022	$ 7,119
Total gains and losses	
Recognized in other comprehensive income	(1,139)
Purchased	15,480
Ending Balance, December 31, 2022	**$ 21,460**

(Continued)

For the years ended December 31, 2023 and 2022, total gains and losses that were included in “unrealized gains and losses on financial assets at fair value through other comprehensive income” were as follows:

	2023	2022
In other comprehensive income, and presented in “unrealized gains and losses on financial assets at fair value through other comprehensive income"	-	(1,139)

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group’s financial instruments that use Level 3 inputs to measure fair value include “financial assets measured at fair value through profit or loss – equity investments” and “fair value through other comprehensive income – equity investments”.

Most of fair value measurements of the Group which are categorized as equity investment into level 3 have several significant unobservable inputs. Significant unobservable inputs of equity investments without quoted price are independent of each other.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Interrelationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss, financial assets at fair value through comprehensive income–equity investment	Comparable market approach	• Price Book ratio multiples (1.66~5.13 and 1.67~4.58, respectively on December 31, 2023 and 2022) • Lack of marketability discount rate (50%~70% as of December 31, 2023 and 2022)	• The higher the multiple is, the higher the fair value will be. • The higher the lack of marketability discount rate, the lower the fair value will be.

7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Group’s fair value measurement on financial instruments is reasonable. However, the measurement would be different if different valuation models or inputs are used. For financial instruments using level 3 inputs, if the inputs changed, the impact on other comprehensive income or loss are as follows:

			Changes in other comprehensive income arising from changes in fair value			
		Upward or	December 31, 2023		December 31, 2022	
	Input	downward	Favorable	Unfavorable	Favorable	Unfavorable
Financial assets at fair value through comprehensive income–equity investment	Price Book ratio multiples	3%	$ 644	(644)	644	(644)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

As for financial assets at fair value through profit or loss, the Group's investments of unlisted shares in domestic markets incurred losses for a few consecutive years, causing the net value of equity interest to approximate $0. In 2017, the Group's management decided to fully recognize impairment losses after assessment; therefore, it did not conduct sensitivity analysis for these underlying subjects.

(v) Financial risk management

(i) Overview

The Group have exposures to the following risks from its financial instruments:

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks.

(ii) Structure of risk management

With the Board of Directors as the highest guiding unit, a risk management framework with 3 levels of different duties has been established, and the lower level reports to the immediately higher level. In addition, risk management policies and procedures are formulated to maintain the effectiveness of their operation and reduce various risk costs. Through appropriate risk management education training, the Group equips its employees with the ability to perform risk management tasks, and makes them aware of their roles and obligations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by internal auditors. Internal auditors undertake both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

1) Accounts and other receivables

To maintain the quality of accounts and other receivables, the Group has established procedures for customer risk assessment. In addition to granting credit lines according to credit ratings, the Group also periodically reviews the payments made through customers' accounts, so as to control the level of credit risk.

(Continued)

The above-mentioned financial assets are measured using lifetime expected loss provision and forward looking information is taken into consideration as well.

In addition, the Group will review the recoverable amounts of receivables on each balance sheet date to ensure that appropriate impairment loss has been appropriated for the uncollectible receivables.

2) Cash and investments

The exposure to credit risk for the bank deposits and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks and corporate organizations with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

As of December 31, 2023 and 2022, the Group has not provided any endorsement and guarantees for other than subsidiaries wherein the Group held more than 50% equity interests.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's financial department monitors cash flow requirements and optimizing its cash return on investments. The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash flows on financial liabilities over the succeeding 60 days. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As of December 31, 2023 and 2022, the Group's unused credit line were amounted to $563,394 and $675,999, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currency of the Company and its subsidiaries. However, the net positions of foreign currency assets and liabilities are normally immaterial; therefore, the net exposure to foreign currencies was continuously controlled under acceptable level by the management that considered the currency risk to be immaterial. The Group's main functional currencies are NTD and RMB.

(w) Capital management

In consideration of industry dynamics and future developments, as well as external environment factors, the Group maintains an optimal structure to enhance long-term shareholder value by managing its capital in a manner to ensure that it has sufficient and necessary financial resources to find its working capital needs, dividend payments, and other business requirements for continuing operations and to reward shareholders and take into consideration the interests of other stockholders.

The Group's debt-to-equity ratio at the end of the reporting period as of December 31, 2023 and 2022, are as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 3,252,967	2,905,858
Less: cash and cash equivalents	2,133,533	1,756,579
Net debts	**$ 1,119,434**	**1,149,279**
Total equity	**$ 2,107,121**	**2,249,418**
Debt-to-equity ratio	53.13%	51.09%

(x) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2023 and 2022, were as follow

(i) For right-of-use assets under leases, please refer to note (6)(g).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes			
	January 1, 2023	Cash flows	Additions	Interest expense arising from lease liabilities	Foreign exchange movements and others	December 31, 2023
Long-term debt	$ 478,000	27,000	-	-	-	505,000
Short-term notes and bills payable	-	100,000	-	-	-	100,000
Short-term borrowings	1,020,000	(330,000)				690,000
Lease liabilities	159,856	(59,447)	16,640	2,733	(6,998)	112,784
Bonds payable	28,907	(30,000)	-	-	1,093	-
Total liabilities arising from financing activities	**$ 1,686,763**	**(292,447)**	**16,640**	**2,733**	**(5,905)**	**1,407,784**

	January 1, 2022	Cash flows	Non-cash changes: Additions	Non-cash changes: Interest expense arising from lease liabilities	Non-cash changes: Foreign exchange movements and others	December 31, 2022
Long-term debt	$ 619,571	(141,571)	-	-	-	478,000
Short-term borrowings	1,120,000	(100,000)	-	-	-	1,020,000
Lease liabilities	156,793	(78,715)	66,473	3,305	12,000	159,856
Bonds payable	28,495	-	-	-	412	28,907
Total liabilities arising from financing activities	$ 1,924,859	(320,286)	66,473	3,305	12,412	1,686,763

(7) Related-party transactions

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Blueoptech Co., Ltd. (Blueoptech)	Other related parties
Liefco Optical Inc. (Liefco)	The Company represented as a director of Liefco
CEREC Asia Inc. (CEREC)	The Company represented as a director of CEREC(Note)
Tairone Energy Saving Tech. Co., Ltd (Tairone)	The Company represented as a director of Tairone

(Note) On October 25, 2023, the Company removed the director of CEREC and it was no longer considered a related party.

(b) Significant transactions with related parties

(i) Sales

The amounts of sales by the Group to related parties were as follows:

	2023	2022
Other related parties	$ 1,093	2,196

The selling prices and credit terms for the sales to related parties above are not significantly different from those third party customers, and the normal credit term with the related party above is 30~45 days.

(ii) Purchases

The amounts of purchases by the Group from related parties were as follows:

	2023	2022
Other related parties	$ 95	-

The purchase prices and payment terms for the purchases from related parties above are not significantly different from those of third-party venders.

(iii) Other income

	2023	2022
Other related parties:		
Sale of samples (Note)	$ -	4
Assignment revenue of EasyPrep patent	200	-
	$ 200	**4**

(Note) The amount is recognized as a deduction from operating expenses.

(iv) Operating costs and expenses

	2023	2022
Other related parties:		
Processing fee	$ 170	679
R&D expenses	3,628	2,871
Rent expenses/Repair and maintenance/Telecom and internet fees	854	838
	$ 4,652	**4,388**

Other payables from related parties arising from the above-mentioned transactions were as follows:

Account	Relationship	December 31, 2023	December 31, 2022
Other payables	Other related parties	**$ 224**	**375**

(v) Receivables from related parties

The details of the Group's receivables from related parties were as follows:

Account	Relationship	December 31, 2023	December 31, 2022
Notes and accounts receivable, net	Other related parties	$ 555	209
Other receivable	Other related parties	379	-
		$ 934	**209**

(c) Key management personnel compensation

Key management personnel compensation comprised:

	2023	2022
Short-term employee benefits	$ 43,167	45,165
Post-employment benefits	2,338	2,370
	$ 45,505	47,535

(8) Pledged assets:

The carrying values of assets pledged as security were as follows:

Pledged assets	Pledged to secure	December 31, 2023	December 31, 2022
Property and plant	Long-term debt	$ 343,915	366,934

(9) Significant commitments and contingencies:

(a) The Group's unrecognized contractual commitments are as follows:

	December 31, 2023	December 31, 2022
Acquisition of property, plant and equipment	$ 11,151	17,163

(b) The Group's outstanding standby letter of credit are as follows:

	December 31, 2023	December 31, 2022
Outstanding standby letter of credit	$ 2,656	5,325

(c) Compensation agreement of policy-driven relocation:

For urban planning of Shanghai Qinqpu District in China, the Board of Directors approved the relocation project for factories owned by subsidiaries of the Company, namely Shanghai Yingji, Shanghai AB, and Shanghai Shanghua, in Shanghai's Qingpu District, China, on September 26, 2023. They also authorized the chairman to sign an agreement with the Xianghuaqiao Street Office of the Shanghai Qingpu District People's Government regarding compensation for the compulsory purchase of national land for non-residential purposes. The compensation and award for the policy-driven relocation of their right of land use, buildings, constructions, and ancillary assets in Qingpu District amount to a total of RMB 432 million. The relocation will be scheduled to complete in 36 months after signing the land handover confirmation form of new factories address. As of December 31, 2023, the initial relocation compensation amount of RMB 129,635 (equivalent to about NTD 562,540) had already been received and was recorded under other non-current liabilities. As of the reporting date, the agreement of right of land use for new factories has not been confirmed and signed yet.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	For the year ended December 31					
	2023			2022		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	1,109,084	324,455	1,433,539	1,402,585	322,481	1,725,066
Labor and health insurance	124,802	31,879	156,681	139,694	29,912	169,606
Pension	122,618	21,753	144,371	139,492	20,309	159,801
Others	70,832	24,468	95,300	83,226	24,657	107,883
Depreciation	207,614	18,836	226,450	227,673	19,154	246,827
Amortization	1,658	2,012	3,670	1,126	2,720	3,846

(Continued)

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group:

(i) Loans to other parties:

(In Thousands of NTD)

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance (Note 1)	Actual usage amount during the period	Range of interest rates	Nature of financing	Transaction amounts	Reasons for short-term financing	Loss allowance	Collateral		Financing limit for each borrowing company	Maximum financing limit for the lender
													Item	Value		
0	The Company	Mega1	Accounts receivable from related parties	Yes	20,000	20,000	20,000	2.11%	2	-	Operating requirement	-	-	-	Net equity * 20% 418,448	Net equity * 40% 836,895
1	Shanghai Yingji	Dongguan Megaforce	Accounts receivable from related parties	Yes	45,165	-	-	-	2	-	Operating requirement	-	-	-	Net equity * 100% 1,294,839	Net equity * 100% 1,294,839
2	Suzhou Intentech	The Company	Accounts receivable from related parties	Yes	162,095	-	-	-	2	-	Operating requirement	-	-	-	Net equity * 100% 751,114	Net equity * 100% 751,114
3	Shanghai Shanghua	Dongguan Megaforce	Accounts receivable from related parties	Yes	43,394	43,394	43,394	-	2	-	Operating requirement	-	-	-	Net equity * 100% 107,539	Net equity * 100% 107,539

Note 1: The amount approved by the Board of Directors as of December 31, 2023.
Note 2: Nature of financing were as follows:
(i) Business transaction.
(ii) Short-term financing.

(ii) Guarantees and endorsements for other parties:

(In Thousands of NTD)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Shanghai Yingji	2	2,092,238	95,562	-	-	-	- %	Net equity * 200% 4,184,476	Y	N	Y
0	The Company	Dongguan Megaforce	2	2,092,238	22,227	-	-	-	- %	Net equity * 200% 4,184,476	Y	N	Y
1	Suzhou Intentech	Shanghai Yingji	4	751,114	269,658	-	-	-	- %	Net equity * 200% 1,502,228	N	N	Y

Note 1: Relationship between the guarantee and the guarantor were as follows:

1. For entities the guarantor has business transaction with.
2. The Company directly or indirectly, owned more than 50% of their shares.
3. For entities who owned, directly or indirectly, more than 50% in total of the guarantor’s shares.
4. The Company and its subsidiaries directly or indirectly, owned more than 90% of their shares.
5. Fulfillment of contractual obligation by providing mutual endorsements and guarantees for peer or joint builders in order to undertake a construction project.
6. For entities who are guaranteed and endorsed by all capital contributing shareholders in proportion to each of their shareholder’s percentage.
7. Performance guarantee in which entities within the same industry provide among themselves joint and several securities by entering into sales agreement with each other for pre-construction project pursuant to Company Protection Act.

(Continued)

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of NTD)

Name of holder	Category and name of security	Relationship with securities issuer	Account title	Ending balance				Highest shares/unit of ownership	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	Liefco Optical Inc.	Related party	Financial assets at fair value through profit or loss－non-current	2,107	-	9.50%	-	2,107	
The Company	Tairone Energy Saving Tech. Co., Ltd	Related party	Financial assets at fair value through profit or loss－non-current	1,099	-	10.25%	-	1,099	
The Company	Opus Microsystem Inc.	-	Financial assets at fair value through profit or loss－non-current	1	-	7.27%	-	1	
The Company	Super Bravo Bio Co., Ltd.	Related party	Financial assets at fair value through other comprehensive income－non-current	2,232	21,460	6.97%	21,460	2,232	
The Company	Intech Biopharm Ltd.	-	Financial assets at fair value through profit or loss－current	20	598	0.02%	598	20	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(Continued)

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of NTD/RMB)

Name of company	Related party	Nature of relationship	Transaction details: Purchase/Sale	Transaction details: Amount	Transaction details: Percentage of total purchases/sales	Transaction details: Payment terms (Note)	Transactions with terms different from others: Unit price	Transactions with terms different from others: Payment terms	Notes/Accounts receivable (payable): Ending balance	Notes/Accounts receivable (payable): Percentage of total notes/accounts receivable (payable)	Note
Shanghai Yingji	Shanghai Shanghua	Affiliates	Processing fee	RMB 32,458	20.90 %	140 days	-		RMB (16,202)	(22.51) %	
Shanghai Shanghua	Shanghai Yingji	Affiliates	Sales	RMB 32,458	100.00 %	140 days	-		RMB 16,202	100.00 %	
The Company	Suzhou Intentech	Parent/subsidiary	Purchase	NTD 377,747	43.26 %	140 days	-		NTD (267,890)	(60.10) %	
Suzhou Intentech	The Company	Parent/subsidiary	Sales	RMB 80,340	47.14 %	140 days	-		RMB 61,734	66.81 %	
The Company	Dongguan Megaforce	Parent/subsidiary	Purchase	NTD 203,988	23.36 %	140 days	-		NTD (69,088)	(15.50) %	
Dongguan Megaforce	The Company	Parent/subsidiary	Sales	RMB 46,146	45.67 %	140 days	-		RMB 15,921	42.74 %	

Note 1: The above-mentioned transactions have been eliminated in the consolidated financial statements.

Note 2: In consideration of the Group’s capital utilization, the Company adjusts timely the credit terms granted to related parties.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of RMB)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Suzhou Intentech	The Company	Parent/subsidiary	RMB 61,734	-	-		RMB 9,503	-

Note: The above-mentioned transactions have been written off in the consolidated financial statements.

(ix) Trading in derivative instruments: None.

(x) Business relationships and significant intercompany transactions:

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	MegaforceMY	1	Accounts receivable	2,637	O/A 140 days	0.05%
0	The Company	MegaforceUS	1	Accounts receivable	8,551	O/A 140 days	0.16%
1	Shanghai Yingji	MegaforceMY	3	Accounts receivable	3,172	O/A 140 days	0.06%
1	Shanghai Yingji	The Company	2	Accounts receivable	488	O/A 140 days	0.01%
1	Shanghai Yingji	Suzhou Intentech	3	Accounts receivable	273	O/A 140 days	0.01%
2	Shanghai Shanghua	Shanghai Yingji	3	Accounts receivable	70,308	O/A 140 days	1.31%
3	Shanghai AB	Shanghai Yingji	3	Accounts receivable	33,312	O/A 140 days	0.62%
3	Shanghai AB	Suzhou Intentech	3	Accounts receivable	11,156	O/A 140 days	0.21%
4	Suzhou Intentech	The Company	2	Accounts receivable	267,887	O/A 140 days	5.00%
4	Suzhou Intentech	Shanghai Shanghua	3	Accounts receivable	2,835	O/A 140 days	0.05%
4	Suzhou Intentech	Shanghai Yingji	3	Accounts receivable	511	O/A 140 days	0.01%
5	Dongguan Megaforce	The Company	2	Accounts receivable	69,087	O/A 140 days	1.29%
5	Dongguan Megaforce	MegaforceMX	3	Accounts receivable	9,117	O/A 140 days	0.17%
6	MEGA1	The Company	2	Accounts receivable	1	O/A 140 days	- %

(Continued)

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
7	Barintec	MEGA1	3	Accounts receivable	98	O/A 140 days	- %
0	The Company	Shanghai Yingji	1	Other receivables	9,691	O/A 140 days	0.18%
0	The Company	Shanghai Shanghua	1	Other receivables	848	O/A 140 days	0.02%
0	The Company	Shanghai AB	1	Other receivables	774	O/A 140 days	0.01%
0	The Company	Suzhou Intentech	1	Other receivables	3,123	O/A 140 days	0.06%
0	The Company	MEGA1	1	Other receivables	20,078	O/A 140 days	0.37%
0	The Company	MegaforceUS	1	Other receivables	746	O/A 140 days	0.01%
0	The Company	MegaforceMX	1	Other receivables	375	O/A 140 days	0.01%
1	Shanghai Yingji	Suzhou Intentech	3	Other receivables	857	O/A 140 days	0.02%
1	Shanghai Yingji	MegaforceMY	3	Other receivables	2,372	O/A 140 days	0.04%
2	Shanghai Shanghua	Dongguan Megaforce	3	Other receivables	43,394	O/A 140 days	0.81%
3	Shanghai AB	The Company	2	Other receivables	454	O/A 140 days	0.01%
4	Suzhou Intentech	The Company	2	Other receivables	726	O/A 140 days	0.01%
5	Dongguan Megaforce	The Company	2	Other receivables	661	O/A 140 days	0.01%
6	MEGA1	The Company	2	Other receivables	10,283	O/A 140 days	0.19%
6	MEGA1	Barintec	3	Other receivables	586	O/A 140 days	0.01%
6	MEGA1	The Company	2	Finance lease receivables	18,594	O/A 140 days	0.35%
0	The Company	MegaforceUS	1	Sales revenue	69,369	O/A 140 days	1.68%
0	The Company	MEGA1	1	Sales revenue	354	O/A 140 days	0.01%
0	The Company	Dongguan Megaforce	1	Sales revenue	29	O/A 140 days	- %
0	The Company	MegaforceMY	1	Sales revenue	2,661	O/A 140 days	0.06%
1	Shanghai Yingji	MegaforceMY	3	Sales revenue	3,864	O/A 140 days	0.09%
1	Shanghai Yingji	The Company	2	Sales revenue	508	O/A 140 days	0.01%
1	Shanghai Yingji	Suzhou Intentech	3	Sales revenue	245	O/A 140 days	0.01%
2	Shanghai Shanghua	Shanghai Yingji	3	Sales revenue	143,594	O/A 140 days	3.47%
3	Shanghai AB	Shanghai Yingji	3	Sales revenue	52,705	O/A 140 days	1.27%
3	Shanghai AB	Suzhou Intentech	3	Sales revenue	19,966	O/A 140 days	0.48%
3	Shanghai AB	Dongguan Megaforce	3	Sales revenue	2,210	O/A 140 days	0.05%

(Continued)

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
4	Suzhou Intentech	The Company	2	Sales revenue	355,977	O/A 140 days	8.60%
4	Suzhou Intentech	Shanghai Yingji	3	Sales revenue	15,818	O/A 140 days	0.38%
4	Suzhou Intentech	Shanghai Shanghua	3	Sales revenue	28,385	O/A 140 days	0.69%
5	Dongguan Megaforce	The Company	2	Sales revenue	203,980	O/A 140 days	4.93%
5	Dongguan Megaforce	MegaforceMX	3	Sales revenue	11,598	O/A 140 days	0.28%
6	MEGA1	Barintec	3	Sales revenue	483	O/A 140 days	0.01%
6	MEGA1	The Company	2	Sales revenue	20,945	O/A 140 days	0.51%
7	Barintec	MEGA1	3	Sales revenue	98	O/A 140 days	- %
0	The Company	Shanghai Yingji	1	Service income	37,248	O/A 140 days	0.90%
0	The Company	Shanghai Shanghua	1	Service income	1,660	O/A 140 days	0.04%
0	The Company	Shanghai AB	1	Service income	1,481	O/A 140 days	0.04%
0	The Company	Suzhou Intentech	1	Service income	13,665	O/A 140 days	0.33%

Note 1: Numbers are filled in as follows:

1. “0” represents the parent entity.
2. Subsidiaries are numbered starting from “1”.

Note 2: Relationships with transaction counterparties are categorized as follows:

1. The transactions from parent company to subsidiary.
2. The transactions from subsidiary to parent company.
3. The transactions between subsidiaries.

Note: The above-mentioned transactions have been eliminated in the consolidated financial statements.

(Continued)

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2023 (excluding information on investees in Mainland China):

(In Thousands of USD/NTD/JPY)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount December 31, 2023	Original investment amount December 31, 2022	Balance as of December 31, 2023 Shares (thousands)	Balance as of December 31, 2023 Percentage of ownership	Balance as of December 31, 2023 Carrying value	Highest shares of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
The Company	Group	The British Virgin Islands	Investment and holding	971,803 USD 30,088	1,294,793 USD 40,088	16	100.00%	2,248,719	16	337,880	337,880	Note 1
The Company	Megachamp	Taiwan	Investment and holding	5,000	5,000	500	100.00%	2,014	500	(173)	(173)	Note 1
The Company	MegaforceMX	Mexico	Plastic components and precision tools	455,886 USD 14,970	424,751 USD 13,970	-	99.80%	135,743	-	(57,200)	(57,083)	Note 1
The Company	MegaforceMY	Malaysia	Plastic components	85,215 USD 3,064	85,215 USD 3,064	16,386	100.00%	47,481	16,386	(17,629)	(17,629)	Note 1
The Company	MEGA1	Taiwan	Manufacturing of optical components	587,061	587,061	9,988	99.88%	(24,888)	9,988	(74,506)	(74,325)	Note 1
The Company	Barintec	Japan	Developing AR modules and optical technology, and selling related products	55,029 JPY 212,000	43,409 JPY 162,000	12	70.76%	2,218	12	(13,331)	(9,433)	Note 1
The Company	International-US	USA	Trading of merchandise	9,233 USD 300	9,233 USD 300	-	100.00%	(1,455)	-	(2,625)	(2,625)	Note 1
Group	International-Samoa	Samoa	Investment and holding	USD 41,932	USD 51,932	4,700	100.00%	2,100,708	4,700	334,661	Note 2	Note 1
Group	Newforce	The British Virgin Islands	Investment and holding	USD 7,929	USD 7,929	20	100.00%	146,368	20	4,958	Note 2	Note 1
Megachamp	MegaforceMX	Mexico	Plastic components and precision tools	916 USD 30	916 USD 30	-	0.20%	272	-	(57,200)	Note 2	Note 1

Note 1: The above-mentioned transactions have been eliminated in the consolidated financial statements.

Note 2: To prevent confusion, profits (losses) of investees, which have already been included in those of the investor, are not presented separately herein.

(Continued)

MEGAFORCE COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of NTD/USD)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Shanghai Yingji	Plastic components	USD 15,500	(2) (Note 4)	USD 2,698	-	-	USD 2,698	305,258	100.00%	100.00%	305,050	1,292,773	USD 64,199
Shanghai AB	High-precision tools	USD 3,700	(2) (Note 4)	USD 1,200	-	-	USD 1,200	3,451	90.00%	90.00%	2,672	125,563	-
Suzhou Intentech	Plastic components	USD 32,500	(2) (Note 4)	USD 24,921	-	10,000	USD 14,921	27,566	100.00%	100.00%	27,970	751,114	-
Shanghai Shanghua	Painting	USD 2,000	(2) (Note 5)	USD 3,779	-	-	USD 3,779	4,958	100.00%	100.00%	4,958	107,539	USD 18,587
Dongguan Megaforce	Plastic components and high-precision tools	USD 6,525	(1)	USD 6,526	-	-	USD 6,526	(10,246)	100.00%	100.00%	(11,239)	243,709	-

Note: The above-mentioned transactions have been eliminated in the consolidated financial statements.

(Continued)

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023 (Notes 3 and 7)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Upper Limit on Investment (Note 6)
NTD 1,087,773 (USD 35,392)	NTD 1,192,057 (USD 38,785)	1,255,343

Note 1: There are three methods to invest:

(a) Direct investment in Mainland China.

(b) Investments in Mainland China through the 3rd region.

(c) Other methods.

Note 2: Investment profit (loss) is recognized based on the financial statements audited by the parent company's external certified auditors.

Note 3: Exchange rate on the balance sheet date.

Note 4: The Company conducts reinvestment in Mainland China through Group and International-Samoa in the 3rd region.

Note 5: The Company conducts reinvestment in Mainland China through Group and Newforce in the 3rd region.

Note 6: The amount is limited to 60% of the net value.

Note 7: The amount includes USD641 of transferred equity interest in Mega Mobile (China) International Co., Ltd., USD4,249 remitted by the processing plant in Dongguan, and USD1,378 renutted by Dong Guan Shi Jian Light Electron Technology Co., Ltd.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders:

Shareholding Shareholder's Name	Shares	Percentage
Ying Fan Investment Co., Ltd.	38,983,802	29.52%

(14) Segment information:

(a) General information

The Group's reportable segments comprise the electronics component segment, the opto-mechatronics segment, the biomedical and system integration segment, and the AI application development segment, all of which are the Group's strategic business units (SBUs) that provide different products and services such as design, manufacture, and sale of plastic components, medical devices, opto-mechatronics products and AI application products. The Group's chief operating decision maker reviews the internal management reports submitted by each SBU on a quarterly basis.

(b) Information about reportable segments and their measurement and reconciliations

There was no material inconsistency between the accounting policies adopted for operating segments and the significant accounting policies described in note 4. The Group uses post-tax profits (losses) as the measurement of segment profits (losses) and the basis of both resource allocation and performance assessment.

The Group's operating segment information and reconciliation are as follows:

	2023					
	Electronics components segment	**Opto-mechatronics segment**	**Biomedical and system integration segment**	**AI application development segment**	**Reconciliation and eliminations**	**Total**
Revenue						
Revenue from external customers	$ 3,849,448	2,557	128,857	157,296	-	4,138,158
Inter-group revenue	5,521	20,945	1,157	-	(27,623)	-
Total revenue	$ 3,854,969	23,502	130,014	157,296	(27,623)	4,138,158
Segment profits (losses)	$ 15,115	(94,494)	(33,537)	(20,120)	-	(133,036)

	2022					
	Electronics components segment	**Opto-mechatronics segment**	**Biomedical and system integration segment**	**AI application development segment**	**Reconciliation and eliminations**	**Total**
Revenue						
Revenue from external customers	$ 4,691,580	4,679	103,170	35,508	-	4,834,937
Inter-group revenue	1,194	6,217	-	-	(7,411)	-
Total revenue	$ 4,692,774	10,896	103,170	35,508	(7,411)	4,834,937
Segment profits (losses)	$ (58,682)	(59,861)	(30,302)	(12,963)	-	(161,808)

Information about segment profits (losses), assets and liabilities was consistent with that disclosed in the financial statements; please refer to the consolidated balance sheet and statement of comprehensive income for details.

(c) Product information

Revenue from external customers of the Group was as follows:

Product	2023	2022
Plastic injection	$ 3,687,250	4,453,129
Tools	165,614	257,699
Product development services	85,108	26,157
Medical product	98,668	65,752
Laser Optics	85,290	27,740
Others	16,228	4,460
	$ 4,138,158	4,834,937

(d) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

Revenue from external customers:

Geographic information	2023	2022
Asia	$ 3,677,660	4,478,058
America	460,498	353,672
Europe	-	3,207
	$ 4,138,158	4,834,937

Non-current assets:

Geographic information	December 31, 2023	December 31, 2022
Taiwan	$ 513,354	563,730
Mainland China	405,820	518,883
Malaysia	31,663	41,025
North America	122,266	138,204
Japan	1,526	1,627
Total	$ 1,074,629	1,263,469

Non-current assets include property, plant, equipment, right-of-use assets, intangible assets, and other assets, excluding financial instruments and deferred income tax assets.

(e) Major customer

	2023		2022	
	Amount	Share of operating revenues (%)	Amount	Share of operating revenues (%)
Customer A	$ 1,985,971	47.99	2,692,732	55.69

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Independent Auditors' Report

To the Board of Directors

Megaforce Company Limited:

Opinion

We have audited the parent-company-only financial statements of Megaforce Company Limited ("the Company"), which comprise the parent-company-only balance sheets as of December 31, 2023 and 2022, the parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent-company-only financial statements for the year 2023. These matters were addressed in the context of our audit of the parent-company-only financial statements taken as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters that should be communicated in our report.

1. Inventory valuation of subsidiaries

   The accounting policy on inventory valuation of subsidiaries is same with the Company, please refer to note (4)(g) "Inventories", note (5)(a) for the uncertainties in accounting estimates and assumptions regarding the inventory valuation of subsidiaries, and the related disclosures of the inventory valuation of subsidiaries, please refer to note (6)(f) "Investment accounted for using the equity method".

Description of key audit matter:

Inventories of subsidiaries measured at the lower of costs and net realizable values. Due to fierce market competition or change in customer's demands, sales of related products might fluctuate significantly, which could possibly result in an obsolescence of products or no longer meet the market demand, and a significant fluctuation in the sales of the related products, wherein the carrying value of the inventories may exceed its net realizable value. Due to the valuation of inventories of subsidiaries might affect the Company's adoption of equity method to recognize its shares of profit and loss of subsidiaries, therefore, the adoption of the equity method to recognize the share of profit or loss of subsidiaries was considered one of the key audit matters in our audit of the Company's parent-company-only financial statements..

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included reviewing the lower of inventory and net realizable value assessments and inventory aging schedules provided by subsidiaries; analyzing the fluctuation of inventory aging; evaluating the most recent sales prices used by the management and reviewing subsequent inventory liquidation to assess the reasonableness of the net value of the subsidiaries' inventories to verify the accuracy of the management's estimate of the inventory allowance for losses and adequacy of the disclosure.

2. Assessment on impairment of subsidiaries' long-term non-financial assets (including goodwill)

Please refer to notes (4)(l) "Impairment of non-financial assets" of the accompanying parent-company-only financial statements for the accounting policies concerning the assessment on impairment of subsidiaries' long-term non-financial assets (including goodwill), note (5)(b) for relevant accounting estimates and assumption uncertainty, and note (6)(f) "Investment accounted for using the equity method" for details on the impairment assessment of subsidiaries' long-term non-financial assets (including goodwill).

Description of key audit matter:

The industry in which the subsidiaries operate is sensitive to market environment and the assessment on impairment of subsidiaries' long-term non-financial assets (including goodwill) is based on management's estimates of recoverable amount. As the assumptions of relevant assessments involve judgement of the management, the assessment on impairment of subsidiaries' long-term non-financial assets (including goodwill) was considered one of the key audit matters in our audit of the parent-company-only financial statements.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included assessing whether there are impairment indications for the identified cash-generating units of the Company and its related assets; assessing the reasonableness of assumptions adopted by the management in calculating the recoverable amount, including the main parameters such as cash flow projections and discount rates; comparing the future cash flows projected in the past with the actual results to examine the accuracy of estimates made by the management and conducted sensitivity analysis on key assumptions; reviewing the adequacy of disclosures concerning the assessment on impairment of long-term non-financial assets (including goodwill); and making inquiries with management to ensure that matters having significant influence on impairment assessment did not occur after the reporting date.

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

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

In preparing the parent-company-only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless 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 members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements

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

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

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

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

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Yen-Ta Su and Mei-Yen Chen.

KPMG

Taipei, Taiwan (Republic of China)
March 15, 2024

Notes to Readers

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

The independent auditors' report and the accompanying parent-company-only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and parent-company-only financial statements, the Chinese version shall prevail.

(English Translation of Parent-Company-Only Financial statements Originally Issued in Chinese)

MEGAFORCE COMPANY LIMITED

Parent-Company-Only Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note (6)(a))	$ 337,636	8	380,342	7
1110	Financial assets at fair value through profit or loss—current (note (6)(b))	598	-	-	-
1170	Accounts receivable, net (notes (6)(c) and (r))	402,656	10	312,457	7
1180	Receivables from related parties (notes (6)(c), (r) and (7))	11,188	-	26,380	1
1210	Other receivables from related parties (notes (6)(d) and (7))	35,605	1	9,214	-
130X	Inventories (note (6)(e))	152,181	4	112,334	2
1476	Other financial assets—current (note (6)(d))	6,413	-	1,661	-
1479	Other current assets (note (7))	15,427	-	17,461	-
	Total current assets	961,704	23	787,849	17
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income — non-current (note (6)(b))	21,460	1	21,460	1
1550	Investments accounted for using equity method (note (6)(f))	2,679,884	64	3,177,408	71
1600	Property, plant and equipment (notes (6)(g), (7) and (8))	431,107	10	460,553	10
1755	Right-of-use assets (note (6)(h))	18,804	-	927	-
1780	Intangible assets	1,404	-	2,761	-
1840	Deferred income tax assets (note (6)(o))	44,789	1	50,770	1
1990	Other non-current assets	19,132	1	456	-
1990	**Total non-current assets**	3,216,580	77	3,714,335	83
		$ **4,178,284**	**100**	**4,502,184**	**100**

	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note (6)(j))	$ 690,000	17	1,020,000	23
2110	Short-term notes and bills payable (note (6)(i))	100,000	2	-	-
2120	Financial liabilities at fair value through profit or loss—current (notes (6)(b) and (l))	-	-	285	-
2130	Contract liabilities—current (note (6)(r))	29,792	1	28,563	1
2170	Notes and accounts payable	108,294	3	35,937	1
2180	Payables to related parties (note (7))	337,466	8	420,318	9
2200	Other payables (notes (7))	132,680	3	128,052	3
2230	Current income tax liabilities	720	-	415	-
2280	Lease liabilities—current (notes (6)(m) and (7))	7,841	-	741	-
2321	Current portion of bonds payable (note (6)(l))	-	-	28,907	1
2322	Current portion of long-term debt (notes (6)(k) and (8))	39,764	1	114,764	2
2360	Net defined benefit liability—current (note (6)(n))	6,250	-	6,000	-
2399	Other current liabilities—other	2,262	-	2,430	-
	Total current liabilities	1,455,069	35	1,786,412	40
	Non-current liabilities:				
2540	Long-term debt (notes (6)(k) and (8))	439,236	10	363,236	8
2570	Deferred income tax liabilities (note (6)(o))	112,906	3	73,744	2
2580	Lease liabilities—non-current (note (6)(m) and(7))	11,120	-	199	-
2640	Net defined benefit liability—non-current (note (6)(n))	41,366	1	45,055	1
2650	Credit balance of investments accounted for using equity method (notes (6)(f))	26,343	1	-	-
2670	Other non-current liabilities	6	-	6	-
	Total non-current liabilities	630,977	15	482,240	11
	Total liabilities	2,086,046	50	2,268,652	51
	Equity (notes (6)(b)(l) and (p)):				
3100	Common stock	1,320,159	25	1,320,159	29
3200	Capital surplus	830,473	20	830,582	19
3300	Retained earnings(Accumulated deficits)	(31,036)	(1)	107,321	2
3400	Other equity	17,547	-	20,375	-
3500	Treasury shares	(44,905)	(1)	(44,905)	(1)
	Total equity	2,092,238	50	2,233,532	49
	Total liabilities and equity	$ **4,178,284**	**100**	**4,502,184**	**100**

See accompanying notes to parent-company-only financial statements.

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

MEGAFORCE COMPANY LIMITED

Parent-Company-Only Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

		2023			2022	
			Amount	%	Amount	%
4000	**Operating revenues (notes (6)(r) and (7))**	$	1,140,199	100	1,019,369	100
5000	**Operating costs (notes (6)(e), (f), (g), (h), (m), (n), (7) and (12))**		1,022,602	90	941,139	92
	Gross profit		117,588	10	78,230	8
5910	Less: Unrealized profit from sales		902	-	-	-
	Realized gross profit		116,686	10	78,230	8
	Operating expenses (notes (6)(c), (d), (f), (g), (h), (m), (n), (7) and (12)):					
6100	Selling expenses		23,716	2	22,920	2
6200	Administrative expenses		169,205	15	176,761	17
6300	Research and development expenses		88,471	8	77,540	8
6450	Recognized (reversal of) expected credit losses		(1,535)	-	1,541	-
	Total operating expenses		279,857	25	278,762	27
	Net operating loss		(163,171)	(15)	(200,532)	(19)
	Non-operating income and expenses (notes (6)(h), (l), (m), (t) and (7)):					
7100	Interest income		7,559	1	2,612	-
7020	Other gains and losses, net		(29,024)	(3)	(2,505)	-
7050	Finance costs		(25,308)	(2)	(24,720)	(2)
7070	Share of profit of subsidiaries and associates accounted for using equity method		163,373	15	187,960	18
	Total non-operating income and expenses		118,600	11	163,347	16
7900	**Loss before tax**		(44,571)	(4)	(37,185)	(3)
7950	Less: Income tax expenses (note (6)(o))		84,823	7	119,382	12
	Net loss		(129,394)	(11)	(156,567)	(15)
8300	**Other comprehensive income (loss):**					
8310	**Items that will not be reclassified subsequently to profit or loss**					
8311	Remeasurement of defined benefit plans (note (6)(n))		(1,823)	-	15,217	1
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (notes (6)(p) and (u))		4,800	-	(1,139)	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss (note (6)(o))		(364)	-	3,043	-
	Items that will not be reclassified subsequently to profit or loss		3,341	-	11,035	1
8360	**Items that will be reclassified subsequently to profit or loss**					
8361	Exchange differences on translation of foreign operations (note (6)(p))		(15,020)	(1)	85,187	8
8399	Income tax related to items that will be reclassified subsequently to profit or loss		-	-	-	-
	Items that will be reclassified subsequently to profit or loss		(15.020)	(1)	85,187	8
8300	**Other comprehensive income (loss), net**		(11,679)	(1)	96,222	9
8500	**Total comprehensive income (loss)**	**$**	**(141,073)**	**(12)**	**(60,345)**	**(6)**
	Earnings per share (in New Taiwan dollars) (note (6)(q))					
9750	Basic earnings (loss) per share	**$**	**(0.995)**		**(1.198)**	
9850	Diluted earnings (loss) per share	**$**	**(0.995)**		**(1.198)**	

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial statements Originally Issued in Chinese)

MEGAFORCE COMPANY LIMITED

Parent-Company-Only Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Other equity			
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Treasury shares	Total equity
Balance at January 1, 2022	$ 1,320,159	830,637	55,622	45,952	183,144	284,718	(52,620)	(11,053)	-	2,371,841
Net loss	-	-	-	-	(156,567)	(156,567)	-	-	-	(156,567)
Other comprehensive income	-	-	-	-	12,174	12,174	85,187	(1,139)	-	96,222
Total comprehensive income	-	-	-	-	(144,393)	(144,393)	85,187	(1,139)	-	(60,345)
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	1,684	-	(1,684)	-	-	-	-	-
Special reserve appropriated	-	-	-	17,721	(17,721)	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(33,004)	(33,004)	-	-	-	(33,004)
Purchase of treasury share	-	-	-	-	-	-	-	-	(44,905)	(44,905)
Change in ownership interest in subsidiaries	-	(55)	-	-	-	-	-	-	-	(55)
Balance at December 31, 2022	1,320,159	830,582	57,306	63,673	(13,658)	107,321	32,567	(12,192)	(44,905)	2,233,532
et loss	-	-	-	-	(129,394)	(129,394)	-	-	-	(129,394)
Other comprehensive income	-	-	-	-	(1,459)	(1,459)	(15,020)	4,800	-	(11,679)
Total comprehensive income	-	-	-	-	(130,853)	(130,853)	(15,020)	4,800	-	(141,073)
Appropriation and distribution of retained earnings:										
Reversal special reserve	-	-	-	(63,673)	63,673	-	-	-	-	-
Change in ownership interest in subsidiaries	-	(109)	-	-	(112)	(112)	-	-	-	(221)
Disposal of equity investments measured at fair value through other comprehensive income	-	-	-	-	(7,392)	(7,392)	-	7,392	-	-
Balance at December 31, 2023	$ 1,320,159	830,473	57,306	-	(88,342)	(31,036)	17,547	-	(44,905)	2,092,238

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial statements Originally Issued in Chinese)

MEGAFORCE COMPANY LIMITED

Parent-Company-Only Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Loss before income tax	$ (44,571)	(37,185)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	43,223	43,223
Amortization expense	1,577	2,719
Recognized (reversal of) expected credit loss	(1,535)	1,541
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(80)	14,307
Interest expense	25,308	24,720
Interest income	(7,559)	(2,612)
Share of profit of subsidiaries accounted for using equity method	(165,373)	(187,960)
Gain on disposal of property, plant and equipment	(470)	(7)
Impairment loss on non-financial assets	25,495	-
Unrealized profit from sales	902	-
Loss on redemption of convertible bonds	749	-
Total adjustments to reconcile profit (loss)	(78,763)	(104,069)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Accounts receivable	(90,176)	41,972
Receivables from related parties	16,703	(13,259)
Other receivables from related parties	(6,313)	5,585
Inventories	(39,847)	31,195
Other current assets	2,684	(7,459)
Other financial assets－current	(4,670)	203
Net changes in operating assets	(121,619)	58,237
Changes in operating liabilities:		
Contract liabilities	1,229	12,244
Notes and accounts payable	72,357	(43,137)
Payables to related parties	(82,852)	6,294
Other payables	4,579	(21,186)
Other current liabilities	(168)	242
Net defined benefit liability	(5,262)	(10,014)
Net changes in operating liabilities	(10,117)	(55,557)
Total changes in operating assets and liabilities	(131,736)	2,680
Total adjustments	(210,499)	(101,389)
Cash inflow (outflow) generated from operations	(255,070)	(138,574)
Income taxes paid	(2,924)	(13,019)
Net cash flows used in operating activities	(257,994)	(141,593)
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(15,480)
Proceeds from disposal of financial assets at fair value through other comprehensive income	4,800	-
Acquisition of financial assets at fair value through profit or loss	(734)	-
Proceeds from disposal of financial assets designated at fair value through profit or loss	-	30,000
Acquisition of investments accounted for using equity method	(42,755)	(50,000)
Proceeds from capital reduction of investments accounted for using equity method	322,991	-
Acquisition of property, plant and equipment	(23,919)	(31,536)
Proceeds from disposal of property, plant and equipment	525	153
Increase in other receivables from related parties	(20,000)	-
Acquisition of intangible assets	(220)	(1,716)
Decrease in other non-current assets	80	11
Interest received	7,399	2,589
Dividends received	330,630	837,170
Net cash flows from investing activities	578,797	771,191
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	3,649,000	6,895,000
Repayments of short-term borrowings	(3,979,000)	(6,995,000)
Increase in short-term notes and bills payable	190,000	-
Decrease in short-term notes and bills payable	(90,000)	-
Repayments of bonds	(30,000)	-
Increase in long-term debt	100,000	180,000
Repayments of long-term debt	(99,000)	(321,571)
Payments of lease liabilities	(7,488)	(7,094)
Increase in other non-current liabilities	-	6
Cash dividends paid	-	(33,004)
Payments to acquire treasury shares	-	(44,905)
Interest paid	(25,021)	(23,818)
Net cash flows from (used in) financing activities	(291,509)	(350,386)
Net increase (decrease) in cash and cash equivalents	29,294	279,212
Cash and cash equivalents at beginning of period	308,342	29,130
Cash and cash equivalents at end of period	$ 337,636	308,342

See accompanying notes to parent-company-only financial statements.

(1) Company history

Megaforce Company Limited (the "Company"). was incorporated on October 15, 1991, as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of Company's registered office is 1F., No.5, Ziqiang St., Tucheng Dist., New Taipei City 236, Taiwan. The Company is engaged in the manufacture and sales of plastic injection mold, tooling manufacturing and general import and export trade.

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

The parent-company-only financial statements were authorized for issue by the Board of Directors on March 15, 2024.

(3) New standards, amendments and interpretations adopted:

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

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent-company-only financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent-company-only financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform – Pillar Two Model Rules"

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

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

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(Continued)

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

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its parent-company-only financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"
- Amendments to IAS21 "Lack of Exchangeability"

(4) Summary of significant accounting policies:

The significant accounting policies presented in the parent-company-only financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in these financial statements.

(a) Statement of compliance

The parent-company-only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the parent-company-only financial statements have been prepared on a historical cost basis:

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

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

3) The defined benefit liabilities is recognized as the present value of the defined benefit obligation less the fair value of the plan assets and the effect of the asset ceiling mentioned in note (4)(o).

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The Company's parent-company-only financial statements are presented in New Taiwan Dollars, which is the Company's functional currency. Except when otherwise indicate, all financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currencies of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period (“the repoerting date”), monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Exchange differences are generally recognized in profit or loss.

(ii) Foreign operations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(e) Cash and cash equivalents

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

(f) Financial instruments

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

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

Subsequent to initial recognition, these assets are measured at amortized cost, which equals to carrying amount determined by the effective interest less any impairment loss. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Financial assets measured at fair value through other comprehensive income (FVOCI)

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

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

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established (usually the ex-dividend date).

3) Financial assets measured at fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

4) Assessment whether contractual cash flows are solely payments of principal and interest on the principal amount outstanding

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features)

5) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivables, other receivable, refundable deposit and other financial assets).

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

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables are always measured at an amount equal to lifetime ECL.

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

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

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

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

(Continued)

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

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

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

6) Derecognition of financial assets

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

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

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

6) Offsetting of financial assets and liabilities

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

(Continued)

(g) Inventories

The costs of inventories include all necessary expenditures and charges for bringing them to a condition and location wherein they are available to be sold or processed. Subsequently, inventories are evaluated at the lower of cost and net realizable value; net realizable value is the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses. The Company's inventories are normally valued at standard costs that are reviewed periodically and revised to suit current conditions when necessary. When the standard costs approximate the actual costs, the differences are directly recognized as operating costs. At the end of the period, the differences between the costs are allocated to operating costs and inventories on an average basis.

(h) Investment in subsidiaries

When preparing the parent-company-only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under equity method, profit or loss, and other comprehensive income recognized in parent-company-only financial statements is in line with total comprehensive income attributable to the shareholders of the Company in the consolidated financial statements. In addition, changes in equity recognized in the parent-company-only financial statements is in line with the changes in equity attributable to shareholders of the Company in the consolidated financial statements.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control as accounted for within equity.

(i) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

1)	Buildings and construction	20~55 years
2)	Machinery and equipment	5~10 years
3)	Office and other equipment	3~5 years

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

(j) Leases

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

(i) As a leasee

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

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

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

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

1) fixed payments;

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

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

4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

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

2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

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

5) there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases that have a lease term of 12 months or less and leases of low-value assets, including parking sapce and other equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

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

(k) Intangible assets

Goodwill arising on the acquisition of associates is included in the carrying amount of investment in associates. Goodwill is not amortized but is measured at cost, less accumulated impairment losses.

Other intangible assets, including computer software, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for computer software is 2~3 years.

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

(Continued)

(l) Impairment of non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

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

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Treasury stock

Repurchased shares are recognized under treasury shares (a contra-equity account) based on its repurchase price (including all directly accountable costs). Gains on disposal of treasury shares should be recognized under capital reserve–treasury shares transaction; losses on disposal of treasury shares should be offset against existing capital reserve arising from similar types of treasury shares. If there are insufficient capital reserve to be offset against, then such losses should be accounted for under retained earnings. The carrying amount of treasury shares should be calculated using the weighted average different types of repurchase.

During the cancellation of treasury shares, capital reserve–share premiums and share capital should be debited proportionately. Gains on cancellation of treasury shares should be recognized under existing capital reserve arising from similar types of treasury shares; losses on cancellation of treasury shares should be offset against existing capital reserve arising from similar types of treasury shares. If there are insufficient capital reserve to be offset against, then such losses should be accounted for under retained earnings.

(n) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer.

(Continued)

(i) Sale of goods

The Company manufactures and sells plastic goods and molds to electronic product vender. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer or accepted by the customer with supporting documents issued, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(ii) Revenue from service rendered

The Company provide product design, prototyping and development service to customers. Revenue from providing services is recognized in the accounting periods in which the services are rendered. For performance obligations that are satisfied over time, the revenue is determined based on the milestone of services that have been reached at the end of the reporting period.

(iii) Financing components

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

(o) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

(Continued)

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

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

(iii) Short-term employee benefits

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

(p) Income taxes

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

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

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

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

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

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

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

(Continued)

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

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

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

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

1) the same taxable entity; or

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

(q) Earnings per share

The Company discloses the basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and stock-based employee compensation.

(r) Operating segments

The Company discloses the operating segment information in the consolidated financial statements. Therefore, the Company does not disclose the operating information in the parent-company-only financial statements.

(5) Critical accounting judgments, estimates, and assumptions on uncertainty:

The preparation of the parent-company-only financial statements in conformity with the Regulations Governing the Preparation of Financial Reports requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included as follows:

(a) Inventory valuation of subsidiaries

As inventories are stated at the lower of cost or net realizable value, the Company's subsidiaries estimates the amount of obsolete and unmarketable inventories on the reporting date, and then writes down the cost of inventories to net realizable value. The valuation of the inventories is mainly determined based on assumptions as to future demand within a specific time horizon. Due to both rapid industrial transformation and fierce competition, there may be significant changes that will affect the Company's share of profit or loss of subsidiaries recognized using the equity method.

(b) Assessment on impairment of subsidiaries' long-term non-financial assets (including goodwill)

During the assessment on asset impairment, the Company and subsidiaries shall rely on subjective judgment and determine the recoverable amount of specific asset group based on the use pattern and industry characteristics. Changes in estimates due to changes in economic status and corporate strategies may lead to significant impairment loss in the future. Please refer to note (6)(f) for the assessment method and key assumptions applied for the recoverable amount of the long-term non-financial assets (including goodwill).

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and petty cash	$ 152	75
Demand and check deposits	294,090	220,269
Time deposits	43,394	87,998
	$ 337,636	**308,342**

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

(b) Financial instruments

(i) Financial assets at fair value through profit or loss

	December 31, 2023	December 31, 2022
Current:		
Common stocks – domestic public companies	**$ 598**	**-**
Non-current:		
Common stocks – domestic private companies	**$ -**	**-**

Based on the assessment of the Company's management, the equity interests in domestic private companies were fully recognized as impairment losses for prior years after the net value has already approximated $0.

(Continued)

(ii) Financial liabilities at fair value through profit or loss

	December 31, 2023	December 31, 2022
Convertible bonds with embedded derivatives	$ -	285

(iii) Fair value through other comprehensive income –equity investment

	December 31, 2023	December 31, 2022
Common stocks – domestic private companies	$ 21,460	21,460

The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for the long-term strategic purposes. In 2023, for strategic purpose, the Company has sold a part of equity investment at the amount of $4,800, resulting in the Company to reclassify the loss of $7,392 from other equity to retained earnings. There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of December 31, 2022.

(iv) Please refer to note (6)(v) for credit risk and market risk.

(v) As of December 31, 2023 and 2022, none of the Company’s financial assets mentioned above has been pledged as security.

(c) Notes and accounts receivable (including related parties)

	December 31, 2023	December 31, 2022
Accounts receivable	$ 402,719	312,543
Receivable from related parties	11,188	27,891
Less: loss allowance	(63)	(1,597)
	$ 413,844	338,837

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables (including related parties). Forward looking information is taken into consideration as well. Analysis of expected credit losses on notes and accounts receivable (including related parties) were as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-aver age loss rate	Loss allowance provision
Current	$ 408,721	0.01%	40
Past due 1~90 day	5,186	0%~0.6%	23
	$ 413,907		63

(Continued)

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 333,755	0.01%	31
Past due 1~90 day	6,527	1.1%~100%	1,537
Past due 91~180 day	152	19%	29
	$ 340,434		**1,597**

The movements in the allowance for notes and accounts receivable (including related parties) were as follows:

	2023	2022
Balance at January 1	$ 1,597	57
Impairment losses recognized (reversed)	(1,534)	1540
Balance at December 31	**$ 63**	**1,597**

As of December 31, 2023 and 2022, the notes and accounts receivable (including related parties) were not pledged as collateral.

(d) Other receivables (including related parties)

	December 31, 2023	December 31, 2022
Other receivables	$ 6,413	1,662
Other receivables from related parties	35,605	9,214
Less: loss allowance	-	(1)
	$ 42,018	**10,875**

The movements in the allowance for other receivables (including related parties) were as follows:

	2023	2022
Balance at January 1	$ 1	-
Impairment losses recognized (reversed)	(1)	1
Balance at December 31	**$ -**	**1**

(e) Inventories

	December 31, 2023	December 31, 2022
Raw materials	$ 18,396	10,907
Work in progress and semi-finished products	21,215	32,310
Projects in progress	11,821	17,452
Finished goods	16,104	13,855
Merchandise	84,645	37,810
	$ 152,181	**112,334**

The details of the cost of sales were as follows:

		2023	2022
Inventory that has been sold	$	1,015,765	933,198
Write-down of inventories (reversal of write-downs)		(7,044)	7,471
Loss on disposal of inventories		716	553
Income from sale of scraps		(169)	(9)
Gain on physical inventory count		(23)	(74)
Unallocated production costs		13,357	-
	$	1,022,602	941,139

The reversal of write-downs arose when the inventories initially written down are sold or used, resulting in a decrease in the amount of the original write-down. The write-downs arose from the write-down of inventories to net realizable value.

As of December 31, 2023 and 2022, the Company did not provide any inventories as collateral for its loans.

(f) Investments accounted for using equity method

A summary of the Company's investments accounted for using the equity method at the reporting date is as follows:

		December 31, 2023	December 31, 2022
Subsidiaries	$	2,653,541	3,177,408
Add: Credit balance of investments accounted for using equity method		26,343	-
	$	2,679,884	3,177,408

(i) Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2023

(ii) Collateral

As of December 31, 2023 and 2022, the Company's investments accounted for using equity method were not pledged as collateral.

(iii) Write-down of inventories of subsidiaries were as follows:

		December 31, 2023	December 31, 2022
Write-down of inventories	$	(8,670)	(4,321)

(iiii) Impairment testing for non-current financial assets

The Company and subsidiaries performed impairment testing on assets or the cash generating unit (CGU) as there were indication of impairment.

The recoverable amount of the cash generating unit (CGU) is based on value in use. Value in use is determined by discounting the future cash flows arising from the continued use of the

(Continued)

unit. The values in use (including goodwill) on December 31, 2023 and 2022, determined in similar methods, were calculated based on the following key assumptions.

1) The estimate of cash flow was based on past experience, actual operating results and a 5-year operating plan. The portion of cash flows of more than 5 years is estimated at the carrying amount of the net future cash flows to be received from the disposal of assets.

2) The Company estimates the discount rate according to the weighted-average capital cost. The discount rate adopted for the recoverable amount of CGUs is as follows:

	December 31, 2023	December 31, 2022
Discount rate	8.67%	7.72%

As the recoverable amount of the opto-mechatronics CGU was lower than its carrying amount, the Company recognized an impairment loss of $25,495 on December 31, 2023 and didn’t have to recognize as the recoverable amount exceeded the carrying amount impairment loss on December 31, 2022. The impairment losses which caused a decrease in the carrying amount of goodwill for the opto-mechatronics segments were included in "other gains and losses" of the Parent-Company-Only statement of comprehensive income.

(g) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended 2023 and 2022, were as follows:

	Land	Buildings and construction	Machinery and equipment	Office and other equipment	Construction in progress/ equipment to be tested	Total
Cost:						
Balance at January 1, 2023	$ 308,196	91,867	87,474	106,544	-	594,080
Additions	-	-	3,097	2,467	-	5,564
Disposals	-	-	(5,426)	(454)	-	(5,880)
Balance on December 31, 2023	$ 308,196	91,867	85,145	108,557	-	593,765
Balance at January 1, 2022	$ 308,196	91,867	70,226	101,601	208	572,098
Additions	-	-	17,907	5,550	-	23,457
Reclassification	-	-	-	208	(208)	-
Disposals	-	-	(659)	(815)	-	(1,474)
Balance on December 31, 2022	$ 308,196	91,867	87,474	106,554	-	594,081
Accumulated depreciation and impairment losses:						
Balance at January 1, 2023	$ -	33,128	43,966	56,434	-	133,528
Depreciation	-	5,379	8,584	20,992	-	34,955
Disposals	-	-	(5,371)	(454)	-	(5,825)
Balance at December 31, 2023	$ -	38,507	47,179	76,972	-	162,658
Balance at January 1, 2022	$ -	27,749	35,176	35,680	-	98,605
Depreciation	-	5,379	9,303	21,569	-	36,251
Disposals	-	-	(513)	(815)	-	(1,328)
Balance at December 31, 2022	$ -	33,128	43,966	56,434	-	133,528
Carrying amount:						
Balance at December 31, 2023	$ 308,196	53,360	37,966	31,585	-	431,107
Balance at January 1, 2022	$ 308,196	64,118	35,050	65,921	208	473,493
Balance at December 31, 2022	$ 308,196	58,739	43,508	50,110	-	460,553

(Continued)

Please refer to note (8) for the Company's property, plant and equipment pledged as collateral for long-term debt and credit lines as of December 31, 2023 and 2022.

(h) Right-of-use assets

The Company leases many assets including buildings and vehicles. Information about leases for which the Company is a lessee was presented below:

	Buildings	Vehicles	Total
Cost:			
Balance at January 1, 2023	$ 9,875	1,549	11,424
Additions	25,234	221	25,455
Deductions	(9,875)	(556)	(10,431)
Balance at December 31, 2023	**$ 25,234**	**1,214**	**26,448**
Balance at January 1, 2022	$ 14,663	2,672	17,335
Additions	532	-	532
Deductions	(5,320)	(1,123)	(6,443)
Balance at December 31, 2022	**$ 9,875**	**1,549**	**11,424**
Accumulated depreciation:			
Balance at January 1, 2023	$ 9,565	932	10,497
Depreciation	6,789	479	7,268
Deductions	(9,565)	(556)	(10,121)
Balance at December 31, 2023	**$ 6,789**	**855**	**7,644**
Balance at January 1, 2022	$ 8,466	1,502	9,968
Depreciation	6,419	553	6,972
Deductions	(5,320)	(1,123)	(6,443)
Balance at December 31, 2022	**$ 9,565**	**932**	**10,497**
Carrying amount:			
Balance at December 31, 2023	**$ 18,445**	**359**	**18,804**
Balance at January 1, 2022	**$ 6,197**	**1,170**	**7,367**
Balance at December 31,2022	**$ 310**	**617**	**927**

(i) Short-term notes and bills payable

	December 31, 2023	December 31, 2022
Short-term notes and bills payable	**$ 100,000**	-
Range of interest rates	**1.848%~1.888%**	-

(Continued)

(j) Short term borrowings

	December 31, 2023	December 31, 2022
Unsecured bank loans	$ 690,000	1,020,000
Unused credit lines	$ 520,000	610,000
Range of interest rates	1.82%~1.9662%	1.64%~1.93%

(k) Long-term debt

The details of long-term debt were as follows:

	December 31, 2023			
	Currency	Range of interest rate	Maturity year	Amount
Unsecured bank loans	NTD	2.09%	2025	$ 100,000
Secured bank loans	NTD	1.965%~2.0521%	2026~2036	379,000
Less: current portion of long-term debt				(39,764)
Total				$ 439,236
Unused credit lines				$ -

	December 31, 2022			
	Currency	Range of interest rate	Maturity year	Amount
Unsecured bank loans	NTD	1.71%~1.88%	2023	$ 75,000
Secured bank loans	NTD	1.84%~1.944%	2026~2035	403,000
Less: current portion of long-term debt				(114,764)
Total				$ 363,236
Unused credit lines				$ -

Refer to note (8) for a description of the Company's assets pledged as collateral to secure the bank loans.

(l) Bonds payables

The details of unsecured convertible bonds were as follows:

	December 31, 2023	December 31, 2022
Total convertible bonds issued	$ 30,000	30,000
Less: cumulative redemption amount	(30,000)	-
Less: unamortized discounted corporate bonds payalbe	-	(1,093)
Less: current portion of bonds payables	-	(28,907)
	$ -	-
Embedded derivatives–put options (included in financial liabilities at fair value through profit or loss)	$ -	285

	2023	2022
Embedded derivatives–gains or losses on put options remeasured at fair value (included in other gains and losses)	$ (216)	45
Interest expenses	$ 373	563

On March 13, 2020, the Company's Board of Directors resolved to issue domestic unsecured convertible bonds under private placement, so as to repay bank loans and improve the financial structure. On June 5, 2020, the shareholders' meeting resolved to issue the bonds twice within 1 year from the date of the resolution, with the aggregate amount of the issue being capped at $100,000.

On August 7, 2020, the Company's Board of Directors resolved to issue the 1st domestic unsecured convertible bonds under a private placement, which has been carried out on August 26, 2020. The amount of the issue totaled $30,000, which has been received.

In accordance with IFRS 9, the Company separated the conversion option from bonds, and recognized as equity and liabilities. The related information was as follows:

The fair value of convertible bonds at issuance	$ 27,939
The embedded derivatives at issuance (i.e., put options)	585
The equity components at issuance (i.e., conversion right)	1,476
	$ 30,000

The major terms of the aforementioned first private unsecured convertible bond were as follows:

(i) Issue period: 5 years (August 26, 2020 ~ August 25, 2025)

(ii) Terms of repayment: Unless the bondholders request the Company to repurchase the bonds or the bonds are converted into ordinary shares of the Company in accordance with the regulations, the Company shall redeem the bonds in cash at par value of the bonds upon maturity.

(iii) Conversion period: The bondholders have the right to ask for conversion of the bonds into common shares of the Company at any time during the period from the date after three months of the bonds issued to the maturity date by notifying to the Company, with the exceptions of the following: (1) the book closure period of the ordinary shares according to law; (2) from the 15 business days prior to the closure date of the Company's stock dividends, the closure date of cash dividends, or the closure date of cash capital increase subscription, to the ex-dividend date; (3) from the capital reduction base date to the day before the trading day of producing the new stock certificates due to the capital reduction.

(iv) Put option of bond-holders: The Company shall set the date after 3 years (August 26, 2023) and the date after 4 years (August 26, 2024) from the issue date of the convertible bond as the record dates for the early exercise of put option. The bondholders are entitled to request the Company to redeem the private placement convertible bond at par value plus an indemnity to cover the interest rate, which amounted to 101.5075% of the par value after 3 years (0.5% yield rate) and 102.0151% of the par value after 4 years (0.5% yield rate), respectively. After accepting the redemption request, the Company should redeem the bonds by cash within 5 business days after the redemption date.

(v) Conversion price: Determined on August 7, 2020, the conversion price of the convertible bond shall be the higher of the following two calculations, multiplied by 110% (rounded to the nearest dime of NTD):

- The simple average closing price of the common shares of the Company for either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of share dividends, cash dividends or capital reduction.
- The simple average closing price of the common shares of the Company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.

Under the above-mentioned method, the conversion price was set at $15.2 per share.

In August, 2023, the bondholders made a request to the Company to redeem the private placement convertible bond, with a par value of $30,000, for $30,000 in cash plus an interest of $452, in accordance with the above-mentioned redemption condition. The Company recognized a loss of $749 on the redemption of the bonds, which was included in "other gains and losses".

The Company had neither issued, repurchased, nor redeemed, bonds payable during 2022.

(m) Lease liabilities

The carrying amounts of the Company's lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	$ 7,841	741
Non-current	$ 11,120	199

Please refer to note (6)(u) for the maturity analysis.

The amounts recognized in profit or loss was as follows:

	2023	2022
Interest expense on lease liabilities	$ 364	88
Expense relating to short-term lease	$ 844	236
Expenses related to leases of low-value assets (excluding short-term leases of low-value assets)	$ 637	599

The amounts recognized in the statement of cash flows by the Company were as follows:

	2023	2022
Total cash outflow for leases	$ 9,333	8,017

(i) Leases of buildings and structures

The Company leases buildings for its office space. The leases of office space typically run for a period of 1 to 3 years. Leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(Continued)

(ii) Other leases

The Company leases transportation equipment with contract terms of 2 to 3 years. In addition, the Company leases dormitories, miscellaneous equipment and parking spaces, with contract terms of 6 months to 1 year. These leases are short-term and/or of leases of low-value items, for which the Company elected not to recognized right-of-use assets and lease liabilities for these leases.

(n) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value was as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 110,756	110,592
Fair value of plan assets	(63,140)	(59,537)
Net defined benefit liabilities	**$ 47,616**	**51,055**

The amounts recognized as net defined benefit liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	$ 6,250	6,000
Non-current	41,366	45,055
	$ 47,616	**51,055**

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

As of December 31, 2023 and 2022, the balances of the labor pension reserve account and the Company’s Bank of Taiwan labor pension reserve account amounted to $63,140 and $59,537 respectively. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Company were as follows:

		2023	2022
Defined benefit obligations on January 1	$	110,592	123,820
Current service cost and interest		2,914	2,570
Remeasurement of net defined benefit liabilities			
—Actuarial losses (gains) arising from experience adjustments		328	(69)
—Actuarial gains (losses) arising from changes in financial assumptions		1,805	(11,607)
Benefits paid by the plan		(4,095)	(4,122)
Benefits paid by the Company		(788)	-
Defined benefit obligations on December 31	**$**	**110,756**	**110,592**

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

		2023	2022
Fair value of plan assets on January 1	$	59,537	47,534
Interest income		886	332
Remeasurements loss (gain):			
—Return on plan assets (excluding interest income)		310	3,541
Contribution of pension fund		6,502	12,252
Benefits paid		(4,095)	(4,122)
Fair value of plan assets on December 31	**$**	**63,140**	**59,537**

4) For 2023 and 2022, there was no effect of asset ceiling of defined benefit plan.

5) Expenses recognized in profit or loss:

		2023	2022
Current service costs	$	1,188	1,800
Net interest on the net defined benefit liabilities		840	438
	$	**2,028**	**2,238**
Operating costs	$	114	300
Administrative expenses		1,670	1,698
Research and development expenses		244	240
	$	**2,028**	**2,238**

(Continued)

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	2023.12.31	2022.12.31
Discount rate	1.25%	1.75%
Future salary increase rate	1.00%	1.00%

The Company expects to make contribution of $6,250 to the defined benefit plans in the year following December 31, 2023.

The weighted average lifetime of the defined benefits plans is 8 years.

7) Sensitivity analysis

The following table summarizes the impact of a change in the assumptions on the present value of the defined benefit obligation:

	Impact on the defined benefit obligations	
	0.25% increase	0.25% decrease
December 31, 2023		
Discount rate	$ (915)	942
Future salary increase rate	4,180	(3,818)
December 31, 2022		
Discount rate	(1,812)	1,868
Future salary increase rate	1,839	(1,793)

The sensitivity analysis above was based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

The Company allocates 6% of each employee’s monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $13,463 and $13,511 for the years ended December 31, 2023 and 2022, respectively.

(o) Income taxes

(i) The components of income tax expense (benefits) in the years 2023 and 2022 were as follows:

	2023	2022
Current tax expenses	$ 39,316	93,736
Deferred income tax expenses	45,507	25,646
Income tax expenses	**$ 84,823**	**119,382**

The amount of income tax expense (benefits) recognized in other comprehensive income for 2023 and 2022 was as follows:

	2023	2022
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	**$ (364)**	**3,043**

Reconciliation of income tax expense (benefits) and profit before tax for 2023 and 2022 was as follows.

	2023	2022
Loss before tax	$ (44,571)	(37,185)
Income tax using the Company's statutory tax rate	(8,914)	(7,437)
Permanent difference and others	6,287	2,164
Income added pursuant to the Income Tax Act	1,468	21
Withholding tax in foreign jurisdiction	34,166	2,022
Changes in unrecognized temporary differences	51,816	122,612
Income tax expenses	**$ 84,823**	**119,382**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

Deferred tax liabilities have not been recognized in respect of the following items:

	December 31, 2023	December 31, 2022
Investment income recognized under equity method (Note)	**$ 247,636**	**300,481**

(Note) The Company is able to control and assure the amount will not be remitted back in the foreseeable future; therefore, such temporary differences are not recognized as deferred tax liabilities.

2) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2023	December 31, 2022
Deductible temporary differences	$ 181,139	182,168

3) Recognized deferred tax assets and liabilities

Change in the amounts of deferred income tax assets and liabilities for 2023 and 2022 were as follows:

	Loss on inventory valuation	Unrealized loss on equity method investments	Defined benefit plans	Tax losses carry forwards	Others	Total
Deferred income tax assets:						
Balance on January 1, 2023	$ 3,182	4,800	10,211	28,387	4,190	50,770
Recognized in profit or loss	(1,409)	(4,800)	(1,052)	(4,244)	(5,160)	(6,345)
Recognized in other comprehensive income	-	-	364	-	-	364
Balance on December 31, 2023	$ 1,733	-	9,523	24,143	9,350	44,789
Balance on January 1, 2022	$ 1,688	-	15,257	82,389	3,833	103,167
Recognized in profit or loss	1,494	4,800	(2,003)	(54,002)	357	(49,354)
Recognized in other comprehensive income	-	-	(3,043)	-	-	(3,043)
Balance on December 31, 2022	$ 3,182	4,800	10,211	28,387	4,190	50,770

	Unrealized gain on equity-method investments	Others	Total
Deferred income tax liabilities:			
Balance on January 1, 2023	$ 73,520	224	73,744
Recognized in profit or loss	39,386	(224)	39,162
Balance on December 31, 2023	$ 112,906	-	112,906
Balance on January 1, 2022	$ 94,553	2,899	97,452
Recognized in profit or loss	(21,033)	(2,675)	(23,708)
Balance on December 31, 2022	$ 73,520	224	73,744

(Continued)

Under the ROC income tax laws, approved tax losses can be carried forward for 10 years to offset future taxable profits.

As of December 31, 2023, the information of the Company's unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	Unused tax loss	Expiry date
2018	$ 37,294	2028
2019	48,968	2029
2020	34,452	2030
	$ 120,714	

(iii) The Company's tax returns through 2021 were assessed and approved by the Tax Authority.

(p) Capital and other equity

As of December 31, 2023 and 2022 the Company's authorized share capital consisted of 200,000 thousand shares, with a par value of $10 per share, amounting to $2,000,000, of which 132,016 thousand shares were issued. All issued shares were paid up upon issuance. In addition, the Company has reserved $200,000 for employee stock options.

Reconciliation of shares outstanding for 2023 and 2022 was as follows (expressed in thousand shares):

	Ordinary shares	
	2023	2022
Balance at January 1	130,016	132,016
Repurchase of treasury stock	-	(2,000)
Balance at December 31	130,016	130,016

(i) Capital surplus

The balances of capital surplus as of December 31, 2023 and 2022, were as follows:

	December 31, 2023	December 31, 2022
Additional paid-in capital	$ 734,511	734,511
Treasury share transactions	41,683	41,683
Lapsed stock options	52,798	52,798
Changes in equity of subsidiaries for using the equity method	-	109
Equity component of issuance for convertible bonds	1,476	1,476
Dividends not claimed by shareholders within time limit	5	5
	$ 830,473	830,582

(Continued)

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received.

According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(ii) Retained earnings

According to the Company's Articles of Incorporation, the Company's annual net profit shall first be used to offset accumulated losses in previous years, and then set aside the legal reserve at 10% of net profit, until the accumulated legal reserve equals to the Company's capital and any special reserve pursuant to relevant regulations or as requested by the authorities. The remainder, plus the undistributed prior-year earnings, shall be distributed as dividends or retained based on business operation conditions after the earnings distribution plan proposed by the Board of Directors and approved during the stockholders' meeting. Dividends shall be distributed by way of cash or stock; however, cash dividends shall not be less than 30% of the total dividends.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it shall make supplemental allocation of special reserve for any difference between the amount it has already allocated and the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. When the Company distributes its 2021 earnings in 2022, a portion of its current-period earnings and undistributed prior-period earnings shall be reclassified to special earnings reserve. When the Company distributes its 2022 earnings in 2023, the after-tax net profit in the period, plus items other than the after-tax net profit in the period, that are included in the undistributed current-period earnings and undistributed prior-period earnings, shall be reclassified to special earnings reserve. A portion of undistributed prior-period earnings shall be reclassified to special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(Continued)

(iii) Earnings distribution

The appropriations of earning for 2021 had been approved by the shareholder's meeting held on June 8, 2022. The relevant dividend distributions to shareholders were as follows:

	2021	
	Dividends per share (in dollars)	**Amount**
Dividends distributed to ordinary shareholders:		
Cash	$ 0.25	33,004

As of December 31, 2023, and 2022, the Company had incurred a net loss. Therefore, considering the Company's operational and capital requirements, the Company's board resolved that no dividends would be distributed on March 15, 2024, and 2023.

(iv) Treasury shares

In accordance with the requirements under Article 28-2 of the Securities and Exchange Act and Regulation Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies, the Company's board of directors decided on March 18, 2022 to repurchase 2,000 thousand shares of the Company in order to motivate employees and enhance internal cohesion in the company. The number of the above-mentioned repurchase shares will not over 1.51% of the total number of issued of the Company. The shares purchased for the purpose of transferring to employees shall be transferred within three years from the date of share repurchase. Those not transferred within the said limit shall be deemed as not issued by the Company and it should be cancelled. As of December 31, 2023, the Company has repurchased its 2,000 thousand ordinary shares, at a total cost of $44,905.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

(v) Other equity interests (net of tax)

	Exchange differences on translation of foreign financial statements	**Unrealized gains (losses) on financial assets at fair value through other comprehensive income**	**Total**
Balance at January 1, 2023	$ 32,567	(12,192)	20,375
Exchange differences arising from translation of foreign operations	(15,020)	-	(15,020)
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	-	4,800	4,800
Proceeds from investments in equity instruments measured at fair value through other comprehensive income	-	7,392	7,392
Balance at December 31, 2023	$ 17,547	-	17,547

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total
Balance at January 1, 2022	$ (52,620)	(11,053)	(63,673)
Exchange differences arising from translation of foreign operations	85,187	-	85,187
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	-	(1,139)	(1,139)
Balance at December 31, 2022	$ 32,567	(12,192)	20,375

(q) Earnings per share

The Company's basic and diluted earnings per share were calculated as follows:

	2023	2022
Basic earnings per share		
Loss attributable to ordinary shareholders of the Company	$ (129,394)	(156,567)
Weighted-average number of ordinary shares outstanding (in thousands)	130,016	130,646
Basic earnings per share (in dollars)	$ (0.995)	(1.198)

The Company incurred a net loss for the year ended December 31, 2023, and 2022, the potential ordinary shares had an anti-dilutive effect, therefore, there is no need to calculate the diluted earnings per share.

(r) Revenue from contracts with customers

(i) Details of revenue

	2023	2022
Primary geographical markets:		
Asia	$ 753,177	728,205
America	387,013	288,065
Europe	-	3,099
	$ 1,140,190	1,019,369
Major products lines:		
Plastic injection	$ 782,865	799,942
Tools	92,438	108,951
Product development services	76,382	22,009
Medical product	92,197	57,407
Laser Optics	82,745	23,061
Others	13,563	7,999
	$ 1,140,190	1,019,369

(ii) Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable (including related parties)	$ 413,907	340,434	369,147
Less: loss allowance	(63)	(1,597)	(57)
Total	$ 413,844	338,837	369,090
Contract liabilities-plastic injection	$ 254	1,389	291
Contract liabilities-tools	8,338	7,626	7,310
Contract liabilities-laser Optics	16,745	23	23
Contract liabilities-product development services	3,686	16,640	5,378
Contract liabilities-medical product	769	2,885	3,317
Total	$ 29,792	28,563	16,319

Please refer to note (6)(c) for details on notes and accounts receivable and allowance for impairment.

The amount of revenue recognized for the years ended December 31, 2023 and 2022 that was included in the contract liability balance at the beginning of the period were $26,967 and $8,835, respectively.

The contract liabilities were primary related to the advance received from customers due to sales and product development services; for which revenue is recognized when products have been delivered to or accepted by customers.

The changes in the contract liability balances primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment.

(s) Remuneration to employees and directors

In accordance with the Articles of Incorporation, if the Company incur profit for the year (prior to deduction of compensations to employees and directors), the profit shall first to be offset against any deficit, then, the Company shall contribute no less than 1% of the profit as employee remuneration and no more than 5% as directors remunerations. The aforementioned employee compensation shall be paid in shares or cash, and the recipients may include the employees of the subsidiaries of the Company who meet the certain conditions determined by the Board of Directors.

The Company incurred a net loss for year 2023 and 2022, therefore, no remuneration was accrued.

(t) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

		2023	2022
Interest income from bank deposits	$	7,481	2,612
Other interest income		78	-
	$	7,559	2,612

(ii) Other gains and losses

The details of other gains and losses were as follows:

		2023	2022
Gains on disposal of property, plant and equipment	$	470	7
Foreign exchange gains (losses)		(15,344)	2,891
Gains (losses) on financial assets (liabilities) at fair value through profit or loss		80	(14,307)
Impairment loss on non-financial assets		(25,495)	-
Government grants income		5,776	5,353
Others		5,489	3,551
Income tax expenses	$	29,024	(2,505)

(iii) Finance costs

The details of finance costs were as follows:

		2023	2022
Interest expense from bank loans	$	24,571	24,069
Interest expenses on lease liabilities		364	88
Interest expense and indemnity from bonds payable		373	563
	$	25,308	24,720

(u) Financial instruments

(i) Credit risk

1) Credit risk exposure

Credit risk is the risk of financial loss to the Company if a customer or counterparty of a financial instrument fail to meet its contractual obligations, and arises principally from the Company's cash and cash equivalents, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, notes and accounts receivable and other receivables, etc. The carrying amount of the Company's financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

To minimize credit risk, the Company continuously evaluates it customer's financial positions and periodically monitors and reviews the recoverable amount of the accounts receivable to ensure the uncollectible amount are recognized appropriately as impairment loss. As of December 31, 2023 and 2022, 78.89% and 72.22% of the Company's accounts receivable were concentrated on 6 and 2 specific customers, respectively. Therefore, credit risk is significantly centralized.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1 to 2 years	2 to 5 years	Over 5 years
December 31, 2023							
Non-derivative financial liabilities							
Short-term notes and bills payable	$ 100,000	100,026	100,026	-	-	-	-
Short-term borrowings	690,000	691,617	691,617	-	-	-	-
Account and other payables (including related parties)	578,440	578,440	578,440	-	-	-	-
Lease liabilities (including current portion)	18,961	19,671	4,250	4,050	8,043	3,328	-
Long-term debt (including current portion)	479,000	518,239	23,121	26,066	150,941	172,454	145,657
Total	**$ 1,866,401**	**1,907,993**	**1,397,454**	**30,116**	**158,984**	**175,782**	**145,657**
December 31, 2022							
Non-derivative financial liabilities							
Short-term borrowings	$ 1,020,000	1,024,627	1,024,627	-	-	-	-
Account and other payables (including related parties)	584,307	584,307	584,307	-	-	-	-
Lease liabilities (including current portion)	940	951	535	216	200	-	-
Long-term debt (including current portion)	478,000	515,434	40,063	82,807	49,467	197,965	145,132
Bonds payable	28,907	30,452	-	30,452	-	-	-
Total	**$ 2,112,154**	**2,155,771**	**1,649,532**	**113,475**	**49,667**	**197,965**	**145,132**

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Exchange rate risk

1) Foreign currency risk

The Company's significant exposure to foreign currency risk on financial assets and liabilities was as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**
Financial assets						
Monetary items						
USD	16,420	30.735	504,669	11,237	30.708	345,066
RMB	55,886	4.3394	242,512	66,202	4.3999	291,282
Non-monetary items						
RMB	580,886	4.3394	2,520,698	663,286	4.3999	2,918,391
Financial liabilities						
Monetary items						
USD	13,205	30.735	405,856	13,737	30.708	421,836

2) Sensitivity analysis

The Company's foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, and accounts payable that are denominated in foreign currency. Assuming all other variables remaining constant, a strengthening (weakening) of 1% of NTD against USD and RMB as of December 31, 2023 and 2022, would have increased or (decreased) the net profits before taxes by $3,413 and $2,145, respectively.

3) Foreign exchange gain and loss on monetary items

Information related to gains and losses (included unrealized and realized) by the fluctuation of foreign exchange rate was as follows:

	2023		2022	
	Exchange (losses) gains	**Average exchange rate**	**Exchange (losses) gains**	**Average exchange rate**
NTD	$ (15,344)	-	2,891	-

(iv) Interest rate analysis

The interest risk exposure from financial liabilities has been disclosed in the note of liquidity risk management.

The following sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 0.25%, with all other variable factors remaining constant, the Company's profit before tax would have decreased or increased by $2,923 and $3,745 for the years ended December 31, 2023 and 2022, respectively, which was mainly resulted from the borrowings with floating interest rate.

(v) Other price risk

The impact of changes in the prices of equity securities (both periods adopted the same basis and assumed other variable factors had remained constant) on the comprehensive income as of the reporting date was as flows:

	2023		2022	
Price of Securities on the Reporting Date	**Other comprehensive income, Net of Tax**	**Net Income (Loss)**	**Other comprehensive income, Net of Tax**	**Net Income (Loss)**
3% increase	$ -	14	-	-
3% decrease	$ -	(14)	-	-

(vi) Fair value information

1) Financial instruments not measured at fair value

The Company's management considers the carrying amounts of financial assets and financial liabilities measured at amortized cost approximate of their fair values.

2) Financial instruments measured at fair value

The Company's accounting policies and disclosures include measuring financial and non-financial assets and liabilities at fair value through profit or loss. The Company's financial and accounting department is responsible for the assessment of fair value by striving to use market observable inputs when measuring assets and liabilities. In addition, necessary adjustments of fair value are made to ensure that the evaluation results are reasonable.

The financial instruments at fair value through profit and loss and financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. The table below analyzes financial instruments that are measured at fair value subsequent to initial recognition and grouped into Levels 1 to 3 based on the degree to which the fair value is observable. Fair value levels have been defined as follows:

A. Level 1: quoted process (unadjusted) in active markets for identified assets or liabilities.

B. Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

C. Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	December 31, 2023				
		Fair value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss– current					
Common stocks – domestic public companies	$ 598	598	-	-	598
Financial assets at fair value through other comprehensive income – non-current	21,460	-	-	21,460	21,460
Financial assets measured at amortized cost					
Cash and cash equivalents	337,636	-	-	-	-
Notes and accounts receivable (including related parties), net	413,844	-	-	-	-
Other receivables from related parties	35,605	-	-	-	-
Other financial assets – current	6,413	-	-	-	-
Other financial assets – non-current	19,132	-	-	-	-
Subtotal	812,630	-	-	-	-
Total	$ 834,688	598	-	21,460	22,058
Financial liabilities at fair value through profit or loss					
Financial liabilities at amortized cost					
Short-term notes and bills payable	100,000	-	-	-	-
Bank loans	1,169,000	-	-	-	-
Notes and accounts payable (including related parties)	445,760	-	-	-	-
Other payables (including related parties)	132,680	-	-	-	-
Lease liabilities	18,961	-	-	-	-
Subtotal	1,866,401	-	-	-	-
Total	$ 1,866,401	-	-	-	-

	December 31, 2022				
		Fair value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Financial assets at fair value through other comprehensive income – non-current	$ 21,460	-	-	21,460	21,460
Financial assets measured at amortized cost					
Cash and cash equivalents	308,342	-	-	-	-
Notes and accounts receivable (including related parties), net	338,837	-	-	-	-
Other receivables from related parties	9,214	-	-	-	-
Other financial assets – current	1,661	-	-	-	-
Other financial assets – non-current	456	-	-	-	-
Subtotal	458,510	-	-	-	-
Total	$ 679,970	-	-	21,460	21,460

(Continued)

	December 31, 2022				
		Fair value			
	Carrying amounts	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities at fair value through profit or loss					
Put option of domestic convertible bond	$ 285	-	285	-	285
Financial liabilities at amortized cost					
Bank loans	1,498,000	-	-	-	-
Notes and accounts payable (including related parties)	456,255	-	-	-	-
Other payables (including related parties)	128,052	-	-	-	-
Lease liabilities	940	-	-	-	-
Bonds payable	28,907	-	-	-	-
Subtotal	2,112,154	-	-	-	-
Total	**$ 2,112,439**	**-**	**285**	**-**	**285**

3) Valuation techniques for financial instruments measured at fair value

A. Non-derivative financial instruments

The fair value of financial instruments with quoted prices in an active market is based on quoted prices. The prices announced by the main exchange centers or the exchange center of central government bonds serve as the basis for the fair value of the listed equity instruments and debt instruments with quoted prices from an active market.

If the market quotes of financial instruments from the Taiwan Stock Exchange, broker, underwriters, industrial trade unions, pricing service agencies or competent authorities can be frequently obtained on time, and the prices represent the actual and frequent transactions at arm’s length, then the financial instruments are deemed to have quoted prices in an active market. If the conditions above cannot be met, the market is deemed inactive. In general, wide bid-ask spread, significant increases in bid-ask spread or extremely low trading volume are all indicators of an inactive market.

TPEx-listed shared held by the Company are financial assets with standardized terms and conditions and an active market. Their fair value is determined by market quotes.

When the financial instruments of the Company are not traded in an active market, their fair values are illustrated by the category and nature as follows:

- Equity instruments without an active market price: Measurements of fair value of financial instruments without an active market price are calculated using the comparable market approach, with the use of key assumptions based on the ratio of the net value per share of the investee to the net value of the shares derived from the quoted market prices of comparable listed companies. These assumptions have been adjusted for the effect of discount on the lack of the marketability of the equity securities.

- Private convertible bonds issued by TPEx-listed entities: Using the Discounted Cash Flow (DCF) Method, future cash flow is not only estimated based on observable share prices on the balance sheet date and the effect of liquidity discount, and the conversion price specified in the contract but also discounted at rates that reflect the credit risk of each counterparty.

B. Derivative financial instruments

For the conversion and put options of bonds payable, the fair values are estimated based on appraisal reports by external experts. The evaluation model is a binary tree model for convertible bond pricing that uses market observable inputs including share price volatility, risk-free interest rate, risk discount rate, and liquidity risk, so as to reflect the fair value of the option.

4) Transfers between levels of fair value hierarchy

There were no transfer among fair value hierarchies for the years ended December 31, 2023 and 2022.

5) Reconciliation of Level 3 fair values

	Financial assets at fair value through other comprehensive income
Opening balance, January 1, 2023	$ 21,460
Total gains and losses	
Recognized in other comprehensive income	4,800
Purchased	(4,800)
Ending Balance, December 31, 2023	**$ 21,460**
Opening balance, January 1, 2022	$ 7,119
Total gains and losses	
Recognized in other comprehensive income	(1,139)
Purchased	15,480
Ending Balance, December 31, 2022	**$ 21,460**

For the years ended December 31, 2023 and 2022, total gains and losses that were included in "unrealized gains and losses on financial assets at fair value through other comprehensive income" were as follows:

	2023	**2022**
In other comprehensive income, and presented in "unrealized gains and losses on financial assets at fair value through other comprehensive income"	-	(1,139)

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value include "financial assets measured at fair value through profit or loss – equity investments" and "fair value through other comprehensive income – equity investments".

Most of fair value measurements of the Company which are categorized as equity investment into level 3 have several significant unobservable inputs. Significant unobservable inputs of equity investments without quoted price are independent of each other.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Interrelationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss, financial assets at fair value through comprehensive income–equity investment	Comparable market approach	• Price-Book ratio multiples (1.66~5.13 and 1.67~4.58, respectively on December 31, 2023 and 2022) • Lack of marketability discount rate (50%~70% as of December 31, 2023 and 2022)	• The higher the multiple is, the higher the fair value will be. • The higher the lack of marketability discount rate, the lower the fair value will be.

7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Company's fair value measurement on financial instruments is reasonable. However, the measurement would be different if different valuation models or inputs are used. For financial instruments using level 3 inputs, if the inputs changed, the impact on other comprehensive income or loss are as follows:

			Changes in other comprehensive income arising from changes in fair value			
		Upward or	December 31, 2022		December 31, 2021	
	Input	downward	Favorable	Unfavorable	Favorable	Unfavorable
Financial assets at fair value through comprehensive income–equity investment	Price-Book ratio multiples	3%	$ 644	(644)	644	(644)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

As for financial assets at fair value through profit or loss, the Company's investments of unlisted shares in domestic markets incurred losses for a few consecutive years, causing the net value of equity interest to approximate $0. In 2017, the Company's management decided to fully recognize impairment losses after assessment; therefore, it did not conduct sensitivity analysis for these underlying subjects.

(v) Financial risk management

(i) Overview

The Company have exposures to the following risks from its financial instruments:

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above mentioned risks.

(ii) Structure of risk management

With the Board of Directors as the highest guiding unit, a risk management framework with 3 levels of different duties has been established, and the lower level reports to the immediately higher level. In addition, risk management policies and procedures are formulated to maintain the effectiveness of their operation and reduce various risk costs. Through appropriate risk management education training, the Company equips its employees with the ability to perform risk management tasks, and makes them aware of their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by internal auditors. Internal auditors undertake both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

1) Accounts and other receivables

To maintain the quality of accounts and other receivables, the Company has established procedures for customer risk assessment. In addition to granting credit lines according to credit ratings, the Company also periodically reviews the payments made through customers' accounts, so as to control the level of credit risk.

The above-mentioned financial assets are measured using lifetime expected loss provision and forward looking information is taken into consideration as well.

(Continued)

In addition, the Company will review the recoverable amounts of receivables on each balance sheet date to ensure that appropriate impairment loss has been appropriated for the uncollectible receivables.

2) Cash and investments

The exposure to credit risk for the bank deposits and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks and corporate organizations with good credit rating. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

As of December 31, 2023 and 2022, the Company has not provided any endorsement and guarantees for other than subsidiaries wherein the Company held more than 50% equity interests.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's financial department monitors cash flow requirements and optimizing its cash return on investments. The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash flows on financial liabilities over the succeeding 60 days. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As of December 31, 2023 and 2022, the Company's unused credit line were amounted to $520,000 and $610,000, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currency of the Company. However, the net positions of foreign currency assets and liabilities are normally immaterial; therefore, the net exposure to foreign currencies was continuously controlled under acceptable level by the management that considered the currency risk to be immaterial.

(w) Capital management

In consideration of industry dynamics and future developments, as well as external environment factors, the Company maintains an optimal structure to enhance long-term shareholder value by managing its capital in a manner to ensure that it has sufficient and necessary financial resources to find its working capital needs, dividend payments, and other business requirements for continuing operations and to reward shareholders and take into consideration the interests of other stockholders.

The Company's debt-to-equity ratio at the end of the reporting period as of December 31, 2023 and 2022, are as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 2,086,046	2,268,652
Less: cash and cash equivalents	337,636	308,342
Net debts	$ 1,748,410	1,960,310
Total equity	$ 2,092,238	2,233,532
Debt-to-equity ratio	83.57%	87.77%

(x) Financing activities not affecting current cash flow

The Company's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2023 and 2022, were as follow:

(i) For right-of-use assets under leases, please refer to note (6)(h).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes			
	January 1, 2023	Cash flows	Additions	Foreign exchange movements and others	Interest expense arising from lease liabilities	December 31, 2023
Long-term debt	$ 478,000	1,000	-	-	-	479,000
Short-term notes and bills payable	-	100,000	-	-	-	100,000
Short-term borrowings	1,020,000	(330,000)	-	-	-	690,000
Lease liabilities	940	(7,488)	25,455	(310)	364	18,961
Bonds payable	28,907	(30,000)	-	1,093	-	-
Total liabilities arising from financing activities	$ 1,527,847	(266,488)	25,455	783	364	1,287,961

			Non-cash changes			
	January 1, 2022	Cash flows	Additions	Foreign exchange movements and others	Interest expense arising from lease liabilities	December 31, 2022
Long-term debt	$ 619,571	(141,571)	-	-	-	478,000
Short-term borrowings	1,120,000	(100,000)	-	-	-	1,020,000
Lease liabilities	7,415	(7,094)	532	(1)	88	940
Bonds payable	28,495	-	-	412	-	28,907
Total liabilities arising from financing activities	$ 1,775,481	(248,665)	532	411	88	1,527,847

(7) Related-party transactions

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the parent-company-only financial statements.

Name of related party	Relationship with the Group
Megaforce Group Co., Ltd. (Group)	The Company's subsidiary
Megachamp Investment Company Limited (Megachamp)	The Company's subsidiary
Dongguan Megaforce Electronic Technology Co., Ltd. (Dongguan Megaforce)	The Company's subsidiary
Megaforcemx, S. de R. L. de C.V. (MegaforceMX)	The Company's subsidiary
Megaforce SDN. BHD. (MegaforceMY)	The Company's subsidiary
Megal Company Limited (Megal)	The Company's subsidiary
Barintec Co., Ltd. (Barintec)(Note)	The Company's subsidiary
Megaforce International Corporation (International-US)	The Company's subsidiary
Megaforce International Co., Ltd. (International-Samoa)	The Company's subsidiary
Newforce Global Ltd. (Newforce)	The Company's subsidiary
Shanghai Yingji Electronic Plastic Co., Ltd. (Shanghai Yingji)	The Company's subsidiary
Suzhou Intentech Co., Ltd. (Suzhou Intentech)	The Company's subsidiary
Shanghai AB Megaforce Co., Ltd. (Shanghai AB)	The Company's subsidiary
Shanghai Shanghua Painting Co.,Ltd. (Shanghai Shanghua)	The Company's subsidiary
Liefco Optical Inc. (Liefco)	The Company represented as a director of Liefco
CEREC Asia Inc. (CEREC) (Note)	The Company represented as a director of CEREC
Tairone Energy Saving Tech. Co., Ltd (Tairone)	The Company represented as a director of Tairone

(Note) On October 25, 2023, the Company removed the director of CEREC and it was no longer considered a related party.

(b) Significant transactions with related parties

(i) Sales

The amounts of significant sales by the Company to related parties were as follows:

		2023	2022
Subsidiaries			
International-US	$	69,369	50,001
Other		3,044	7,632
Other related parties		-	1,906
	$	**72,413**	**59,539**

The selling prices and credit terms for the sales to related parties above are not significantly different from those third-party customers, and the normal credit term with the related party above is 45~140 days. There is no collateral received among related parties of accounts receivable.

(ii) Purchases

The amounts of purchases from related parties and the relevant processing fees were as follows:

		2023	2022
Subsidiaries:			
Suzhou Intentech	$	377,747	362,397
Dongguan Megaforce		203,988	179,078
Others		21,450	8,696
	$	**603,185**	**550,171**

The purchase prices and payment terms of accounts payables to related parties were based on varies economic environment and market forms and there is not significantly different from those with third-party venders.

(iii) Receivables from related parties

The details of the Company's receivables from related parties were as follows:

Account	Relationship		December 31, 2023	December 31, 2022
Accounts receivable from related parties	Subsidiaries	$	11,188	26,171
Accounts receivable from related parties	Other related parties		-	209
		$	**11,188**	**26,380**

(iv) Payables to related parties

The details of the Company's payables to related parties were as follows:

Account	Relationship		December 31, 2023	December 31, 2022
Accounts payable to related parties	Subsidiary:			
	Suzhou Intentech	$	267,890	311,428
	Dongguan Megaforce		69,088	106,167
	Others		488	2,723
		$	337,466	420,318

(v) Prepayments

The details of the Company's prepayments to related parties were as follows:

Account	Relationship		December 31, 2023	December 31, 2022
Other current assets	Subsidiary	$	-	3,218

(vi) Service income

The Company provided support to related parties and charged the related fees, which were classified as a deduction from operating expenses and other gains and losses. The related charges were as follows:

		Transaction amount	
		2023	2022
Subsidiary:			
Shanghai Yingji	$	37,248	32,595
Shanghai AB		1,481	1,809
Shanghai Shanghua		1,660	1,455
Suzhou Intentech		13,665	16,864
	$	54,054	52,723
Account:			
Deduction from operating expenses	$	50,486	49,810
Other gains and losses		3,586	2,913
	$	54,054	52,723

Other receivables from related parties arising from the above-mentioned transactions were as follows:

	Other receivables from related parties	
	December 31, 2023	December 31, 2022
Subsidiary:		
Shanghai Yingji	$ 9,691	6,698
Shanghai AB	744	694
Shanghai Shanghua	848	703
Suzhou Intentech	3,123	-
	$ 14,406	8,095

(vii) Other income and others

	Transaction amount		Other receivables from related parties	
	2023	2022	December 31, 2023	December 31, 2022
Subsidiary:				
Sale of sample and consumable supplies (Note 1)	$ 7,868	2,460	746	869
Receipts and payments on behalf of others	-	-	375	250
Other related parties:				
Sale of samples	-	4	-	-
Assignment revenue of EasyPrep patent	200	-	-	-
	$ 8,068	2,464	1,121	1,119

(Note 1) The amount is recognized as a deduction from manufacturing/operating expenses.

(viii) Operating costs and expenses

	Transaction amount		Other payables to related parties	
	2023	2022	December 31, 2023	December 31, 2022
Subsidiaries:				
Manpower support services	$ 22,675	-	9,235	-
Advertisement and sample fee	174	-	-	-
Supplies consumed/ miscellaneous purchases/ utilities/freight	13,029	506	1,119	532
Other related parties:				
Rent expenses	292	110	116	69
Processing fee	170	679	71	247
Advertisement and sample fee	-	95	-	-
	$ 36,340	1,390	10,541	848

(Continued)

(ix) Property transactions

The price of property, plant and equipment acquired by the Company from related parties were as follows:

	Transaction amount		Other payables to related parties	
	2023	**2022**	**December 31, 2023**	**December 31, 2022**
Subsidiaries	$ 1,854	-	1,772	-

(x) Loans to related parties

The actual drawdown amounts were as follows:

	Other receivables from related parties	
	December 31, 2023	**December 31, 2022**
Subsidiary:		
Megal	$ 20,000	-

In 2023, interest income related to loans to subsidiaries was $78. There was no such transaction in 2022.

(xi) Other receivables

	Other receivables from related parties	
	December 31, 2023	**December 31, 2022**
Subsidiary	$ 78	-

(xii) Guarantee

As of December 31, 2023 and 2022, the guarantees for loans provided to subsidiaries were $0 and $114,124, respectively.

(xiii) Lease

The Company rented factory and office building from Mega1, and the rent is paid monthly with reference to the nearby rental rates. In July 2023, the company signed a new contract with Mega1 to rent part of the office building and recognized the right-of-use assets and lease liabilities in the same amount of $25,234. For the years ended December 31, 2023 and 2022, the Company recognized the amount of $353 and $64 as interest expense. As of December 31, 2023 and 2022, the balances of lease liabilities amounted to $18,594 and $0, respectively.

(Continued)

(xiv) Other

In 2023 and 2022, the Company participated in the cash capital increase of its subsidiaries by $42,755 and $50,000, respectively. Additionally, the Company received cash dividends (after withholding taxes) from its subsidiaries of $330,630 and $837,170 in 2023 and 2022, respectively. The above-mentioned amounts had been collected as of December 31, 2023 and 2022.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	2023	2022
Short-term employee benefits	$ 36,893	42,326
Post-employment benefits	2,338	2,370
	$ 39,231	44,696

(8) Pledged assets:

The carrying values of assets pledged as security were as follows:

Pledged assets	Pledged to secure	December 31, 2023	December 31, 2022
Property and plant	Long-term debt	$ 343,915	366,934

(9) Significant commitments and contingencies :None

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	For the year ended December 31					
	2023			2022		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	96,935	214,665	311,600	87,061	211,272	298,333
Labor and health insurance	7,940	19,945	27,885	8,827	19,511	28,338
Pension	3,533	11,958	15,491	4,129	11,620	15,749
Remuneration of directors	-	1,406	1,406	-	798	798
Others	4,678	8,524	13,202	5,466	7,313	12,779
Depreciation	28,259	13,964	42,223	27,506	15,717	43,223
Amortization	-	1,577	1,577	-	2,719	2,719

The number of the Company's employees and the additional information of employee benefits were as follows:

	2023	2022
Number of employees	337	360
Number of non-employee directors	3	4
Average benefit expenses of employees	$ 1,102	998
Average salary expense of employees	$ 933	838
Percentage of change in average salary expense of employees	11.34%	(6.99)%
Supervisors' remuneration	$ -	-

The Company's remuneration policies (for directors, managers, and employees) are as follows:

Director remuneration is determined taking into account the overall operation of the Company, future operating risks associated with the industry, and the percentage of directors' remuneration stipulated by the Articles of Incorporation; the performance assessment and reasonableness have been reviewed and approved by both the Remuneration Committee and the Board of Directors. In addition, the remuneration system is timely reviewed based on the actual operating conditions as well as relevant laws and regulations.

The salaries of managers and employees are paid not only in accordance with related personnel rules and regulations but also with reference to the industry and market averages. The amount of employee remuneration is determined by the Board of Directors in accordance with earnings distribution and the percentage of employee remuneration stipulated by the Articles of Incorporation, taking into account individual performance and contribution of individuals, and assessing the performance of employees' remuneration and managers' related remuneration. In addition, all recommendations regarding remuneration and performance, made by the Remuneration Committee, shall be submitted to the Board of Directors for approval.

(Continued)

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company:

(i) Loans to other parties:

(In Thousands of NTD)

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance (Note 1)	Actual usage amount during the period	Range of interest rates	Nature of financing	Transaction amounts	Reasons for short-term financing	Loss allowance	Collateral		Financing limit for each borrowing company	Maximum financing limit for the lender
													Item	Value		
0	The Company	Mega1	Accounts receivable from related parties	Yes	20,000	20,000	20,000	2.11%	2	-	Operating requirement	-	-	-	Net equity * 20% 418,448	Net equity * 40% 836,895
1	Shanghai Yingji	Dongguan Megaforce	Accounts receivable from related parties	Yes	45,165	-	-	-	2	-	Operating requirement	-	-	-	Net equity * 100% 1,294,839	Net equity * 100% 1,294,839
2	Suzhou Intentech	The Company	Accounts receivable from related parties	Yes	162,095	-	-	-	2	-	Operating requirement	-	-	-	Net equity * 100% 751,114	Net equity * 100% 751,114
4	Shanghai Shanghua	Dongguan Megaforce	Accounts receivable from related parties	Yes	43,394	43,394	43,394	-	2	-	Operating requirement	-	-	-	Net equity * 100% 107,539	Net equity * 100% 107,539

Note 1: The amount approved by the Board of Directors as of December 31, 2023.

Note 2: Nature of financing were as follows:

(i) Business transaction

(ii) Short-term financing.

(ii) Guarantees and endorsements for other parties:

(In Thousands of NTD)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Shanghai Yingji	2	2,092,238	95,562	-	-	-	- %	Net equity * 200% 4,184,476	Y	N	Y
0	The Company	Dongguan Megaforce	2	2,092,238	22,227	-	-	-	- %	Net equity * 200% 4,184,476	Y	N	Y
1	Suzhou Intentech	Shanghai Yingji	4	751,114	269,658	-	-	-	- %	Net equity * 200% 1,502,228	N	N	Y

Note 1: Relationship between the guarantee and the guarantor were as follows:

1. For entities the guarantor has business transaction with.
2. The Company directly or indirectly, owned more than 50% of their shares.
3. For entities who owned, directly or indirectly, more than 50% in total of the guarantor's shares.
4. The Company and subsidiaries directly or indirectly, owned more than 90% of their shares.
5. Fulfillment of contractual obligation by providing mutual endorsements and guarantees for peer or joint builders in order to undertake a construction project.
6. For entities who are guaranteed and endorsed by all capital contributing shareholders in proportion to each of their shareholder's percentage.
7. Performance guarantee in which entities within the same industry provide among themselves joint and several securities by entering into sales agreement with each other for pre-construction project pursuant to Company Protection Act.

(Continued)

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of NTD)

Name of holder	Category and name of security	Relationship with securities issuer	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Liefco Optical Inc.	Related party	Financial assets at fair value through profit or loss－non-current	2,107	-	9.50%	-	
The Company	Tairone Energy Saving Tech. Co., Ltd	Related party	Financial assets at fair value through profit or loss－non-current	1,099	-	10.25%	-	
The Company	Opus Microsystem Inc.	-	Financial assets at fair value through profit or loss－non-current	1	-	7.27%	-	
The Company	Super Bravo Bio Co., Ltd.	Related party	Financial assets at fair value through other comprehensive income－non-current	2,232	21,460	6.97%	21,460	
The Company	Intech Biopharm Ltd.	-	Financial assets at fair value through profit or loss－current	20	598	0.02%	598	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(Continued)

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of NTD/RMB)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms (Note)	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Shanghai Yingji	Shanghai Shanghua	Affiliates	Processing fee	RMB 32,458	20.90 %	140 days	-		RMB (16,202)	(22.51) %	
Shanghai Shanghua	Shanghai Yingji	Affiliates	Sales	RMB 32,458	100.00 %	140 days	-		RMB 16,202	100.00 %	
The Company	Suzhou Intentech	Parent/subsidiary	Purchase	NTD 377,747	43.26 %	140 days	-		NTD (267,890)	(60.10) %	
Suzhou Intentech	The Company	Parent/subsidiary	Sales	RMB 80,340	47.14 %	140 days	-		RMB 61,734	66.81 %	
The Company	Dongguan Megaforce	Parent/subsidiary	Purchase	NTD 203,988	23.36 %	140 days	-		NTD (69,088)	(15.50) %	
Dongguan Megaforce	The Company	Parent/subsidiary	Sales	RMB 46,146	45.67 %	140 days	-		RMB 15,921	42.74 %	

Note: In consideration of the Group’s capital utilization, the Company adjusts timely the credit terms granted to related parties.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of RMB)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Suzhou Intentech	The Company	Parent/subsidiary	RMB 61,734	-	-		RMB 9,503	-

(ix) Trading in derivative instruments: None.

(Continued)

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2022 (excluding information on investees in Mainland China):

(In Thousands of shares/USD/NTD/JPY)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount				Balance as of December 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023		December 31, 2022		Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Group	The British Virgin Islands	Investment and holding		971,803		1,294,793	16	100.00%	2,248,719	337,880	337,880	
				USD	30,088	USD	40,088						
The Company	Megachamp	Taiwan	Investment and holding		5,000		5,000	500	100.00%	2,014	(173)	(173)	
The Company	MegaforceMX	Mexico	Plastic components and precision tools		455,886		424,751	-	99.80%	135,743	(57,200)	(57,083)	
				USD	14,970	USD	13,970						
The Company	MegaforceMY	Malaysia	Plastic components		85,215		85,215	16,386	100.00%	47,481	(17,629)	(17,629)	
				USD	3,064	USD	3,064						
The Company	MEGA1	Taiwan	Manufacturing of optical components		587,061		587,061	9,988	99.88%	(24,888)	(74,506)	(74,325)	
The Company	Barintec	Japan	Developing AR modules and optical technology, and selling related products		55,029		43,409	12	70.76%	2,218	(13,331)	(9,433)	
				JPY	212,000	JPY	162,000						
The Company	International-US	USA	Trading of merchandise		9,233		9,233	-	100.00%	(1,455)	(2,625)	(2,625)	
				USD	300	USD	300						
Group	International-Samoa	Samoa	Investment and holding	USD	41,932	USD	51,932	4,700	100.00%	2,100,708	334,661	Note	
Group	Newforce	The British Virgin Islands	Investment and holding	USD	7,929	USD	7,929	20	100.00%	146,368	4,958	Note	
Megachamp	MegaforceMX	Mexico	Plastic components and precision tools		916		916	-	0.20%	272	(57,200)	Note	
				USD	30	USD	30						

Note: To prevent confusion, profits (losses) of investees, which have already been included in those of the investor, are not presented separately herein.

MEGAFORCE COMPANY LIMITED

Notes to the Parent-Company-Only Financial Statements

(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of NTD/USD)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Shanghai Yingji	Plastic components	USD 15,500	(2) (Note 4)	USD 2,698	-	-	USD 2,698	305,258	100.00%	305,050	1,292,773	USD 64,199
Shanghai AB	High-precision tools	USD 3,700	(2) (Note 4)	USD 1,200	-	-	USD 1,200	3,451	90.00%	2,672	125,563	-
Suzhou Intentech	Plastic components	USD 32,500	(2) (Note 4)	USD 24,921	-	10,000	USD 14,921	27,566	100.00%	27,970	751,114	-
Shanghai Shanghua	Painting	USD 2,000	(2) (Note 5)	USD 3,779	-	-	USD 3,779	4,958	100.00%	4,958	107,539	USD 18,587
Dongguan Megaforce	Plastic components and high-precision tools	USD 6,525	(1)	USD 6,526	-	-	USD 6,526	(10,246)	100.00%	(11,239)	243,709	-

(Continued)

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023 (Notes 3 and 7)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Upper Limit on Investment (Note 6)
NTD 1,087,773 (USD 35,392)	NTD 1,192,057 (USD 38,785)	1,255,343

Note 1: There are three methods to invest:

(a) Direct investment in Mainland China.

(b) Investments in Mainland China through the 3rd region.

(c) Other methods.

Note 2: Investment profit (loss) is recognized based on the financial statements audited by the parent company's external certified auditors.

Note 3: Exchange rate on the balance sheet date.

Note 4: The Company conducts reinvestment in Mainland China through Group and International-Samoa in the 3rd region.

Note 5: The Company conducts reinvestment in Mainland China through Group and Newforce in the 3rd region.

Note 6: The amount is limited to 60% of the net value.

Note 7: The amount includes USD641 of transferred equity interest in Mega Mobile (China) International Co., Ltd., USD4,249 remitted by the processing plant in Dongguan, and USD1,378 remitted by Dong Guan Shi Jian Light Electron Technology Co. Ltd.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China are disclosed in “Information on significant transactions”.

(d) Major shareholders:

Shareholding Shareholder’s Name	Shares	Percentage
Ying Fan Investment Co., Ltd.	38,983,802	29.52%

(14) Segment information:

Please refer to the Company’s consolidated financial statements for the year ended December 31, 2023 for details.

Megaforce Company Limited

Chairman: Wen-Lin, Hsu