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Weltrend 2023

2023 Annual Report

Weltrend Semiconductor, Inc.

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V. Offshore Secondary Exchange and Disclosure Information Available at: Not Applicable.

VI. Company website: www.weltrend.com.tw

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Chapter 1 Letter to Shareholders

I. 2023 Business Performance Analysis

In 2021, the information technology sector experienced significant shortages, while 2022 saw an overproduction scenario. Consequently, the focus of the entire market in 2023 was on inventory clearance, resulting in lackluster economic prospects. In terms of Taiwan's overall economic performance, the GDP grew by only 1.4% in 2023, marking the lowest growth rate in 14 years since the global financial crisis.

According to data from the World Semiconductor Trade Statistics (WSTS), the global semiconductor market achieved total sales of US$526.8 billion in 2023, marking an 8.2% decline compared to 2022. Meanwhile, the output value of Taiwan's IC industry, as reported by the Industrial Technology Research Institute (ITRI), reached NT$4.3428 trillion in 2023, representing a 10.2% decline from the previous year. Among these figures, Taiwan Semiconductor Manufacturing Company (TSMC) alone recorded revenue of NT$2.1617 trillion, accounting for nearly 50% of the total, with an annual decline of only 4.5%. This highlights the stark contrast in performance among industry players. For instance, leading semiconductor design company MediaTek experienced a revenue decline of 21%, while the overall IC design industry saw an 11% decline.

In 2023, the Company faced the same industry downturn as previously mentioned. However, due to the acquisition of Sentelic Corporation, our combined revenue was able to remain stable. Moreover, it is gratifying to note that our inventory decreased from NT$1.59 billion at the beginning of the year to NT$0.79 billion by the end of the year, returning to a healthy level.

1. The comparison of the 2023 and 2022 business performance is as follows:

Unit: NT$ thousands

	2023	2022	Growth rate
Net sales	2,885,560	2,888,153	-0.09%
Gross profit	781,775	843,621	-7.33%
Operating income	41,830	243,444	-82.82%
Net non-operating income (loss)	184,656	(103,888)	+277.75%
Income tax expenses	(19,400)	(31,686)	-38.77%
Net profit after tax	207,086	107,870	+91.98%
EPS	1.18	0.83	+42.17%

(These statistics are sourced from the consolidated financial statements, which are prepared in accordance with the regulations of the competent authority.)

In 2023, intensified market competition and the recognition of overdue inventory losses, amounting to nearly NT$93.25 million based on accounting principles, led to a reduction in operating gross profit margin by 2.12%, impacting core profitability. This resulted in a decrease in operating profit by approximately NT$202 million. However, the resurgence of Taiwan's capital market contributed to increased investment gains from our equity investments. Furthermore, the successful issuance of convertible bonds in August 2023, raising approximately NT$1.23 billion in funds, facilitated a normalization of interest expenses and revenues, generating around NT$185 million in non-operating income for the Company. Consequently, the Company's net profit after tax for the full year amounted to NT$207 million, marking a significant growth of 91.98% compared to NT$108 million in 2022. Earnings per share (EPS) also increased by 42.17% to NT$1.18, up from NT$0.83 in 2022.

2. In 2023, research and development expenses amounted to NT$444 million, marking an increase of NT$105 million compared to NT$339 million in 2022. The primary reason for this increase was the rise in personnel expenses related to research and development within the Company.
3. Budget implementation status: The Company did not prepare a financial forecast for 2023. Comparison of actual business operation and internal target: While non-operating net income exceeded expectations, the operating profit fell short of projections. Consequently, the post-tax net profit did not meet the anticipated level.

II. 2024 Business Plan Summary

With the clearance of surplus inventory in 2023 and the gradual realization of synergies from the acquisition of Sentelic Corporation in 2022, coupled with over a year of operational integration, the Company has witnessed the emergence of synergistic effects. Following the success of the Power IC product line, the Motor IC product line has also begun to establish a solid foundation. As a result, 2024 is anticipated to be a promising year, with expectations of double-digit revenue growth. Particularly, profitability performance is hoped to surpass revenue growth.

The favorable factors are as follows:

1. The Power IC product line has witnessed a normalization of client-side inventory levels, coupled with the establishment of USB Type-C PD as an industry standard. The anticipated increase in market penetration bodes well for the Company's growth.
2. Synergistic effects resulting from the consolidation of the cooling fan motor control IC within the corporate group have become evident. Moreover, the market demand for various applications such as servers, mining machines, graphics cards, and white goods remains robust. Particularly, the explosive growth in AI servers, along with the increasing demand for energy efficiency and heat dissipation functionalities, presents numerous growth opportunities for the Company.

The unfavorable factor is as follows:

Due to the increasing delineation of the US-China supply chain and China's concerted efforts to nurture its own suppliers, Taiwanese businesses face greater challenges in penetrating the Chinese market unless they possess unique product advantages. This poses a significant challenge for the Company.

III. Evaluation of the Company's Future Development Strategy and External Competition

After two years of adjustment, global semiconductor market demand is expected to return to a growth trajectory in 2024, according to various market research institutions. Some even hold optimistic forecasts, predicting growth rates of up to 20%, including major players like TSMC!

Although the semiconductor process technologies utilized by the Company belong to mature process~~es~~ nodes, there still exists significant room for innovation by aligning with product trends. We will continue to recruit talents and leverage our existing strengths to integrate diverse technologies such as MCU, Power, algorithms, firmware, etc., in order to develop niche products. Additionally, we will continue to actively seek for strategic growth opportunities through mergers and acquisitions. In the Chinese market, we aim to avoid engaging in price wars and instead focus on winning through product competitiveness. Furthermore, we aspire to explore emerging markets such as India and Vietnam, as well as re-enter the South Korean market where the Company has previously achieved remarkable success.

I wish to thank you, our shareholders, for your support.
Best wishes for your investment.

Chairman Sam Lin
President DS Lin

Chapter 2 Company Profile

(I) Date of establishment: July 5, 1989

(II) Capital stock: NT$1,780,115,940 (as of the publication date of the Annual Report)

(III) History of the Company:

Date	Milestone
July 5, 1989	Obtained the Company License No. 105 issued by the Ministry of Economic Affairs.
September 23	Acquired the Yuan-Jing-Zi Business Registration Certificate No. 11124 (78) issued by the Hsin-Chu Science Park.
November 23	Produced the first IC entrusted by the client.
June 1, 1990	Launched the opening ceremony of the new plant at 2F, No. 24, Industrial East 9th Road, Hsin-Chu Science Park.
November 1, 1991	Developed Taiwan's 1st Flash ADC IC (8-bit 20MHZ) with the Institute of Electronics Engineering
July 30, 1992	Our "Charge Control IC for Rechargeable Battery" was awarded by the Innovative Technology R&D Program of Hsin-Chu Science Park.
December 31	Annual turnover exceeded NT$100 million and made a profit for the first time.
October 5, 1993	Attended the Taipei International Electronics Show, and released WT8013 (the first Desktop Scanner Controller ASSP in Taiwan) and WT8045 (the world's first simultaneous video discriminator for green displays that meet the standards of VESA DPMS).
September 7, 1995	Honored with 4th National Award of Outstanding SMEs.
December 15	Ranked No.1 in revenue growth among manufacturers established for five years in Hsin-Chu Science Park.
December 31	Annual turnover reached NT$500 million, an increase of 51%.
December 12, 1996	SFC approved the listing of the Company's shares on the stock exchange
January 9, 1997	IPO on Taiwan OTC market
April 3, 1999	The product "WT62P1-Reprogrammable Monitor Control IC with USB Function" won the Taiwan SMEs Innovation Award issued by the Ministry of Economic Affairs.
July 30	Passed ISO9001.
September 15	The Taipei Office has moved to Zhonghe District.
November 30	Single-month turnover exceeded NT$ 100 million.
March 29, 2000	The Board of Directors approved the merger and acquisition of Jettech System Technology Co., Ltd.
May 25	Ranked by CommonWealth Magazine as the 10th most profitable company in Taiwan in 2001.
September 11, 2000	Listed on the Taiwan Stock Exchange
November 22	Mr. Lin, President of the Company, and Mr. Guo, Assistant Vice President of the Finance Department, won the Elite Manager Award (President Award and Finance Manager Award, respectively) for professional managers of SMEs in Taiwan.
May 1, 2001	Ranked by CommonWealth Magazine as the 3rd most profitable company in Taiwan in 2001.

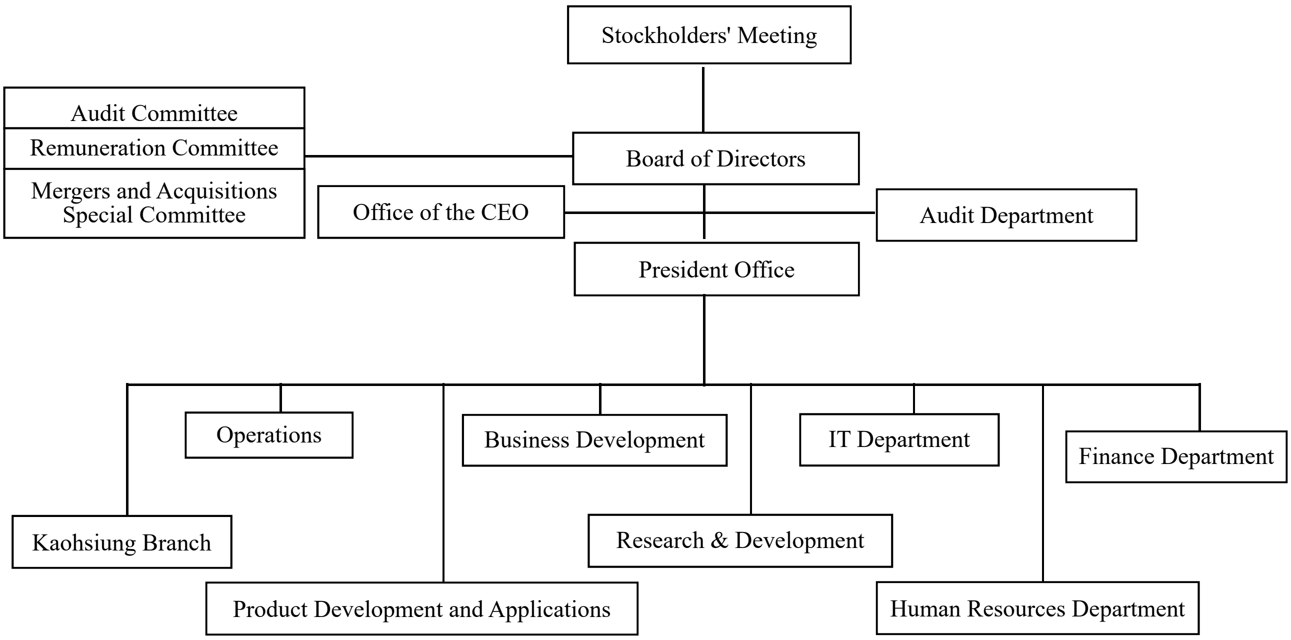
May 25	Elected the 5th directors and supervisors. Sam Lin was elected Chairman and Kun-Tsan Tsai was appointed honorary Chairman.
May 1, 2002	Ranked by CommonWealth Magazine as the 16th most profitable company in Taiwan in 2001.
May 1, 2003	Ranked 19th among the Top 100 best investment targets in Taiwan by Wealth Magazine.
January 20, 2004	Won the 2nd Golden Root Award held by Taiwan Industrial Technology Association.
February 17	Presented two papers on the image processing of LCD TV at the ASID'04 (Asian Symposium on Information Display) in Nanjing, China.
August 14, 2006	To improve the operation of corporate governance, Chairman Sam Lin was appointed an additional post of CEO, and Vice President Jeff Tsai was promoted as the President.
October 20	Acquired Prosil Electronics Co., Ltd. and established the Company's Kaohsiung branch.
July 1, 2007	Rated as the company with the 10th highest return on investment among listed companies in Taiwan in the past year and past decade by Wealth Magazine.
January 9, 2008	Established the affiliated company Dongguan Prosil Electronics Co., Ltd.
July 16, 2008	Selected as one of the "2008 Deloitte Technology Fast 50".
September 21, 2009	Acquired Etrend Electronics, Inc.
October 14	Obtained the certificate issued by the IECQ QC 080000 Hazardous Substance Process Management (HSPM) System
November 11	Sam Lin, Chairman of the Board of Directors, was recommended by The Allied Association for Science Park Industries and was awarded the "Excellent Supervisor of Industrial and Mining Organization in 1998" by the Chinese National Federation of Industries.
March 1, 2011	President Jeff Tsai retired, and Chairman Sam Lin served as President.
October 6, 2012	Obtained the certificate issued by TUV NORD and the TS16949 certification for design and back-end manufacturing of automotive semiconductors, making it the first IC designer in Taiwan to pass this certification.
November, 2014	Participated in the CARTES SECURECONNEXIONS in Paris, and was invited to give a presentation on our mobile payment cards and related IC products.
December, 2014	Our clients used WT5270 IC in their micro SD cards, taking a lead in the industry by supporting the FIDO (Fast Identity Online Alliance, Online Fast Identity Authentication Alliance) 1.0 Specifications.
November 20, 2015	Our automotive electronics R&D team won the 17th Technology Management Team Award issued by the Chinese Society for Management Of Technology.
July 19, 2016	Partnered with Garmin to successfully launch the first heart rate bracelet with the function of mobile payment (iPASS) in Taiwan.
March 7, 2017	The control IC of USB Power Delivery (PD) obtained the testing certification from the USB Developers Forum (USB-IF) for USB Type-CTM Downstream Facing Port (Source).
March 18, 2017	Chairman Sam Lin took over as the 20th president of The Entrepreneur Club.
May 24	The Company was ranked among the top 20% in the 3rd Corporate Governance Evaluation and won the Best Progress Award.
October 11	The control IC of USB PD became the world's first fast charging IC certified by Qualcomm Quick ChargeTM 4 and Quick Charge 4+.

December 31, 2018	The sales volume of our products exceeded 194 million pieces, a record high.
August 2019	Selected as one of the "Top 10 Consumer Electronics Solution Provider in APAC – 2019" by Embedded Advisor.
December 31, 2020	The sales volume of our products exceeded 266 million pieces, a record high.
December 31	Annual turnover reached a record high of NT$2.62 billion.
December 31	The control IC of USB PD ranked first in the world in terms of shipment share for notebooks and game consoles.
November 16, 2021	Won the Best Product Award issued by EE Awards Asia in 2021.
December 31	Annual turnover reached a record high of NT$3.6 billion.
July 4, 2022	To improve the effectiveness of the organization management, Tony Lin, Special Assistant to Chairman, was promoted to President, while Chairman Sam Lin still held the position of CEO.
August 24, 2022	Acquisition of Sentelic Corporation.
March 7, 2023	Obtained the "ISO 14001 Environmental Management System" certification.
August 16, 2023	The Financial Supervisory Commission (FSC) has approved the Company's issuance of its inaugural convertible corporate bonds.
September 11, 2023	The Company's inaugural issuance of convertible corporate bonds was successfully listed on the Over-The-Counter (OTC) market at a price of NT$112.15 per share.
November 7, 2023	Obtained certification for "ISO 14064-1:2018 Greenhouse Gas Emission Inventory."
November 8, 2023	In compliance with regulatory requirements for corporate governance, Vice President DS Lin has been promoted to the position of President. Chairman Sam Lin will no longer concurrently serve as Chief Executive Officer, and the former President, Tony Lin, has been appointed as the Chief Executive Officer.
December 20, 2023	The Company's acquisition of Sentelic has been honored with the "Taiwan Mittelstand Award" at the 2023 Mapect Taiwan M&A Awards.

Chapter 3 Company Profile

I. Organizational System

(I) Organizational Chart



(II) Major Corporate Functions

Department	Responsibilities
President Office	Responsible for the Company's medium and long-term operation development, execution and management review, the guidance on the company's overall organizational operation to realize constant growth and profits, and the effective integration of resources to create comprehensive benefits.
Audit Department	Review and evaluate the reliability, efficiency and effectiveness of the Company's operating records and internal controls, and provide suggestions for improvement to ensure the effective execution of internal controls.
Human Resources Department	Take charge of human resources development, general administration, procurement and other related general affairs.
Finance Department	Manage the company's financial management, capital allocation, investment management, budget analysis and reporting, accounting, cashier, cost, and stock affairs.
IT Department	Responsible for network resource management, computer hardware and software evaluation and procurement, information security management,

Department	Responsibilities
	information services of other departments, and information system development and maintenance.
Business Development	Responsible for company-wide product promotion, production and sales coordination, control, delivery, and operation statistics and presentation production.
Product Development and Applications	Responsible for advanced product technology development and planning, and provide technical application support
Research & Development	Research and develop products and conduct technology promotion.
Operations	Responsible for production management, wafer testing, finished product testing, quality screening in manufacturing process and other manufacturing matters.
Kaohsiung Branch	Responsible for the promotion and sales of agent products and self-made products.

II. Information on the Company's Directors, Supervisors, General Manager, Deputy General Managers, Associate Managers, and the Supervisors of All the Company's Divisions and Branch Units

(I) Information on directors

March 31, 2024

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date of election (inauguration)	Term of office	Date first elected	Number of Shares Held When Elected		Current shareholding		Shares currently held by spouse and minors		Shares held in the name of others		Education andprofessionalbackground	Current positions at the Company and other companies	Spouses or relatives within the second degree of kinship who hold the position of manager, director or supervisor			Note
							Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio			Title	Name	Relationship	
Chairman	Taiwan	Sam Lin	Male 61~70	2022/6/23	3 years	1989/6/16	4,514,000	2.54%	4,409,000	2.48%	455,982	0.26%	-	-	Business Administration , National Taiwan University Department of Electrophysics, National Yang Ming Chiao Tung University Head of Planning Team, Industrial Technology Research Institute President and CEO of Weltrend Semiconductor	Chief Investment Officer of Weltrend Semiconductor Chairman of Sentelic Corporation Chairman of Yingquan Investment Co., Ltd. Director of Weltrend International Co., (BVI) Ltd.	Director	Tony Lin	Father and son	
Director	Taiwan	James Chou	Male 71~80	2022/6/23	3 years	1989/6/16	2,433,829	1.37%	2,433,829	1.37%	-	-	-	-	Department of Business Administration, National Chung Hsing University Chairman of Weltrend	Supervisor of Chairman of Yingquan Investment Co., Ltd.	-	-	-	
Director	Taiwan	Paul Liao	Male 61~70	2022/6/23	3 years	2016/6/8	1,056,998	0.59%	1,078,468	0.61%	799	0.00%	-	-	Master of Electrical Engineering, Rensselaer Polytechnic Institute Master of Business Administration, University of San Francisco Chairman of China Electric Manufacturing Corp. Chairman of Howard Hotels	Chairman of Gain First Investments Limited Director of Howard Hotels Independent Director of Kinik Company, Director of Yingquan Investment Co., Ltd.	-	-	-	(Note 1)
Director	Taiwan	JC Liu	Male 61~70	2022/6/23	3 years	2001/5/25	1,808,013	1.02%	1,808,013	1.02%	-	-	-	-	Institute of Communications Engineering, National Yang Ming Chiao Tung University Industrial Technology Research Institute	Chief R&D Officer of Weltrend Semiconductor	-	-	-	
Director	Taiwan	Cindy Guo	Female 61~70	2022/6/23	3 years	2007/6/15	1,260,200	0.71%	1,270,200	0.71%	-	-	-	-	Department of Public Finance, Feng Chia University Section Manager of FCF Co., Ltd. Auditor of Tseng Hsien-Cheng Accounting Firm	Chief Financial Officer and Corporate Governance Officer of Weltrend Semiconductor, Director of Sentelic Corporation Supervisor of Dongguan Prosil Electronics Co., Ltd.	-	-	-	
Director	Taiwan	Tony Lin	Male 41~50	2022/6/23	3 years	2016/6/8	1,021,000	0.57%	1,031,000	0.58%	30,000	0.02%	-	-	Master of Science, Columbia University Bachelor of Science in Electrical Engineering, University of Illinois at Urbana-Champaign Assistant Vice President of Securities Research Department of Macquarie Group Assistant Manager of European Business Development Department of Global Unichip Corporation Special Assistant to the Chairman and President of Weltrend Semiconductor	CEO of Weltrend Semiconductor Director of Sentelic Corporation	Director	Sam Lin	Father and son	
Director	Taiwan	Jeff Tsai	Male 61~70	2022/6/23	3 years	2001/5/25	1,018,362	0.57%	1,018,362	0.57%	-	-	-	-	EMBA from National Yang Ming Chiao Tung University Department of Transportation & Logistics Management, National Yang Ming Chiao Tung University President of Weltrend Semiconductor, ERSO of the Industrial Technology Research Institute	None	-	-	-	

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date of election (inauguration)	Term of office	Date first elected	Number of Shares Held When Elected		Current shareholding		Shares currently held by spouse and minors		Shares held in the name of others		Education andprofessionalbackground	Current positions at the Company and other companies	Spouses or relatives within the second degree of kinship who hold the position of manager, director or supervisor			Note
							Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio			Title	Name	Relationship	
Independent Director	Taiwan	Gerald Kuo	Male 61~70	2022/6/23	3 years	2007/6/15	-	0%	-	0%	-	-	-	-	Department of Electrophysics, National Yang Ming Chiao Tung University President of Texas Instruments' semiconductor marketing business in China	Independent Director of Promate Electronic Co., Ltd.	-	-	-	
Independent Director	Taiwan	Wei-Kun Yeh	Male 51~60	2022/6/23	3 years	2016/6/8	-	0%	-	0%	-	-	-	-	Master of Electrical Engineering, Michigan State University Chairman and President of Leadtrend Technology Corporation Department Manager of Taiwan Semiconductor Manufacturing Company Limited	Chairman of PowerMate Electronics Co., Ltd. Director of ICE Technology Chairman of Eltronix Director of Caremind	-	-	-	
Independent Director	Taiwan	Wen-Tsung Hsu	Male 61~70	2022/6/23	3 years	2010/6/15	-	0%	-	0%	21,998	0.01%	-	-	Graduated from the Graduate Institute of National Development, National Taiwan University, with a master's degree College of Law, National Taiwan University Judge of Tainan District Court, Judge of Taoyuan District Court	Managing Partner of Hanwe Law Firm Independent director of Advanced Connection Technology Inc.	-	-	-	

Note:1 If the chairperson, president, or person holding an equivalent position of the company and a person in any of those positions are the same person, spouses, or relatives within the first degree of kinship, the information on reasons, rationality, necessity and countermeasures (such as increasing the number of independent directors and having more than half of the directors not concurrently serving as employees or managers) should be provided. To enhance corporate governance, on November 8, 2022, the Company's Board of Directors approved the adjustment of the management structure. DS Lin was appointed as the new President, while Sam Lin, the Chairman, ceased to concurrently hold the position of Chief Executive Officer. Tony Lin, the former President, was appointed as the Chief Executive Officer to assist the Chairman in overseeing the overall operation of the Company.

Major corporate shareholder: None.

(II) Disclosure of professional qualifications of directors and independence of independent directors:

Criteria / Name	Professional qualifications and experience	Status of independence	Number of other public companies in which the individual concurrently serves as an independent director
Chairman Sam Lin	Main experience: He used to be the head of Planning Team, Industrial Technology Research Institute, President and Chief Executive Officer of Weltrend, currently serves as Chairman and Chief Investment Officer of the Company. At least five years of working experience in the Company's business. Not under any of the circumstances as set forth in the subparagraphs of Article 30 of the Company Act.	Not applicable	None
Director James Chou	Main experience: Chairman of Weltrend. At least five years of working experience in the Company's business. Not under any of the circumstances as set forth in the subparagraphs of Article 30 of the Company Act.	Not applicable	None
Director Paul Liao	Main experiences: He used to be Chairman of China Electric Manufacturing Corp., Chairman of Howard Hotels. Currently, he is Chairman of Gain First Investments Limited, Director of Howard Hotels, Independent Director of Kinik Company. At least five years of working experience in the Company's business. Not under any of the circumstances as set forth in the subparagraphs of Article 30 of the Company Act.	Not applicable	1
Director JC Liu	Main experience: He used to work for the Industrial Technology Research Institute. Currently, he serves as Chief R&D Officer of the Company. At least five years of working experience in the Company's business. Not under any of the circumstances as set forth in the subparagraphs of Article 30 of the Company Act.	Not applicable	None
Director Cindy Guo	Main experience: He used to be Auditor of Tseng Hsien-Cheng Accounting Firm, Section Manager of FCF Co., Ltd. Currently, he serves as CFO and Corporate Governance Officer of the Company. At least five years of working experience in the Company's business. Not under any of the circumstances as set forth in the subparagraphs of Article 30 of the Company Act.	Not applicable	None
Director Tony Lin	Main experience: He used to be Assistant Manager of European Business Development Department of Global Unichip Corporation, Assistant Vice President of Securities Research Department of Macquarie Group, Special Assistant to Chairman of Weltrend Semiconductor, LTD., President of Weltrend Semiconductor. Currently, he serves as Chief Executive Officer of the Company. At least five years of working experience in the Company's business. Not under any of the circumstances as set forth in the subparagraphs of Article 30 of the Company Act.	Not applicable	None

<table>
<tr><th>Criteria
Name</th><th>Professional qualifications and experience</th><th>Status of independence</th><th>Number of other public companies in which the individual concurrently serves as an independent director</th></tr>
<tr><td>Director
Jeff Tsai</td><td>Main experience: President of ERSO of the Industrial Technology Research Institute and Weltrend Semiconductor.
At least five years of working experience in the Company's business.
Not under any of the circumstances as set forth in the subparagraphs of Article 30 of the Company Act.</td><td>Not applicable</td><td>None</td></tr>
<tr><td>Independent Director
Gerald Kuo</td><td>Main experience: He used to be President of Texas Instruments' semiconductor marketing business in China. Currently, he serves as Independent Director of Promate Electronic Co., Ltd.
At least five years of working experience in the Company's business.
Not under any of the circumstances as set forth in the subparagraphs of Article 30 of the Company Act.</td><td rowspan="3">(1) An employee of the company or any of its affiliates.
(2) A director or supervisor of the company or any of its affiliates.
(3) A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
(4) Not the manager listed in (1) or the spouse, relative within the second degree of kinship, or direct blood relatives within the third degree of kinship of the person listed in (2) and (3).
(5) A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.
(6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company.
(7) If the chairperson, president, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.
(8) A director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.
(9) A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof;</td><td>1</td></tr>
<tr><td>Independent Director
Wei-Kun Yeh</td><td>Main experiences: He used to be Department Manager of Taiwan Semiconductor Manufacturing Company Limited and Chairman and President of Leadtrend Technology Corporation. Currently, he is Chairman of PowerMate Electronics Co., Ltd., Director of ICE Technology, Chairman of Eltronix, and Director of Caremind.
At least five years of working experience in the Company's business.
Not under any of the circumstances as set forth in the subparagraphs of Article 30 of the Company Act.</td><td>None</td></tr>
<tr><td>Independent Director
Wen-Tsung Hsu</td><td>Main experience: He used to be the Judge of Taiwan Tainan District Court and the Judge of Taiwan Taoyuan District Court. Currently, he is the Managing Partner of Hanwe Law Firm and the Independent director of Advanced Connection Technology Inc.
Professional personnel who have passed the national examinations procurator and attorneys and have accumulated more than five years of working experience.
Not under any of the circumstances as set forth in the subparagraphs of Article 30 of the Company Act.</td><td>1</td></tr>
</table>

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

1. Diversity of the Board of Directors:

To implement the diversity policy of the Board of Directors, strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, the Company's Corporate Governance Best Practice Principles sets out the policy of diversifying the composition of the Board of Directors, based on the Company's operation, business mode and development needs. In accordance with Article 20 of the Principles, the Board of Directors shall possess abilities to perform operational judgment, conduct accounting and financial analysis, carry out operating and crisis management, and have industry-related knowledge, international market perspective, leadership and decision-making ability.

The Company's Board of Directors consists of members of the management team, managers of related industries, and professionals with professional backgrounds, professional skills and industrial experience in accounting, industry, finance, marketing, technology and law. They perform the duties of board members in different fields and under different working backgrounds. Currently, the Board of Directors consists of one female and nine male members, with no restrictions on age, nationality, or culture. All members are Taiwanese, with a bachelor degree or higher. In terms of age distribution, 1 director is over 70 years old, 7 directors are between 61 and 70 years old, 1 directors are between 51 and 60 years old, and 1 director is below 50 years old. The Company places emphasis on gender equality in the composition of the Board of Directors and aims to have a female director ratio of 10% or more. Currently, the proportion of female directors is 10%.

The implementation of the diversity policy on board members by the Company

Core Items of Diversity / Name	Nationality	Gender	Age				Operating Management	Leadership & Decision-making	Industry Knowledge	Finance & Accounting	Research & Development	Legal Regulations
			41-50	51-60	61-70	71-80						
Sam Lin	Taiwan	Male			V		V	V	V	V		
James Chou		Male				V	V	V	V			
Paul Liao		Male			V		V	V	V			
JC Liu		Male			V		V	V	V		V	
Cindy Guo		Female			V		V	V	V	V		
Tony Lin		Male	V				V	V	V			
Jeff Tsai		Male			V		V	V	V			
Gerald Kuo		Male			V		V	V	V			
Wei-Kun Yeh		Male		V			V	V	V		V	
Wen-Tsung Hsu		Male			V		V	V	V			V

2. Independence of the Board of Directors:

The current Board of Directors of the Company consists of a total of 10 members, including 3 independent directors. The proportion of directors with employee status in the current board is 40%, while independent directors constitute 30%. Independent directors are not allowed to serve consecutive terms exceeding three terms to prevent a decline in their independence due to prolonged tenure, thereby enabling them to objectively exercise their powers. The Company intends to gradually improve the composition of the board, ensuring its independence.

The matters stipulated in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act are explained as follows:

Sam Lin, Chairman of the Company, and Tony Lin, Director of the Company, are relatives within the second degree of kinship. There are no circumstances where the other directors are related to each other as spouses or to the second degree of kinship.

(IV) Information of President, Vice Presidents, Assistant Vice Presidents, Heads of Departments and Branches

March 31, 2024

Title(Note 1)	Nationality	Name	Gender	Date of election (inauguration)	Shareholding		Shares held by spouses and minors		Shares held in the name of others		Experience (Education)(Note 2)	Positions currently held in the Company or other companies	Spouse or relatives within the second degree of kinship who hold the position of manager			Note
					Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio			Title	Name	Relationship	
Chief Investment Officer	Taiwan	Sam Lin	Male	2023/11/08	4,409,000	2.48%	455,982	0.26%	-	-	Business Administration , National Taiwan University Department of Electrophysics, National Yang Ming Chiao Tung University Head of Planning Team, Industrial Technology Research Institute President and CEO of Weltrend Semiconductor	Chairman of Sentelic Corporation Chairman of Yingquan Investment Co., Ltd. Director of Weltrend International Co., (BVI) Ltd.	Chief Executive Officer/CEO	Tony Lin	Father and son	(Note 3)
President	Taiwan	DS Lin	Male	2023/11/08	186,297	0.10%	168	0.00%	-	-	Master of Electrical and Computer Engineering, Syracuse University Assistant Vice President of Marketing Department, Jettech System Technology Co., Ltd. Senior Vice President of Weltrend Semiconductor	-	-	-	-	
Chief Executive Officer/CEO	Taiwan	Tony Lin	Male	2023/11/08	1,031,000	0.58%	30,000	0.02%	-	-	Master of Science, Columbia University Bachelor of Science in Electrical Engineering, University of Illinois at Urbana-Champaign Assistant Vice President of Securities Research Department of Macquarie Group Assistant Manager of European Business Development Department of Global Unichip Corporation Special Assistant to the Chairman of Weltrend Semiconductor President of Weltrend Semiconductor	Director of Sentelic Corporation	Chief Investment Officer	Sam Lin	Father and son	
Chief Operation Officer/COO	Taiwan	Robby Tsai	Male	2019/11/06	550,000	0.31%	-	-	-	-	Master of Electrical Engineering, National Cheng Kung University Bachelor of Electrical Engineering, National Cheng Kung University Director of MStar Semiconductor, Inc. President of Signal Test Division, Integrated Service Technology Inc. President of Grenergy Inc.	President and CEO of Sentelic Corporation	-	-	-	
Chief R&D Officer	Taiwan	JC Liu	Male	2003/03/17	1,808,013	1.02%	-	-	-	-	Institute of Communications Engineering, National Yang Ming Chiao Tung University Industrial Technology Research Institute	-	-	-	-	

Title(Note 1)	Nationality	Name	Gender	Date of election (inauguration)	Shareholding		Shares held by spouses and minors		Shares held in the name of others		Experience (Education)(Note 2)	Positions currently held in the Company or other companies	Spouse or relatives within the second degree of kinship who hold the position of manager			Note
					Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio			Title	Name	Relationship	
Vice President of R&D	Taiwan	ST Kuo	Male	2020/02/12	285,410	0.16%	105,767	0.06%	-	-	Graduate Institute of Electrical Engineering, National Taiwan University Vice President of Jettech System Technology Co., Ltd. Senior Engineer of Princeton Technology Corporation	-	-	-	-	
Vice President of R&D	Taiwan	Vincent Lu	Male	2022/07/04	35,094	0.02%	-	-	-	-	College of Electrical Engineering of National Tsing Hua University Senior Director of Weltrend Semiconductor Assistant Manager of Digital Design of Andatek Technology Ltd., Digital Department Manager of Leadtrend Technology Corporation	-	-	-	-	
Vice President of Product Development and Technology Application Engineering	Taiwan	Wayne Lo	Male	2022/07/04	83,000	0.05%	-	-	-	-	Department of Electrical Engineering, Florida Polytechnic University President of Elan Corporation, Senior Director of Weltrend Semiconductor	-	-	-	-	
Vice President of Manufacturing	Taiwan	Jesse Lu	Male	2013/03/01	27,000	0.02%	-	-	-	-	EMBA from National Yang Ming Chiao Tung University Manager of R&D Department, APM Technologies Ltd. Manager of Business and Product Department, Waston Technology Co., Ltd.	-	-	-	-	
Vice President and Chief Financial Officer as well as Corporate Governance Officer	Taiwan	Cindy Guo	Female	2000/03/01	1,270,200	0.71%	-	-	-	-	Department of Public Finance, Feng Chia University Section Manager of FCF Co., Ltd. Auditor of Tseng Hsien-Cheng Accounting Firm	Director of Sentelic Corporation Supervisor of Dongguan Prosil Electronics Co., Ltd.	-	-	-	

Note:1 All information of president, vice presidents, assistant vice presidents, heads of departments and branches, and those whose positions equivalent to president, vice presidents, assistant vice presidents, shall be disclosed.

Note:2 Experience related to holding the current position, such as having worked in an accounting firm or an affiliated enterprise during the preceding disclosure period, the title and position shall be stated.

Note:3 If the Chairperson of the Board of Directors, the President or persons in an equivalent position (top-level executive) of the Company are the same person or each other's spouses or first-degree relatives, the reasons, rationality, necessity and countermeasures for such circumstances (e.g., increasing the number of independent directors, and having more than half the directors who do not concurrently serve as employees or managers, etc.) shall be provided: To enhance corporate governance, on November 8, 2023, the Board of Directors approved the adjustment of the management structure. DS Lin was appointed as the new President. Sam Lin, the Chairman, ceased to concurrently hold the position of Chief Executive Officer. Tony Lin, the President, was appointed as the Chief Executive Officer to assist the Chairman in overseeing the overall operation of the Company.

III. Remuneration paid to directors (including independent directors), presidents and vice presidents in the most recent year

(1) Remuneration to Directors and Independent Directors

December 31, 2023 Unit: NT$ thousand

Title	Name	Director’s remuneration								Sum of A, B, C, and D as a percentage of net income after tax (%)(Note 3)		Relevant remuneration received by directors who are also concurrently employed employees								Sum of A, B, C, D, E, F and G as a percentage of net income after tax (%)(Note 3)		Remuneration received from investee or parent company other than the Company’s subsidiaries
		Compensation (A)		Severance pay and pension (B)		Directors' remuneration (C)(Note 2)		Allowances (D)				Salary, bonus, and allowance (E)(Note 4)		Severance pay and pension (F)		Employee Compensation (G)(Note 5)						
																The Company		Consolidated entities				
		The Company	Consolidated entities	The Company	Consolidated entities	The Company	Consolidated entities	The Company	Consolidated entities	The Company	Consolidated entities	The Company	Consolidated entities	The Company	Consolidated entities	Cash	Shares	Cash	Shares	The Company	Consolidated entities	
Director	Sam Lin James Chou JC Liu Cindy Guo Tony Lin Paul Liao Jeff Tsai	-	-	-	-	6,060	6,060	980	1,040	7,040 3.36%	7,100 3.39%	12,633	12,993	770	770	1,696	-	1,696	-	22,139 10.58%	22,559 10.78%	-
Independent Director	Gerald Kuo Wei-Kun Yeh Wen-Tsung Hsu	-	-	-	-	2,272	2,272	420	420	2,692 1.29%	2,692 1.29%	-	-	-	-	-	-	-	-	2,692 1.29%	2,692 1.29%	-

1. Please state the policies, systems, standards, and structure of independent directors’ remuneration payment and describe the relevance of their responsibilities, risks, and time of investment to the amount of remuneration. In accordance with the Company’s Regulations Governing the Remuneration of Directors and Managers, the remuneration of the company's directors (including independent directors) includes monthly fixed remuneration and director’s remuneration stipulated in accordance with the Articles of Association. The remuneration of directors shall be no more than 4% of the current pre-tax net profit in accordance with the Articles of Association, and shall be submitted to the Shareholders' Meeting for report after being examined by the Remuneration Committee and approved by the Board of Directors. In addition to referring to the industry standards for payment, reasonable compensation shall be given based on factors such as time invested, degree of operational participation, responsibilities undertaken, contribution to the Company, risk events, personal performance, corporate operational performance, and future risks.
2. Except as disclosed in the above chart, remuneration to directors received due to the services (e.g. acting as a consultant, instead of an internal employee, of the parent company/all companies listed in the financial reports/reinvestment business) provided to all companies listed in the financial statement in the most recent year: NT$ 360,000

Note:1 Directors' remuneration distributed by the Board of Directors in the most recent year.

Note:2 Net profit after tax means net profit after tax in the most recent year; If IFRS has been adopted, this term means net profit after tax stipulated in the individual financial reports in the most recent year.

Note:3 The salary and expenses recognized in accordance with IFRS2 "Share Based Payment" include the acquisition of stock warrants for employees, new shares with limited rights for employees and participation in the cash increase for shares, etc.

Note:4 The employee remuneration (including stock and cash) obtained by directors who are concurrently employed employees in the most recent year shall disclose the amount of employee remuneration distributed by the Board of Directors in the most recent year. If it fails to be estimated, the proposed distribution amount for the current year shall be calculated based on the actual distribution amount last year.

Note:5 The remuneration disclosed in this table is different from the concept of income in the Income Tax Act. This table is for information disclosure and not for taxation purposes.

Table of Remuneration Range

Rangeof remuneration paid to theCompany's directors	Name			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	Consolidated entities	The Company	Consolidated entities
Less than NTD 1,000,000	James Chou, Paul Liao, JC Liu, Cindy Guo, Tony Lin, Jeff Tsai, Gerald Kuo, Wei-Kun Yeh, Wen-Tsung Hsu	James Chou, Paul Liao, JC Liu, Cindy Guo, Tony Lin, Jeff Tsai, Gerald Kuo, Wei-Kun Yeh, Wen-Tsung Hsu	James Chou, Paul Liao, Jeff Tsai, Gerald Kuo, Wei-Kun Yeh, Wen-Tsung Hsu	James Chou, Paul Liao, Jeff Tsai, Gerald Kuo, Wei-Kun Yeh, Wen-Tsung Hsu
NT$1,000,000 –NT$1,999,999	Sam Lin	Sam Lin	-	-
NT$2,000,000 –NT$3,499,999	-	-	-	-
NT$3,500,000 –NT$4,999,999	-	-	Cindy Guo, JC Liu, Tony Lin	Cindy Guo, JC Liu, Tony Lin
NT$5,000,000 –NT$9,999,999	-	-	Sam Lin	Sam Lin
NT$10,000,000 –NT$14,999,999	-	-	-	-
NT$15,000,000 –NT$29,999,999	-	-	-	-
NT$30,000,000 –NT$49,999,999	-	-	-	-
NT$50,000,000 –NT$99,999,999	-	-	-	-
Above NT$ 100,000,000	-	-	-	-
Total	10	10	10	10

(2) Remuneration for president and vice presidents

December 31, 2023 Unit: NT$ thousand

Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and special expenses, etc. (C) (Note 3)		Employee compensation (D) (Note 4)				Sum of A, B, C, and D as a percentage of net income after tax (%)		Remuneration received from investee or parent company other than the Company's subsidiaries
		The Company	Consolidated entities	The Company	Consolidated entities	The Company	Consolidated entities	The Company		Consolidated entities		The Company	Consolidated entities	
								Cash	Shares	Cash	Shares			
Chief Investment Officer	Sam Lin (Note 1)													
President	DS Lin (Note 1)													
Chief Executive Officer/CEO	Tony Lin (Note 1)													
Chief Operation Officer/COO	Robby Tsai													
Chief R&D Officer	JC Liu													
Vice President and Chief Financial Officer as well as Corporate Governance Officer	Cindy Guo	21,614	23,174	1,599	1,599	5,817	6,077	3,673	-	3,861	-	32,703 15.63%	34,711 16.59%	-
Vice President	Jesse Lu							(Note 4)		(Note 4)				
Vice President	ST Kuo													
Vice President	Wayne Lo													
Vice President	Vincent Lu													

Note:1 On November 8, 2023, the Board of Directors approved the appointment of DS Lin as the new President. Sam Lin, the Chairman, ceased to concurrently hold the position of Chief Executive Officer. Tony Lin, the President, was appointed as the Chief Executive Officer to assist the Chairman in overseeing the overall operation of the Company.

Note:2 The salary and expenses recognized in accordance with IFRS2 "Share Based Payment" include the acquisition of stock warrants for employees, new shares with limited rights for employees and participation in the cash increase for shares, etc.

Note:3 The remuneration (including stock and cash) of those who are president and vice presidents distributed by the Board of Directors in the most recent year. If it fails to be estimated, the proposed distribution amount for the current year shall be calculated based on the actual distribution amount last year. This is the estimated amount of proposed distributions.

Note:4 The remuneration disclosed in this table is different from the concept of income in the Income Tax Act. This table is for information disclosure and not for taxation purposes.

Table of Remuneration Range

Range of remuneration paid to the Company's president and vice presidents	Name of president and vice presidents	
	The Company	Consolidated entities
Less than NTD 1,000,000	-	-
NT$1,000,000 –NT$1,999,999	-	-
NT$2,000,000 –NT$3,499,999	DS Lin, Cindy Guo, Jesse Lu, Robby Tsai, Wayne Lo, ST Kuo	DS Lin, Cindy Guo, Jesse Lu, Wayne Lo, ST Kuo
NT$3,500,000 –NT$4,999,999	Sam Lin, JC Liu, Tony Lin, Vincent Lu	Sam Lin, JC Liu, Tony Lin, Vincent Lu, Robby Tsai, Vincent Lu
NT$5,000,000 –NT$9,999,999	-	-
NT$10,000,000 –NT$14,999,999	-	-
NT$15,000,000 –NT$29,999,999	-	-
NT$30,000,000 –NT$49,999,999	-	-
NT$50,000,000 –NT$99,999,999	-	-
Above NT$ 100,000,000	-	-
Total	10	10

Employee remuneration distributed to managers and status of distribution

December 31, 2023 Unit: NT$ thousands

	Title	Name	Shares	Cash	Total	Ratio of total remuneration to net income (%)(%)
Manager	Chief Investment Officer	Sam Lin	-	3,673	3,637	1.76%
	President	DS Lin				
	Chief Executive Officer/CEO	Tony Lin				
	Chief R&D Officer	JC Liu				
	Chief Operation Officer/COO	Robby Tsai				
	Vice President	Cindy Guo				
	Vice President	Jesse Lu				
	Vice President	ST Kuo				
	Vice President	Wayne Lo				
	Vice President	Vincent Lu				

Note: The employee remuneration (including stock and cash) obtained by those who are managers in the most recent year shall disclose the amount of employee remuneration distributed by the Board of Directors in the most recent year. If it fails to be estimated, the proposed distribution amount for the current year shall be calculated based on the actual distribution amount last year. Net profit after tax means net profit after tax in the most recent year; If IFRS has been adopted, this term means net profit after tax stipulated in the individual financial reports in the most recent year.

(III) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past two fiscal years to directors, president, and vice presidents,and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

1. Percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past two fiscal years to directors, supervisors, president, and vice presidents,:

Title	Total remuneration as a percentage of net income after tax stipulated in individual financial reports			
	2023		2022	
	The Company	All companies included in the consolidated financial statements	The Company	All companies included in the consolidated financial statements
Director	11.87%	12.07%	19.35%	19.42%
Supervisor (Note)	0%	0%	0.12%	0.12%
President and vice president	15.63%	16.59%	27.64%	27.82%

Note： The Company set up the Audit Committee to replace the supervisor at the Shareholders' Meeting on June 23, 2022.

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

   a. According to the Company's Regulations Governing the Remuneration of Directors, Supervisors and Officers, the remuneration of the Company's directors and supervisors includes traveling expenses and the salary of directors and supervisors. The amount of traveling expenses is set by the Board of Directors with reference to industry standards in accordance with the Company's Articles of Incorporation. The remuneration of the directors and supervisors shall be allocated in accordance with Article 20 of the Articles of Association, and shall be submitted to the Shareholders' Meeting for report after being examined by the Remuneration Committee and approved by the Board of directors.

      The remuneration of the president and vice presidents of the Company shall include salary, bonus and employee compensation, etc. It also take into account the personal performance, corporate operational performance, and future risk, and refers to the standards set by peers for positions of the same nature. The remuneration shall be reviewed by the Compensation Committee and approved by the Board of Directors

   b. In accordance with Article 20 of the Company’s Articles of Incorporation, the Company shall set aside 11-15% of the net income before tax for employee compensation and not more than 4% for director’ compensation. However, if the Company has accumulated losses (including adjustment on non-distributed earnings), the Company shall set aside a part of the profit first to make up for the losses.

      The employees' remuneration specified in the preceding paragraph may be paid in stocks or cash, and may be paid to employees of parents or subsidiaries of the Company who meet the requirements stipulated by the Board of Directors. The Directors' remuneration specified in the preceding paragraph shall only be distributed in cash.

      The procedures in the two preceding paragraphs must be approved by the Board of Directors and reported to the shareholders' meeting.

   c. In addition to the industry standards, the performance evaluation and compensation of directors, supervisors and managers shall be based on their abilities, time invested, degree of operational participation, responsibilities undertaken, contribution to the Company, achievement of personal goals, personal performance, performance in other positions, and risk events such as violations of the Code of Ethical Conduct and personnel fraud. The Company evaluates the relationship between individual performance and the Company's operating performance, operational status and future risks and give reasonable remuneration based on the achievement of short-term and long-term business objectives, the Company's financial condition, etc. The remuneration system for directors and managers is reviewed from time to time in accordance with the Company's operating conditions and changes in laws and regulations.

IV. Operation of corporate governance:

(I) Information on the operation of the Board of Directors

The Board of Directors held 6 meetings (A) in 2023, and the attendance of directors are as follows:

Title	Name	Number of Attendances (Presence) in Person (B)	Proxy Attendances	Attendance (Presence) Rate(%) 【B/A】(Note)	Note
Chairman	Sam Lin	6	-	100%	Serve for another term of office
Director	James Chou	6	-	100%	Serve for another term of office
Director	JC Liu	6	-	100%	Serve for another term of office
Director	Cindy Guo	6	-	100%	Serve for another term of office
Director	Tony Lin	6	-	100%	Serve for another term of office
Director	Paul Liao	6	-	100%	Newly appointed
Director	Jeff Tsai	6	-	100%	Newly appointed
Independent Director	Gerald Kuo	6	-	100%	Serve for another term of office
Independent Director	Wei-Kun Yeh	6	-	100%	Serve for another term of office
Independent Director	Wen-Tsung Hsu	6	-	100%	Newly appointed

Other matters:

I. With regard to the operations of the Board of Directors, if any of the following circumstances occur, the dates, terms of the meetings, contents of motions, all independent directors' opinions, and the Company's response shall be specified:

(I) Matters stipulated in Article 14-3 of the Securities and Exchange Act
The Company has established the Audit Committee in accordance with Article 14-5 of the Securities and Exchange Act, thus exempting it from the requirement. For further details, please refer to the operation of the Audit Committee in this year's annual report, available on P.25.

(II) Other resolutions of the Board to which independent director(s) voiced objection or reservation that are documented or issued through a written statement in addition to the above: None.

II. When a director abstains due to being a stakeholder in certain proposals, the name of the director, the content of motion, reasons for abstentions, and the results of vote counts should be stated:

Date	Name	Content of motions	Reasons for bstentions	Results of Vote Counts
2023/02/24 The 12th The 6th	Chairman Sam Lin Director Tony Lin Director Cindy Guo	Adopted the removal of the Company's Non-compete Clause for directors and managers.	Concurrently serving as the legal representative director of Sentelic Corporation.	Except for directors who abstained from discussion and voting due to conflicts of interest, the resolution was passed with the consensus of attending directors upon consultation by the acting chairman.
	Director Tony Lin Director Cindy Guo	Matters related to the transfer of treasury shares to employees	Director Tony Lin and Director Cindy Guo concurrently hold positions as employees.	Except for directors who abstained from discussion and voting due to conflicts of interest, the resolution passed with the unanimous consent of attending directors upon consultation by the chairman.

III.	For information on the evaluation cycle, duration, scope, method, and content of the Board of Directors' self (or peer) review, please refer to P.23.
IV.	Assessment of the objectives and performance of strengthening the functions of the Board of Directors (such as establishing the Audit Committee, enhancing information transparency, etc) in the current and recent years: The Company has formulated the Rules of Procedure for Meetings of Board of Directors in accordance with the Regulations Governing Procedure for Board of Directors Meetings of Public Companies, and disclosed the attendance of directors at Board meetings on the Market Observation Post System and the important decisions of the Board of Directors on the Company's website. The Company has carried out the performance evaluation of the Board of Directors since 2020, and established the Audit Committee after the re-election of directors at the Shareholders' Meeting in 2022. Additionally, the Company has conducted the performance evaluation of the Audit Committee since 2022. The Board of Directors of the Company appointed the members of the 5th Remuneration Committee on July 4, 2022. The three members are all independent directors. The Committee is responsible for formulating and regularly reviewing the policies, systems, standards and structure of performance objectives and compensation for directors and managers. Besides, it regularly evaluates and reviews the reasonableness of the remuneration of directors and managers, staff remuneration and other incentives of employees. The Company has implemented the performance evaluation of the Remuneration Committee since 2020.

Performance Evaluation of Board of Directors and Functional Committee

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Content of evaluation
Once a year	2023/01/01~ 2023/12/31	Performance evaluation of the Board of Directors, board members and functional committees	Internal questionnaire survey was adopted to conduct internal self-evaluation of the Board of Directors, board members and functional committees	The performance evaluation of Board of Directors involve the following five aspects: 1. Level of involvement in company operations 2. Improvement in the quality of decision making by the Board of Directors 3. Composition and structure of the Board of Directors 4. Selection and continuing education of directors 5. Internal control The performance evaluation of board members involve the following six aspects: 1. Level of involvement in company operations 2. Understanding of the duties and responsibilities of the functional committee 3. Improvement in the quality of decision-making within the functional committee 4. Composition of functional committee and selection of committee members 5. Internal control

The results of the performance evaluation of the Board of Directors, board members and functional committees for 2023 were presented to the Board of Directors on February 26, 2024. The overall score of this evaluation is between 4 points (good) and 5 points (excellent), indicating that the overall operation of the Board of Directors and the Functional Committee IS in good condition and meets the requirements of corporate governance. The Company will constantly strengthen and enhance the effectiveness of corporate governance based on the evaluation results of the Board of Directors and the Functional Committee.

(II) The operation of Audit Committee

1. The operation of the Audit Committee primarily aims to assist the Board of Directors in supervising the following matters:
   a. The appropriateness of the Company's financial statements.
   b. The selection (appointment) and independence and performance of the Certified Public Accountant.
   c. The effective implementation of internal controls within the Company.
   d. Compliance with relevant laws and regulations by the Company.
   e. The management and control of existing or potential risks faced by the Company.
2. The main matters deliberated by the Audit Committee include:
   a. Formulate or amend the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
   b. Assess the effectiveness of the internal control system.
   c. Adopt or amend, pursuant to Article 36-1 of the Securities and Exchange Act, the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and provision of endorsements or guarantees for others.
   d. Matters in which a director is an interested party.
   e. Asset transactions or derivatives trading of a material nature.
   f. Loans of funds, endorsements, or provision of guarantees of a material nature.
   g. Offering, issuance or private placement of any equity-based securities.
   h. Appointment, dismissal or compensation of CPAs.
   i. Appointment or dismissal of finance manager, accounting manager or chief internal auditor.
   j. The annual financial report signed or sealed by the chairman, the manager and the accounting supervisor and the quarterly financial report signed or sealed by the chairman, the manager and the accounting supervisor and examined by CPAs.
   k. Other major matters stipulated by the Company or the competent authorities.
3. The Audit Committee held 5 meetings (A) in 2023. The independent directors present are as follows:

Title	Name	Attendance in person (B)	Proxy Attendances	Attendance rate (%)(B/A)	Note
Independent Director (Convener)	Gerald Kuo	5	0	100	Serve for another term of office
Independent Director	Wei-Kun Yeh	5	0	100	Serve for another term of office
Independent Director	Wen-Tsung Hsu	5	0	100	Newly-appointed

Other matters:

I. With regard to the operation of the Audit Committee, the date and session of meeting, content of motions, content of dissenting opinions, qualified opinions or major recommendations from independent directors, resolutions passed by the Audit Committee, and the Company's actions in response to opinions from members of the Audit Committee shall be specified if any of the following circumstances occurs:

(I) Matters stipulated in Article 14 -5 of the Securities Exchange Act.

Date and term of the Board of Directors	Date and term of the Audit Committee	Content of the motion and subsequent handling	Matters stipulated in Article 14 -5 of the Securities Exchange Act	Resolutions not approved by the Audit Committee but agreed by more than two-thirds of all directors
2023/02/24 6th meeting of the 12th term	2023/02/24 4th meeting of the 1st term	1. Review of the 2022 Business Report and Financial Statements of the Company. 2. Review of the distribution of earnings of the Company for 2022. 3. Review of the amendment to the Company's "Process of Obtaining or Disposal of Assets". 4. Review of the establishment of the "Code of Conduct for Financial Operations between Related Parties". 5. Review of the amendment of the "Employee Share Transfer Scheme for Share Repurchase". 6. Review on matters related to the transfer of treasury shares to employees within the Company. 7. Review on changing the Accounting Supervisor of the Company. 8. Review on the report of reference items for the judgment of the effectiveness of the Company's internal control system for 2022 and the report on the statement of internal control system for 2022. 9. Review on the appointment and dismissal of CPAs and the independent and suitability assessment of CPAs in 2023. 10. Review on the general principles of the Company's pre-approval of the non-conviction services.	Yes	No
		Resolution of the Audit Committee: Approved by all members of the Audit Committee.		
		The Company's handling of the Audit Committee's opinion: Approved by all the directors present.		
2023/05/08 7th meeting of the 12th term	2023/05/08 5th meeting of the 1st term	1. Review of the financial report of the Company for Q1 2023.	Yes	No
		Resolution of the Audit Committee: Approved by all members of the Audit Committee.		
		The Company's handling of the Audit Committee's opinion: Approved by all the directors present.		
2023/07/19 9th meeting of the 12th term	2023/07/19 6th meeting of the 1st term	1. Review on the issuance of the Company's first unsecured convertible corporate bonds in the domestic market.	Yes	No
		Resolution of the Audit Committee: Approved by all members of the Audit Committee.		
		The Company's handling of the Audit Committee's opinion: Approved by all the directors present.		
2023/08/07 10th meeting	2023/08/07 7th meeting	1. Review of the financial report of the Company for Q2 2023.	Yes	No

of the 12th term	of the 1st term	2. Review on matters related to the transfer of treasury shares to employees within the Company.		
		Resolution of the Audit Committee: Approved by all members of the Audit Committee.		
		The Company's handling of the Audit Committee's opinion: Approved by all the directors present.		
2023/11/08 11th meeting of the 12th term	2023/11/08 8th meeting of the 1st term	1. Review of the financial report of the Company for Q3 2023. 2. Review of the Company's internal audit plan for 2024.	Yes	No
		Resolution of the Audit Committee: Approved by all members of the Audit Committee.		
		The Company's handling of the Audit Committee's opinion: Approved by all the directors present.		

(II) Other resolutions not approved by the Audit Committee but agreed by more than two-thirds of all directors: None.

II. When an independent director abstains due to being a stakeholder in certain proposals, the name of the independent director, the content of motion, reasons for abstentions, and the results of vote counts should be stated: None.

III. Communication between independent directors and internal audit supervisors & CPAs (including important matters, methods and results of communication on the company's financial and business status): CPAs attend the meeting of Audit Committee held every quarter, and CPAs report on the examination or review results of the financial statements and other communication matters required by relevant laws and regulations, and communicate whether there are any material adjustment entries or statutory amendments affecting the accounts. A meeting may be called at any time in the event of a major anomaly.

Summary of communication between independent directors and CPAs

Date	Communication Method	Communication Highlights	Suggestions and Results
2023/02/24	4th meeting of the 1st term of the Audit Committee	1. Report on the Audit Results and Conclusions of the Consolidated Financial Statements for 2022. 2. Introduction of the new regulations of the Company Act and the Securities and Exchange Act.	The independent directors have expressed no objections or reservations.
2023/05/08	5th meeting of the 1st term of the Audit Committee	1. Report on the Audit Results of the Consolidated Financial Statements for Q1 2023. 2. Introduction of the updates of the Securities and Exchange Act.	
2023/08/07	7th meeting of the 1st term of the Audit Committee.	1. Report on the Audit Results of the Consolidated Financial Statements for Q2 2023. 2. Introduction of the updates of the Securities and Exchange Act.	
2023/11/08	8th meeting of the 1st term of the Audit Committee	1. Report on the Audit Results of the Consolidated Financial Statements for Q3 2023. 2. Introduction of the updates of the Securities and Exchange Act.	

The independent directors and the internal audit supervisor hold at least one communication meeting or symposium every year. The internal audit supervisor also presents reports on the Company's internal audit performance and internal control operations to the Audit Committee each quarter. A meeting may be called at any time in the event of a major anomaly.

Summary of communication between independent directors and internal audit supervisor:

Date	Communication Method	Communication Highlights	Suggestions and Results
2023/02/24	4th meeting of the 1st term of the Audit	Review on the report on the reference items for the judgment of the effectiveness of the Company's internal control system for 2022 and the report on the discussion of	The independent directors have

	Committee	internal control system for 2022.	expressed no objections or reservations.
2023/05/08	5th meeting of the 1st term of the Audit Committee	Internal Audit Performance for Q1 2023.	
2023/08/07	7th meeting of the 1st term of the Audit Committee	Internal Audit Performance for Q2 2023.	
2023/11/08	Symposiums	1. Report on internal audit performance. 2. Report on the Audit Plan according to the Risk Assessment Plan for 2024.	
2023/11/08	8th meeting of the 1st term of the Audit Committee	1. Internal Audit Performance for Q3 2024. 2. Discussion on the internal audit plan for 2024.	

(III) Implementation of corporate governance, deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons therefore:

Evaluation items	Status of implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and related reasons
	Yes	No	Summary	
I. Has the Company established and disclosed its corporate governance best practice principles based on the Corporate Governanc Best Practice Principles for TWSE/TPEx Listed Companies?	✓		The Company has established its Corporate Governance Best Practice Principles based on the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and disclosed it on the Market Observation Post System and its official website.	No deviation
II. Shareholding structure and shareholders' rights				
(I) Has the Company established an internal operating procedure for handling shareholder proposals, inquiries, disputes, and litigations? Are such matters handled according to the internal procedure?		✓	(I) The Company has not established an internal operating procedure for handling shareholder proposals, inquiries, disputes, and litigations. Such operating procedure will be formulated according to the actual needs of the Company.	The Company has not established an internal operating procedure for handling shareholder proposals, inquiries, disputes, and litigations. Such operating procedure will be formulated according to the actual needs of the Company.
(II) Does the Company maintain a register of the major shareholders with controlling power, as well as a register of the ultimate controller of those major shareholders?	✓		(II) The Company has a register of shareholders provided by the stock agent, which is appointed by the Company.	
(III) Does the Company establish and enforce the risk control mechanism and firewall mechanism between itself and its associates?	✓		(III) The assets and financial management rights and responsibilities between the Company and affiliates are quite clear, and are handled in accordance with relevant regulations. Besides, related matters are dealt with according to the established internal control operations.	
(IV) Does the Company stipulate internal rules that prohibit company insiders from trading securities using information not disclosed to the market?	✓		(IV) The Company has established the Code of Ethical Conduct, the Code of Ethical Conduct for Staff and the Internal Procedures for Handling Material Information to prohibit Company insiders from using unpublished information in the market to buy or sell the Company's shares.	
III. Composition and functions of the Board of Directors				No deviation
(I) Has the Board of Directors formulated a	✓		(I) Article 20 of the Company's Corporate Governance Best Practice Principles	

Evaluation items	Status of implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and related reasons
	Yes	No	Summary	
strategy to achieve diversity among board members. If so, is such strategy being implemented? (II) In addition to establishing a Remuneration Committee and Audit Committee as required by law, has the Company voluntarily established other Functional Committees? (III) Has the Company established standards to measure the performance of the Board of Directors, and does the Company implement these standards on a regular basis? Are the results submitted to the Board of Directors and used as references for directors' remuneration and nominations for reappointment? (IV) Does the Company regularly assess the independence of its CPAs?	 ✓ ✓ ✓		propose the policy of diversity in the composition of the Board of Directors, which is formulated in relation to the Company's operations, business modes and development needs. It includes but not limited to the following two aspects: 1. Basic conditions and values: gender, age, nationality, culture, etc. The Board of Directors consists of 1 female and 9 male members without any restriction on age, nationality or culture, etc. Currently, all board members are Taiwanese, with bachelor degrees or above. Among the 3 independent directors, 2 have 7-9 years of relevant working experience and 1 has 0-3 years of relevant working experience. The Company places emphasis on gender equality in the composition of board members and aims to have a female director ratio of 10% or more. Currently, the ratio of female directors is 10%. 2. To implement the company's policy of diversifying the board members, directors shall have different professional backgrounds in accounting, industry, finance, marketing, technology, law, etc. The provisions of the Company's Corporate Governance Best Practice Principles have been disclosed on the Market Observation Post System and its official website. Please refer to P.13 of this Annual Report for information on the implementation of the diversity policy by directors. (II) The Company set up a special committee on mergers and acquisitions on December 29, 2020. There is no need to set up other functional committees for the time being, which will be handled in due course depending on the actual needs of the Company. (III) The Board of Directors adopted the Rules for Performance Evaluations of the Board of Directors and Functional Committee on March 12, 2020 to conduct the performance evaluation of the overall Board of Directors, board members, and the functional committee once a year. The results of the	

Evaluation items	Status of implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and related reasons
	Yes	No	Summary	
			Company's performance evaluation for 2023 were presented to the Board of Directors in the first quarter of 2024, and recommendations for improvement were made. In accordance with the provisions of the competent authorities, the Company regularly conducts performance evaluation every year and applies the results of performance evaluation to the salary and compensation of directors and the nomination and renewal of their appointment. Please refer to P.23 for the implementation of performance evaluation of the Board of Directors and functional committee. (IV) The Company regularly evaluates the independence and suitability of CPAs every year, the Committee conducts the evaluation and report the evaluation results to the Board of Directors. In addition to referring to Communique No. 10: Integrity; Fairness; Objectivity and Independence of the Taiwan CPA Association, the Company has evaluated the independence and suitability of CPAs based on Audit Quality Indicators (AQI), and Statement of the Independent CPAs and Communication with Governance Units on AQI. After evaluation by the Company, it is confirmed that CPAs have no other financial interests and business relationship with the Company other than the fees for certification and financial tax, and CPAs' family members have not violated the independence requirement. According to AQI, it is confirmed that the auditing experience and training hours of CPAs and firms are better than the average level of the industry, and they constantly introduce digital audit tools to improve audit quality, and CPAs meet the requirements for independence and suitability. The latest evaluation was reviewed and approved by the Audit Committee on February 26, 2024, and then submitted to the Board of Directors for approval. Please refer to P.36 of this Annual Report for the evaluation criteria for the independence of CPAs.	

Evaluation items	Status of implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and related reasons
	Yes	No	Summary	
IV. Does the Company have sufficient qualified corporate governance personnel in place and assign a chief corporate governance officer to handle matters relating to corporate governance (including but not limited to providing directors and supervisors with materials necessary to perform their duties, assisting directors and supervisors in legal compliance, handling matters in connection with the Board Meeting and the Shareholders' Meeting in accordance with laws and regulations, and preparing meeting minutes for Board Meetings and Shareholders' Meetings)?	✓		Five employees from the Executive Office of the President, Finance Department and Human Resources Department are responsible for affairs related to corporate governance. On May 8, 2023, the Board of Directors resolved to appoint Ms. Cindy Guo, the Chief Financial Officer, as the Director of Corporate Governance Officer. Ms. Guo, the CFO, possesses over three years of experience in financial, accounting, and stock management operations of publicly traded companies. The main responsibilities of corporate governance officer include providing the information required by the directors to carry out business, assisting the directors to comply with laws and regulations, handling the relevant matters of the Board of Directors and the Shareholders' Meeting according to law, and helping the Board of Directors strengthen the implementation of functions and safeguard the rights and interests of stakeholders.	No deviation
V. Does the Company establish communication channels between stakeholders (including but not limited to shareholders, employees, clients and suppliers), set up a stakeholder section on the Company's website, and respond appropriately to important corporate social responsibility issues of concern to stakeholders?	✓		The Company respects the rights and interests of stakeholders, identifies stakeholders, understands their reasonable expectations and needs through appropriate communication, and appropriately responds to important CSR issues they are concerned about. Relevant departments are responsible for the communication with stakeholders, and a "Stakeholder Section" is set up on the Company's website under Corporate Responsibility to disclose the information on stakeholder interactions and business operations. The content includes stakeholders, major issues of concern, needs and expectations, communication channels and achievements of the year, which provides reference for stakeholders and the general public. The Company regularly reports to the Board of Directors in the fourth quarter of each year on its communication with stakeholders during the year. The contact information of stakeholders is available on the Company's website so that appropriate responses to stakeholder concerns can be made in a timely manner. The feedback from stakeholders is the basis for continuous improvement and progress of the Company. For information on stakeholder	No deviation

Evaluation items	Status of implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and related reasons
	Yes	No	Summary	
			interactions and business operations, please refer to P.36 to P.41 of this Annual Report.	
VI. Does the Company commission a professional shareholder services agency to handle matters in connection with the Shareholders' Meeting?	✓		The Company commission Chinatrust Commercial Bank, a professional shareholder services agency to handle matters in connection with the Shareholders' Meeting.	No deviation
VII. Information disclosure (I) Does the company have a corporate website to disclose both financial standings and the status of corporate governance? (II) Does the company have other information disclosure channels (e.g. an English website, designated personnel to handle information collection and disclosure, a spokesman system webcasting of investor conferences)? (III) Does the company have other information disclosure channels (such as building an English website, appointing designated personnel to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	✓ ✓ ✓		(I) The Company has set up a website to disclose information about its financial standings and the status of corporate governance. Website: www.weltrend.com.tw (II) In addition to regularly or irregularly disclosing relevant financial business information on the Market Observation Post System as required by the competent authorities, the Company reveals relevant information on its website. The Company has established an English website, and the Financial Department is responsible for collecting and disclosing corporate information. Additionally, the Company has spokesmen and acting spokesmen, and the spokesman system is under good operation. (III) The announcement and filing of the Company's consolidated and parent company only financial statements for 2023 was completed on February 26, 2024. The financial reports for the first, second and third quarters of 2023 and the revenue of each month will also be published and reported on the Market Observation Post System and uploaded to the Company's website before the prescribed time limit.	No deviation
VIII. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders,	✓		(I) With the management philosophy of "innovation, quality, stability and pragmatism", the Company has been constantly pursuing innovation and breakthroughs in technology, and striving to achieving the corporate vision of "a profitable company with significant influence on specific product lines, interesting workplace, and humanistic spirit". Managers are constantly working towards this goal and striving to achieve this vision so that every	No deviation

Evaluation items	Status of implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and related reasons
	Yes	No	Summary	
directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of client relations policies, and purchasing insurance for directors and supervisors)?			employee can truly enjoy their work, earn a stable income and maximize the benefits for shareholders. (II) In terms of employees' rights and interests, the Company abides by the Labor Standards Act and other relevant laws and formulate personnel management rules to protect employees' rights and interests. Moreover, the Company holds quarterly labor-management meetings for mutual communication. In addition to general benefits such as labor and health group insurance for employees of the Company, the Employee Benefit Committee has been**established**to provide monthly funding for regular employee benefit activities, formulate annual plans and budgets, prepare festival gifts, organize group tourism, conduct community activities, hold birthday parties, donate wedding and funeral gifts, offer lunch subsidies, etc. (III) With respect to investor relations, the Company has spokesmen and acting spokesmen who engage in investor relations, so that investors can be fully informed of the Company's operations in real time and enjoy the best services. (IV) Suppliers are important partners of the Company's business operation. The Company's main suppliers are world-class manufacturers of wafer manufacturing and high-quality packaging factories, which have a complete green supply chain system and are the benchmark and reliable partners. Besides, they have passed TS16949 and ISO14000, and the manufacturing services provided by them can ensure the quality of the Company's products In line with client expectations and green quality requirements, the Company and suppliers jointly pursue sustainable business operations and growth through close cooperation, and actively achieve goals for quality and service standards, green products, labor management, and environmental safety and health management. (V) With respect to the rights of stakeholders, the Company has established a	

Evaluation items	Status of implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and related reasons
	Yes	No	Summary	
			stakeholder section on its external website to disclose the interaction, operation, and contact information of stakeholders to establish a channel of communication between employees, clients, investors and other stakeholders and the Company, thus safeguarding the rights of stakeholders. (VI) The training hours and course content of all directors and independent directors in current year meet the requirements of the competent authorities. The Director's Training Status has been disclosed on the Market Observation Post System. (VII) The Company has taken out liability insurance for the directors and supervisors. The directors and supervisors of the Company comply with the laws and act with prudence and integrity. In addition to the annual renewal of liability insurance, the Board of Directors was informed of the amount, coverage and premium rates of liability insurance for the current year in Q2 2023. Please check the Market Observation Post System for relevant information. The insurance situation for 2024 was also reported to the Board of Directors in Q2 2024. (VIII) The Company has formulated a succession plan for board members and key management personnel as follows: The Company has always adhered to the business philosophy of honesty, integrity, transparency and selflessness, so it pays special attention to these personality traits when cultivating successors. Additionally, due to the fierce competition and rapid change of high-tech industry, the Company attaches great importance to young employees with professional abilities. Currently, the Company places potential successors in the position of senior executives to receive training, gain extensive exposure and take charge of specific operations. The succession and replacement of board members is mainly based on the shareholding ratio and the introduction of independent directors who can contribute to the Company, rather than on personal	

Evaluation items	Status of implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and related reasons
	Yes	No	Summary	
			affinity.	

IX. Based on the latest Corporate Governance Evaluation report released by the Corporate Governance Center of TWSE, please state the circumstances in which improvements have been made and propose priorities and measures for those that have not yet improved.
Priorities and measures for improvement of the unscored items in the Company's corporate governance evaluation for 2023:

Evaluation indicators	Priorities and measures
Was the Annual Shareholders' Meeting convened by the end of May?	The Company has announced the convening of the Annual Shareholders' Meeting on May 29, 2024.

Standards for assessing the independence of CPAs

Evaluation items	Assessment outcome	Compliance with independence criteria
Whether CPAs and their spouses and dependent relatives have direct or indirect material financial relationship with the Company	No	Yes
Whether CPAs and their spouses and dependent relatives have any business relationship with the Company and its directors or managers that may affect independence	No	Yes
During the audit period, whether CPAs and their spouses and dependent relatives served as directors, managers of the Company or had direct and material influence on the audit work	No	Yes
Whether CPAs and the Company's directors or managers are spouses, direct relatives, relatives in-law or relatives within the second degree of kinship	No	Yes
Whether CPAs have received gifts or presents of great value from the Company or from a director, manager or substantial shareholder of the Company	No	Yes

Information on stakeholder interactions and business operations

Objects	Major concerns	Demands/expectations	Communication channels and frequencies	112 actual performance
Staff	1. Salary and benefits 2. Talent development 3. Operational performance	1. Provide good salary and benefits 2. Platform for expressing opinions 3. Improve professional competence	• Hold quarterly labor-management meetings, Benefit Committee's meetings, and birthday celebrations. • Internal website or internal email announcements: Important corporate information, information on the Benefit Committee, information on various legal compliance, education and training courses, performance management operations, quality management system related operations and legal updates, information security information, etc. • Employee-only mailboxes, sexual harassment complaints, whistle-blowing mailboxes for fraud or violation of professional ethics. • Each department conducts	1. In 2023, a total of four labor-management meetings were held, and due to the easing of the epidemic, a celebration event was held once in the first and second halves of the year. 2. The Company published a total of 60 pieces of information on its intranet, as well as monthly revenue information and quarterly information on information security to all employees by Email. 3. No employee complaints or violations of labor laws. 4. A total of 1,495 person-times with 3,751 hours of

Objects	Major concerns	Demands/expectations	Communication channels and frequencies	112 actual performance
			weekly/monthly/quarterly work meetings or professional educational training as required.	educational training were held throughout the year. 5. Obtained ISO 14064-1:2018 certification for greenhouse gas emissions inventory.
Clients	1. Client services 2. Supply chain management 3. Compliance with laws and regulations	1. Provide products and follow-up services to meet clients' requirements for quality	• Regular communication and discussion meetings. • Irregular response to questions. • An annual client satisfaction survey.	1. The number of cases for client needs and HSF cases was 685, and 652 cases were completed, with a completion rate of 95.2%. 2. In 2023, actively participated in various ESG-related carbon reduction project seminars hosted by customers and successfully completed internal greenhouse gas third-party inventory operations, meeting customer requirements.
Investors	1. Sustainable development strategy 2. Operational performance 3. Risk management	1. Information transparency 2. Compliance with laws and regulations 3. Corporate social responsibility	• Hold a Shareholders' Meeting every year. • Hold at least two investor conferences a year and publish brief reports on the Market Observation Post System and the Company's external website. • Regular publication of financial statements (monthly revenue, quarterly and semi-Annual Reports) on the Market Observation Post System and the company's external website. • Update the Company's latest information on the Company's external website from time to time. • Irregular participation in seminars held by domestic and overseas investment institutions.	1. Hold the Shareholders' Meeting on June 2, 2023. 2. Two public investor conferences were held on March 8, 2023 and September 18, 2023 respectively. 3. Financial information is regularly posted on the company's website and Market Observation Post System. 4. The Company publishes 18 pieces of corporate information on its external website.
Suppliers	1. Sustainable development strategy 2. Operational	1. Compliance with quality requirements 2. Compliance with	• Quarterly review report or meeting. • Fixed annual audit procedures.	The Quality Assurance Department carries out the supplier audit (including

Objects	Major concerns	Demands/expectations	Communication channels and frequencies	112 actual performance
	performance 3. Innovation management	regulatory requirements 3. Compliance with supplier policies 4. Integrate the BOM of homogeneous products to reduce HSF-related control costs	• Carry out environmental safety and CSR related cooperation plan with suppliers from time to time.	QSA/QPA/HSF) every year. A total of 15 suppliers performed audits this year.
Government agencies	1. Occupational safety and health 2. Ecological conservation 3. Environmental management	1. Jointly maintain the work environment 2. Compliance with laws and regulations 3. Compliance with HSF-related laws and regulations	• Participate in the functional organization and operation of park and Bureau of Science and Management regularly. • Actively participate in public hearings of regulations and seminars held by competent authorities.	1. Participated in the joint meeting of the Board of Directors and Supervisors of the Park Association and related seminars for 4 times. 2. Participated in 14 government-related public hearings, seminars and information sessions. 3. Dispatched representatives to participate in integrity management related courses, including the 2023 Private Sector Organizations Relations Forum in the Ministry of the Interior's Second Special Police Corps, National Police Agency and the 2023 Corporate Social Responsibility Promotion and Advocacy Meeting of the Science Park Administration. Attended in integrity governance advocacy seminars organized by the Fair Trade Commission and the Anti-Corruption Agency of the Ministry of Justice. 4. Sent representatives to participate in the basic training of the protection team of Weltrend Semiconductor and the recruitment briefing session for

Objects	Major concerns	Demands/expectations	Communication channels and frequencies	112 actual performance
				the fire protection counseling platform under the 2023 Emergency Response and Safety Protection Capacity Enhancement Counseling Program for business units in the Hsinchu Science Park. 5. Obtained the ISO 14001 Environmental Management System certificate in March and obtained ISO 14064-1:2018 certification for greenhouse gas emissions inventory in November.
Community (school) association	1. Public welfare 2. Industry-academy cooperation	1. Talent recruitment 2. Talent cultivation	• Actively participate in community activities or seminars. • Actively participate in industry-academy cooperation. • Public welfare activities.	1. Actively engaged in collaborative efforts with the Department of Electrophysics at National Yang Ming Chiao Tung University, providing internship opportunities for students during the summer break. Arranged discussions between interns, professors, and the Company's research and development unit to explore further opportunities for academia-industry collaboration. The Southern Kaohsiung Research and Development Center provided summer internship opportunities for students from National Cheng Kung University in 2023, aiming to facilitate academia-industry cooperation by offering internship opportunities for students from various regions to

Objects	Major concerns	Demands/expectations	Communication channels and frequencies	112 actual performance
				engage in internship programs at Weltrend. 2. Sponsored the crowdfunding campaign for the Taiwan film culture documentary "Free Beats: The Musical Journey of CHEN Ming Chang," with a corporate public broadcast sponsorship scheme. The sponsorship aimed to distribute the broadcast version of the film to high schools and educational institutions, introducing Taiwan's diverse ethnic, musical, and artistic cultures to a wider audience of young students. The film was nominated for the Best Documentary category at the 60th Golden Horse Awards. 3. Chairman Lin participated in the Entrepreneurship Celebrity Lecture Series at National Chung Hsing University in December 2023, sharing personal entrepreneurial experiences with students, faculty, and members of the community.
Media	1. Operational performance 2. Corporate Governance 3. Sustainable development strategy	1. Company product release 2. Major topics	• Publish press releases/material information on the Market Observation Post System and the company's external website. • Hold at least two investor conferences a year and publish brief reports on the Market Observation Post System and the Company's external website.	1. The Company publishes 18 pieces of corporate information on its external website. 2. This year, 17 pieces of Chinese and English information were posted on the Market Observation Post System. 3. Two public investor conferences were held on March 8,

Objects	Major concerns	Demands/expectations	Communication channels and frequencies	112 actual performance
				2023 and September 18, 2023 respectively.
Cooperation partners	1. Sustainable development strategy 2. Risk management 3. Client services	1. Compliance with laws and regulations 2. Compliance with client requirements	• Discuss at irregular meetings according to client requirements. • The relevant product information and technical support on the Company's website is updated from time to time.	1. Conducted ISO9001 regular external audit from August 15~16, 2023, and passed without any defects. 2. Conducted QC080000 regular external audit from August 15~16, 2023, and passed without any defects. 3. In the first half of the year, conducted ISO14064-related counseling and training, and completed desk reviews from August 29 to August 30, 2023, and on-site greenhouse gas audits in various locations from September 5 to September 6, 2023. 4. Obtained ISO14064-1:2018 certification for greenhouse gas emissions inventory in November. We actively cooperated with the government's requirements for sustainable development roadmap planning and completed it ahead of schedule. 5. Underwent an external audit for ISO 14001 on December 13, 2023, passing without any findings.

(IV) If the Company has the Remuneration committee, it shall disclose its composition, duties and operation:

(1) Information on members of the Remuneration Committee

Title	Criteria / Name	Professional qualifications and experience	Status of independence	Number of other public companies in which the individual concurrently serves as a member of the Remuneration Committee
Independent Director (Convener)	Gerald Kuo	Please refer to Page 11 of the Annual Report for information on professional qualifications of directors and independence of independent directors.		1
Independent Director	Wei-Kun Yeh			0
Independent Director	Wen-Tsung Hsu			1

(2) Information on the operation of the Remuneration Committee

I. The Remuneration Committee has three members.

II. Term of office: July 4, 2022 to June 22, 2025. The Remuneration Committee held 4 meetings (A) in the most recent year. The attendance is as follows:

Title	Name	Attendance in Person (B)	Proxy Attendances	Attendance rate (%)(B/A)	Note
Convener	Gerald Kuo	4	-	100%	Serve for another term of office
Committee Member	Wei-Kun Yeh	4	-	100%	Serve for another term of office
Committee Member	Wen-Tsung Hsu	4	-	100%	Newly-appointed

Other matters:

I. In the case that the Board of Directors modifies or declines to adopt a recommendation of the Remuneration Committee, it shall specify the date of the meeting, session, content of motions, resolution by the Board of Directors, and the Company's response to the Remuneration Committee's opinions (e.g., the remuneration passed by the Board of Directors is higher than that recommended by the Remuneration Committee, the circumstances and cause for the difference shall be specified): N/A.

II. Where there is any resolution of the Remuneration Committee to which a member objects or on which a member has a qualified opinion, and such objection or qualified opinion is documented or reduced to a written statement, it is required to disclose the meeting date, session, content of motions, opinions of all members and the response thereto: N/A.

III. Reasons for discussion and results of decisions of the Remuneration Committee, and the Company's handling of members' comments

Compensation Committee	Content of the motion and subsequent handling	Resolutions	The Company's actions in response to opinions from the Remuneration Committee
2023/02/24 The 5th The 2nd	1. Reviewed the Remuneration Allocation Plan for the Company's managers for 2021. 2. Reviewed the proposal for the remuneration of Chief Operation Officer. 3. Reviewed the Year-end Bonus Plan for the Company's managers for 2022.	Approved by all members of the Remuneration Committee.	Except for Motion 6 where Director Cindy Guo and Director Tony Lin stated that they were concurrently employed employees of the Company and shall recuse from the

	4. Reviewed the proposal for the remuneration of newly-appointed Accounting Supervisor. 5. Reviewed the proposal of the Company's compensation to employees and remuneration to directors and supervisors for 2022. 6. Reviewed the proposed transfer of the Company's treasury shares to employees with director or manager status. 7. Reviewed the amendment to Regulations Governing Remuneration for Directors and Managers		discussion and resolution of this motion, due to the conflict of interest, other directors present had no objections to the recommendation of the Remuneration Committee.
2023/05/08 The 5th The 3rd	1. Reviewed the proposal for the remuneration of Corporate Governance Officer of the Company. 2. Reviewed the proposal for the compensation distribution plan of directors, managers, and employees for 2022.	Approved by all members of the Remuneration Committee.	All motions were unanimously approved by the directors present without any objection to the recommendation of the Remuneration Committee.
2023/08/07 The 5th The 4th	1. Reviewed the Remuneration Allocation Plan for the Company's managers and employees for 2022. 2. Reviewed the proposal for the compensation adjustment of managers for 2023. 3. Reviewed the proposed transfer of the Company's treasury shares to employees with manager status.	Approved by all members of the Remuneration Committee.	All motions were unanimously approved by the directors present without any objection to the recommendation of the Remuneration Committee.
2023/11/08 The 5th The 5th	1. Reviewed the Mid-Autumn Bonus Plan for the Company's managers for 2023. 2. Reviewed on changes in the Company's managers and their salary.	Approved by all members of the Remuneration Committee.	All motions were unanimously approved by the directors present without any objection to the recommendation of the Remuneration Committee.
The function of the Remuneration Committee is to evaluate the remuneration policies and systems of the directors, supervisors and managers of the Company in a professional and objective manner. The Remuneration Committee shall hold at least 2 meetings a year and make recommendations to the Board of Directors for their decision making. It shall regularly review the Organizational Regulations of the Remuneration Committee, put forward suggestions for amendments, formulate and regularly review the performance evaluation standards, annual and long-term performance goals, and salary and compensation policies, systems, standards and structures for directors, supervisors and managers of the Company.			

(V) Implementation of sustainable development, deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons therefore:

Action item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and related reasons
	Yes	No	Summary	
I. Has the Company established a governance structure to achieve sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the Board of Directors to handle senior management, and supervised by the Board of Directors?	✓		The inter-departmental working group for promoting sustainable development is composed of 12 members from the Executive Office of the President, Finance Department, Human Resources Department, and Quality Assurance Department, and it is responsible for the planning and promotion of related projects. The head of Human Resources Department serves as the convener, and the Board of Directors delegates the authority to senior management to report on the promotion and execution of sustainable development in the previous year at the Board of Directors' meeting in the first quarter of each year. The working group prepares a sustainable development promotion plan at the beginning of the year and reports the contents of the plan to the supervisor. With the approval of the supervisor, the promotion unit explains the plan contents and communicates the promotion methods to the relevant departments, and reports to the supervisor regularly and reviews the effectiveness of the operation. The responsibilities of the working group include formulating and reviewing sustainable development policies, systems or related management guidelines, collecting stakeholders' views and responding appropriately to their concerns, reporting annually to the Board of Directors on the promotion and implementation of sustainable development, and communicating with stakeholders. In addition to reviewing the implementation of the strategy and goal setting, the Board of Directors reviews the implementation of the measures and makes recommendations and improvement plans to the management team if necessary.	No deviation
II. Has the Company conducted risk assessments on environmental, social and corporate governance issues related to corporate operations according to the principle of	✓		The risk assessment for 2023 focuses on Weltrend Semiconductor and takes into account the relevance of the business and the degree of impact on major themes, including its subsidiary Sentelic Corporation. The Company has conducted risk assessments on environmental, social	No deviation

Action item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and related reasons
	Yes	No	Summary	
materiality, and formulated relevant risk management policies or strategies?			and corporate governance issues related to corporate operations according to the principle of materiality, and formulated relevant risk management policies or strategies for the reference of the Company's risk management and business strategies. (I) Environment: Risk assessment strategies for climate changes In response to global climate change and environmental protection, as well as the continued international attention to environmental protection and energy saving, the Company attach great importance to energy-saving technology. In terms of product design, the Company develops energy-saving and carbon-reducing green products. It also reduces energy consumption of clients' products and improves energy utilization, to achieve environmental friendliness and sustainable development. Besides, the Company has established a qualified supplier system to ensure that materials do not contain harmful substances, with a view to forming a green supply chain with suppliers. (II) Society: Risk assessment strategies for product liabilities The Company is committed to continuous reduction of hazardous substances to meet client and regulatory requirements. In accordance with the environmental protection laws and regulations across the world, the Company has formulated regulations for the management of hazardous substances for all green products. Moreover, the Company has been certified by the IECQ QC080000 management system and requires suppliers to promote joint compliance with environmental protection laws and regulations to safeguard the global environment and reduce the impact on the ecosystem. 1. Environmental management substances We refer to RoHS2.0, EU REACH, China RoHS and other environmental management substances regulated by our clients. These harmful substances exist in direct materials, packaging	

Action item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and related reasons
	Yes	No	Summary	
			materials, products, manufacturing process, manufacturing process accessory materials or may enter the products. It is necessary to control whether these harmful substances are contained in the product, the amount contained, the site of use, and the purpose, etc. 2. Prohibited substances Prohibited substances refer to substances that are prohibited from being used in the manufacturing process of parts or components, whether they are intentionally added or naturally present. The minimum concentration limits and test methods for these substances are regulated in the relevant legal regulations. All prohibited substances are not allowed to be added intentionally, even if the added content does not exceed the regulatory limit. 3. Green products All of our existing halogen-free products comply with regulations and client specifications. (III) Corporate governance: Risk assessment strategies for regulatory compliance Through the establishment of corporate governance-related regulations and a promotion team, and the implementation of internal control mechanisms, the Company ensures that all employees comply with the relevant laws and regulations.	
III. Environmental issues (I) Has the Company established proper environmental management systems based on the characteristics of their industries?	✓		The Company is engaged in product R&D, design and sales. The wafer and IC packaging developed by the Company are all produced by relevant cooperative suppliers. Supplier management and hazardous substance control are performed in accordance with the Company's Supplier Management Regulations and HSF Management Procedures. The Company has been certified by ISO 14001 Environmental Management System and IECQ QC 080000 Hazardous Substance Process Management.	No deviation

Action item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and related reasons
	Yes	No	Summary	
			The Company conducts annual certification audit by the accredited firm and has obtained validity certificate for certification system. Our commitments and practices are as follows: (I) Product R&D, design, manufacturing and sales: 1. All products comply with the following international regulations: (1) EU RoHS. (2) Halogen Free. (3) PFOS and PFOA control. (4) EU REACH SVHC. 2. Our products are tested by a third-party accredited firm (a laboratory accredited by ISO 17025) to monitor and manage suppliers' materials to meet the regulations for the management of hazardous substances. 3. Constantly promote and hold educational training to make all employees fully understand the meaning and responsibility of eliminating harmful substances. 4. Establish a qualified supplier system to ensure that materials do not contain hazardous substances. (II) Supplier management: 1. The supplier shall comply with the Company's Supplier Management Regulations and HSF Management Procedures, and ensure that it conforms to the Company's definition of green products. 2. The third-party accredited firm (a laboratory accredited by ISO 17025) shall provide regular test reports on the use of materials. 3. Review the material safety data report of raw materials.	
(II) Has the Company endeavored to utilize all resources more efficiently and used renewable materials which have low impact on the	✓		Environmental protection is a pivotal part of sustainable development. The Company is committed to improving energy efficiency and using recycled materials with low impact on the environment, and incorporating the	No deviation

Action item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and related reasons
	Yes	No	Summary	
environment?			concept of environmental protection into operating procedures to reduce environmentally harmful substances and materials, relieve the burden and impact on the environment, and enable the sustainable use of global resources. The specific measures are as follows: 1. Reduce the discharge of pollutants, toxic substances and waste, and dispose of waste properly. 2. Improve the recyclability and reuse of products. 3. Prolong the shelf life and durability of products. 4. Improve product efficiency. 5. Promote e-form sign-off system to save paper consumption. 6. Recycle packaging cushioning materials (such as foam, bubble cloth) for shipping operations to reduce the use of plastic products. 7. Recycle IC tubes and trays for the loading of defective products to increase the recycling rate of plastic products. 8. Implement resource classification and recycling, reduce the use of single-use appliances such as paper cups and disposable cutlery to alleviate the burden and impact on the environment.	
(III) Has the Company assessed the potential risks and opportunities of climate change on its present and future operation, and taken measures to respond to climate-related issues?	✓		(I) Substantial risks arising from climate changes: The Company is engaged in IC design industry and has no wafer fabs. In case of risks caused by climate changes, apart from the cost increase due to the increase of electricity and water demand for air conditioning and office lighting, the extreme climate triggered by global warming may increase the frequency and severity of natural disasters. As a result, it may lead to power failure and water outage due to disasters, which may indirectly increase the operating costs of the Company. Additionally, clients and other stakeholders may require that the products and services provided by the Company meet requirements related to energy conservation, low pollution, no use of prohibited substances and raw materials, or ask the Company to obtain carbon and water footprint verification.	No deviation

Action item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and related reasons
	Yes	No	Summary	
			(II) Business exposure to climate change-related regulations: The Company is not one of the enterprises included in "the first batch of emission sources that shall be inventoried to register greenhouse gas emissions" as announced in the Greenhouse Gas Reduction and Management Act, and has no risk of violating the regulations. However, to realize the goal of Net-Zero by 2050 set by the government, the Company will follow the greenhouse gas inventory and verification schedule of TWSE/GTSM listed companies stipulated by the government and the carbon reduction plan of the government, and gradually promote the relevant greenhouse gas inventory and carbon reduction plan of the Company to achieve the goal of sustainable development. (III) The sustainable development plan for ESG is as follows: 1. 2022: (1) Greenhouse gas inventory: In the initial stage, only Category 1 (direct greenhouse gas emission sources, such as refrigerant) and Category 2 (indirect greenhouse gas emission sources, such as purchased electricity) of the Company (including subsidiaries) will be investigated. The Company has conducted the inventory and calculation of greenhouse gas emissions in 2021 and established a database with 2016 as the base year to reduce carbon emissions by 3% as the target. Reasonable carbon reduction target shall be based on business turnover. Therefore, the Company will examine the sources of greenhouse gas emissions in Categories 1 and 2 in 2022 as the basis for setting the carbon reduction target. (2) Carbon footprint inventory: This part is for product inventory. All suppliers shall be included in the inventory. The carbon footprint inventory plan has been formulated	

Action item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and related reasons
	Yes	No	Summary	
			and announced to the suppliers to assist in the investigation. (3) Collect CSR and ESG reports by suppliers. (4) Results: The Company initialed the training on the ISO 14001 Environmental Management System in 2022, completed the audit review by the accredited firm in December 2022, and obtained the ISO 14001 certification in March 2023. 2. 2023: (1) Adjust the base year and redefine the carbon reduction target. (2022 will takes 2016 as the base year) (2) Category 3 (other indirect greenhouse gas emission sources, e.g. employee commuting, transportation) shall be included in the inventory to facilitate the Company's data collection of greenhouse gas emissions. (3) Supplier carbon footprint inventory: The size of the supplier determines the difficulty of carbon footprint inventory. At the present stage (2022-2023), the Company will discuss with the supplier on how to collect relevant data. (4) Complete the training on ISO14064-1 greenhouse gas inventory, and obtain the greenhouse gas emission inspection statement by the accredited firm.	
(IV) Has the Company conducted assessment on greenhouse gas, water consumption and waste for the last two years, and established strategies for energy conservation and carbon reduction, greenhouse gas reduction, water saving and waste management?	✓		(I) However, to realize the goal of Net-Zero by 2050 set by the government, the Company will follow the greenhouse gas inventory and verification schedule of TWSE/GTSM listed companies stipulated by the government and the carbon reduction plan of the government, and gradually promote the relevant greenhouse gas inventory and carbon reduction plan of the Company to achieve the goal of sustainable development. Given the growth of the operating performance and the increase in the proportion of electricity	No deviation

Action item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and related reasons
	Yes	No	Summary	
			consumption, the Company takes 2022 as the base year and aims to achieve the target of 3% carbon reduction for revenue per unit (NT$ thousand) in 2023. (II) The Company is not one of the enterprises included in "the first batch of emission sources that shall be inventoried to register greenhouse gas emissions" as announced in the Greenhouse Gas Reduction and Management Act. Currently, the Company has conducted greenhouse gas emission inventory according to ISO14064-1. Over the past two years, the Company has compiled and executed energy-saving measures: In alignment with government energy-saving and carbon reduction policies, the Company has set a target to reduce overall electricity consumption by approximately 3%. According to the voluntary greenhouse gas inventory conducted in accordance with ISO 14064:2018 (for both the headquarters and branch offices), the total greenhouse gas emissions for the years 2022 and 2021 were approximately 1,460 metric tons and 1,050 metric tons of carbon dioxide equivalent, respectively. Comparing the two years, there has been an increase of 38.33% in carbon emissions. The total electricity consumption in 2022 and 2021 was 2,829,246 kWh and 2,072,088 kWh respectively, with an increase of 36.54%. The difference between 2022 and 2021 is mainly due to the rapid increase in market demand in 2021, the expansion of factories and the addition of new testing equipment and machines. As a consequence, it causes an increase in total electricity consumption and carbon emissions in 2022. If we calculate greenhouse gas emissions intensity based on the actual revenue of the Company, the carbon emissions per unit of revenue (in NT$ thousand) for the years 2022 and 2021 were 0.5029 metric tons of carbon dioxide equivalent and 0.2915 metric tons of carbon dioxide equivalent, respectively,	

Action item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and related reasons
	Yes	No	Summary	
			comparing each unit of revenue (in NT$ million). The water consumption for the years 2022 and 2021 were 6,912.372 cubic meters and 5,652 cubic meters, respectively. Comparing the two years, there has been an increase of 22.30% in water consumption. The main reason for the increase in water carbon emissions is attributed to the expansion of various air conditioning equipment in the plant.	

	Unit	2021	2022	Difference
Greenhouse Gas Emissions (Scope 1 + Scope 2)	t-CO2e/year	1,050.0000	1,452.4215	38.33%
Intensity	Metric tons CO2e/NT$ million	0.2915	0.5029	72.51%
Electricity Consumption	kWh	2,072,088.000	2,829,246.451	36.4%
Water Usage	ton	5,652.000	6,912.372	22.30%

Note：Greenhouse gas inventory for the year 2023 is in progress.

(III) Waste Management in the past two years:
We have been continuously implementing waste reduction and recycling programs to minimize our environmental impact.
In 2022, the total waste generated was 15.3338 tons, with hazardous waste accounting for only 0.21 tons. Waste reused and recycled amounted to 0 tons, achieving a recycling rate of 0%, slightly lower than the previous year's rate of 4%. The amounts of waste recycled for 2022 and 2021 were NT$196,409 and NT$190,519, respectively. Comparing the two years, there was an increase of NT$5,890 in the amount of waste recycled, indicating progress in our ongoing waste

<table>
<tr><th rowspan="2">Action item</th><th colspan="3">Implementation status (Note 1)</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and related reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>
reduction and recycling efforts.
The Company's waste includes hazardous industrial waste (e.g., waste IC) and general industrial waste (e.g., plastics, paper). In 2022 and 2021, the hazardous industrial waste (waste IC) amounted to 0 metric ton and 0.679 metric tons, respectively. The general industrial waste (plastics, paper) amounted to 0.21 metric tons and 0.35 metric tons in 2022 and 2021, respectively. Waste disposal contractors are authorized by the competent authority to clear and handle such waste, and the Company has not violated any legal regulations in this regard.
<table>
<tr><th>Waste Category</th><th>Unit</th><th>Disposal Methods</th><th>2021</th><th>2022</th></tr>
<tr><td>General</td><td>ton</td><td>Incineration</td><td>15</td><td>15.1238</td></tr>
<tr><td rowspan="2">Hazardous</td><td rowspan="2">ton</td><td>Incineration</td><td>0.34</td><td>0.21</td></tr>
<tr><td>Recycling and Reuse</td><td>0.679</td><td>-</td></tr>
</table>
<table>
<tr><th rowspan="2">Categories of Waste Resources Recycling/Year</th><th colspan="2">Amount (NT$)</th></tr>
<tr><th>2021</th><th>2022</th></tr>
<tr><td>Offcuts</td><td>17,445</td><td>-</td></tr>
<tr><td>Plastics (including Tray)</td><td>169,572</td><td>192,000</td></tr>
<tr><td>Paper</td><td>3,390</td><td>4,399</td></tr>
<tr><td>Miscellaneous (Note)</td><td>112</td><td>10</td></tr>
</table>
Note: Miscellaneous category includes light bulbs, batteries, etc.
(IV) The Company's strategies for addressing climate change or greenhouse gas management:
We understand that the Company's operations, including product development, customer service, and business activities, can all potentially impact the environment. In order to minimize our
</td><td></td></tr>
</table>

Action item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and related reasons
	Yes	No	Summary	
			environmental footprint, we have established a qualified supplier system to ensure that materials are free from harmful substances, aiming to create a green supply chain with our suppliers. We are committed to energy conservation across various sources and actively engage in the recycling of major waste materials. Regarding the management of hazardous substances, pollution prevention, energy conservation, water conservation, and waste management, we educate and train our employees to understand the importance of implementing green product initiatives and to enhance their awareness of corporate sustainability. Specific measures include: Air conditioning temperature control and energy efficiency control in summer, timely turn off lighting equipment in unmanned areas, replace lamps in the factory with LED T5 tubes, establish an electronic system to reduce paper usage, build video equipment in each office for staff communication, make good use of remote meetings, reduce the carbon emissions caused by business trips, replace part of air conditioners with frequency-conversion air conditioners in each office to achieve energy saving, check water equipment regularly, repair damaged equipment in a timely manner, encourage colleagues to report to the Company at any time for repair, constantly promote energy saving, water saving, car sharing and the use of public transportation system, remind colleagues to cultivate the habit of saving energy, perform supplier management, and require the manufacturing process and finished product IC provided by the supplier to conform to the green products defined by the Company.	
IV. Social issues (I) Has the Company formulated appropriate management policies and procedures according to relevant regulations and the International Bill	✓		I. Respect for human rights and labor rights: (I) Bills of human rights 1. The Company provides fair opportunities for recruitment, appointment and career development without discrimination on	No deviation

Action item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and related reasons
	Yes	No	Summary	
of Human Rights?			the basis of gender, race, age, or other factors. We follow the spirit of the Universal Declaration of Human Rights, the United Nations Global Compact, the ILO Declaration on Fundamental Principles and Rights at Work and other important human rights conventions, and internationally recognized human rights standards, and treat our employees, contract staff and interns fairly. 2. The Company adheres to the universally recognized principles of fundamental labor rights, including freedom of association, the right to collective bargaining, the prohibition of child labor, the elimination of various forced labor, the elimination of discrimination in employment, and harm to workers. 3. The Company prohibits discrimination on any human rights, including race, color, age, gender, sexual orientation, ethnicity, physical or mental disability, religion, political identity, organizational status, place of birth and marital status. (II) Administration of human rights: To make all employees know that the Company is committed to human rights, the Code of Ethics for Employees and Work Rules formulated by the Company clearly stipulate that the Company provides fair opportunities for recruitment, appointment and career development without discrimination on the basis of gender, race, age, or other factors. The Work Rules stipulate that the employment of child labor is prohibited, any type of discrimination or harassment (including sexual harassment) or threatening language is prohibited within the workplace, and the interaction between colleagues shall be based on the rational principle of mutual respect. (III) Communication channels for the implementation of human rights: 1. Publicity of legal compliance: The Company conducts quarterly publicity of legal compliance through intranet or	

Action item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and related reasons
	Yes	No	Summary	
			announcements, and carries out anti-discrimination, anti-sexual harassment, anti-bullying and other education and training to create a high-quality workplace environment that safeguards human rights. 2. Employee mailbox and whistle-blowing system: The Articles of Association of the Company specify the rights and interests of employees and set up THE employee mailbox, so that each employee has direct access to express opinions (or complaints) to the senior management. We also require suppliers to uphold the above principles to treat their employees with the same standards. The external website also has a whistle-blowing system for violations of professional ethics. 3. Labor-management meetings: The Company has established a good communication channel and holds quarterly labor-management meetings to ensure the rights and interests of both parties. 4. Human rights and labor related education and training: In 2023, the Company regularly conducted the Promotion of Respect for Human Rights and Labor Rights on the Company's intranet in February, May, August, and November, with 100% attendance. The Company sent its employees to take courses related to labor rights and interests, such as "Labor-related Laws and Regulations Update - 2023 Labor (Occupational) Insurance and Occupational Accident Insurance Regulations Seminar" and "Labor-related Laws and Regulations Update (II) - 2023 Labor Standards Law Seminar," as well as "Occupational Safety and Health - In-Service Training for Business Managers," "Emergency Response and Safety Enhancement Program Recruitment Seminar for Park Enterprises in 2023," and "Basic Training for the Protection Team of Weltrend Semiconductor in	

Action item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and related reasons
	Yes	No	Summary	
			the Hsinchu Science Park." The Company arranged relevant labor law compliance education and training for new recruits. 21 trainees have completed the training, and 40 trainees have participated in the above related courses, totaling 132 hours. 5. Mitigation measures for violations of human rights: The Company has formulated relevant mitigation measures for violations of human rights such as Sexual Harassment Prevention Measures, Complaints and Punishment Measures to protect employees' work rights and provide a working environment free from sexual harassment. In cases of sexual harassment, appropriate preventive, corrective and punitive measures shall be taken.	
(II) Has the Company formulated and implemented reasonable measures for employee benefits (including remuneration, vacation and other benefits, etc.), and appropriately reflected operating performance or results in employee compensation?	✓		(I) The Company has formulated and implemented reasonable employee benefits. In terms of salary, we attach great importance to the treatment and benefits of employees. The salary of employees is determined according to their professional ability, personal performance, academic experience and background, as well as the company's operating performance and future risks. We implement the concept of gender equality in the workplace, and the salary of staff at all levels does not differ due to gender Although the Company is engaged in the electronics, it is committed to diversity and equality in the workplace. Currently, females account for about 32% of the employees and 14% of the senior executives. (II) With respect to employee remuneration, it is paid according to the Company's annual operation and employee performance. It is stipulated in Article 20 of the Articles of Association that the Company shall allocate 11% to 15% of the Company's pre-tax profit of the current period before deducting the employees' remuneration and Directors' remuneration of the year as employees' remuneration and no more than 4% as Directors' remuneration. However, if the	No deviation

Action item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and related reasons
	Yes	No	Summary	
			Company has accumulated losses (including adjustment on non-distributed earnings), the Company shall set aside a part of the profit first to make up for the losses. In terms of leave, special leave, sick leave, maternity leave, leave without pay, etc. are granted in accordance with the provisions of Labor Standards Act. For other benefits, please refer to Page 109 of this Annual Report.	
(III) Has the Company provided a healthy and safe working environment and organized training on health and safety for its employees on a regular basis?	✓		(I) The Company is committed to providing a safe and healthy working environment for employees. In terms of employee health, regular health lectures are held and health education information is provided, so that employees can know their health status and acquire the knowledge and methods of health management. The Company has also built a fitness center for employees to offer a variety of sports and fitness equipment them to use, so that employees have leisure and fitness space in their spare time. Regarding the safe workplace, courses on fire safety training and work safety are held regularly to cultivate staff's ability to respond to disasters and maintain environmental safety. The safety of employees in the workplace is one of our most important responsibilities. In 2023, the number of occupational accidents of our employees was 0. (II) To provide a healthy and safe working environment for all employees and protect the Company's assets, the implementation of environmental health and safety is as follows: 1. Provide education and training to enhance staff’s awareness of environmental safety and the relevant labor safety and health regulations. 2. Provide health information and health check every year to ensure the physical and mental health of staff. 3. Conduct company-wide fire safety equipment inspection and repair every year, and implement fire safety training for employees every six months.	No deviation

Action item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and related reasons
	Yes	No	Summary	
			4. Conduct biennial safety inspections of fire and refuge facilities and equipment in buildings. 5. Conduct quarterly inspection of drinking water. 6. Conduct the working environment inspection every six months, such as: organic solvent concentration measurement, carbon dioxide concentration measurement, noise measurement, etc. All of which have passed the inspection. 7. Strengthen employees' concept of green quality and sustainable management. 8. The safety of employees in the workplace is the Company's most important responsibility. 9. Access control system management: Employees have to use access control cards as identification when entering and exiting. This system serves as a security management mechanism for personnel entering and exiting. (III) Reporting of annual fire incidents, casualties, and employee injury rates, and corresponding fire safety improvement measures: In 2023, the Company reported 0 fire incidents. The Company conducts comprehensive inspections of fire safety equipment throughout the organization annually. Additionally, fire safety training sessions for all employees are conducted semi-annually. Every two years, inspections are carried out to ensure the safety of building fire evacuation facilities and equipment. Moreover, preventive measures are diligently implemented on a regular basis to minimize the probability of fire occurrences.	
(IV) Has the Company provided its employees with career development and training plans?	✓		According to ISO9001, the Company has formulated the Management Procedures for Employee Education and Training. The Human Resources Department is responsible for the overall planning and promotion of the Company's education and training. Through the implementation of education and training, employees improve work performance and	No deviation

Action item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and related reasons
	Yes	No	Summary	
			cultivate the necessary competencies, facilitating their career development. Meanwhile, the Company actively enhances employees' knowledge of HSF regulations to meet clients' needs for products and services. Education training includes internal education training, external education training, as well as the selection and training of new personnel. In 2023, a total of 1,495 person-times with 3,751 hours of educational training were held throughout the year. More than 85% of the planned courses were completed in 2023.	
(V) Has the Company complied with relevant regulations and international standards on the health and safety of clients, client privacy, marketing and labeling of products and services, and formulated relevant policies and complaint procedures to protect the rights and interests of clients and clients?	✓		To ensure the quality of products and services, the marketing and labeling of our products and services conform to RoHS and the relevant specifications of halogen-free and green products specified by clients. The Company provides products and follow-up services that meet clients' quality requirements, formulates sales return and client complaint handling plans, and conducts an annual client satisfaction survey. It also sets up a special section for stakeholders on the intranet to provide channels for client communication, complaints and suggestions to protect clients' rights and interests. Client services: (I) Actively participate in seminars on environmental issues held by clients. (II) Maintain the validity of the client's green product recognition system platform. (III) Study relevant environmental laws and regulations to continuously improve HSF operating system and strive to be a reliable green partner of clients. Relevant laws and regulations are as follows: 1. EU RoHS. 2. Halogen Free. 3. PFOS and PFOA control. 4. EU REACH SVHC. 5. Sony Green Partner。	No deviation
(VI) Has the Company formulated supplier	✓		(I) Supplier management policies:	No deviation

Action item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and related reasons
	Yes	No	Summary	
management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights? If so, how is the implementation status?			The company has long perceived suppliers as important partners and maintained long-term cooperative relationships with them. In addition to ensuring the quality, delivery time, price and service capability, suppliers are required to implement environmental protection policies, improve labor safety and health, pay attention to work and human rights, fulfill their corporate social responsibilities, and assist and urge upstream and downstream manufacturers to enhance green competitiveness and risk management, thus creating sustainable business opportunities. The Quality Assurance Department carries out the supplier audit (including QSA/QPA/HSF) every year. A total of 15 suppliers performed audits this year. (II) Supply chain management: 1. Evaluation of new manufacturers: Suppliers who meet our requirements in terms of quality, finance, price, process, technical aspects, and labor and human rights can be our suppliers. 2. Evaluation and grading of qualified suppliers: In accordance with the Supplier Management Regulations, the Company implements a grading system based on the evaluation results, to provide reference for procurement. For suppliers whose scores are lower than the Company's requirements, the Company requires them to improve until they meet the requirements. In serious cases, the Company may stop purchasing or cancel the qualification of qualified suppliers. 3. Supplier workflow change management: The supplier shall notify the Company in advance and obtain the consent of the Company before changing its workflow. 4. Supplier risk management: The Company requires suppliers to have contingency plans and procedures for the products and services they provide to ensure	

Action item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and related reasons
	Yes	No	Summary	
			continuous operation and alleviate the impact of shortage of materials on the Company. 5. Hazardous substances management: The Company is committed to continuous reduction of hazardous substances to meet client and regulatory requirements. In accordance with the environmental protection laws and regulations across the world, the Company has formulated regulations for the management of hazardous substances for all green products. Moreover, the Company has been certified by the IECQ QC080000 management system and requires suppliers to promote joint compliance with environmental protection laws and regulations to safeguard the global environment and reduce the impact on the ecosystem. (1) Environmental management substances: We refer to RoHS2.0, EU REACH, China RoHS and other environmental management substances regulated by our clients. These harmful substances exist in direct materials, packaging materials, products, manufacturing process, manufacturing process accessory materials or may enter the products. It is necessary to control whether these harmful substances are contained in the product, the amount contained, the site of use, and the purpose, etc. (2) Prohibited substances: Prohibited substances refer to substances that are prohibited from being used in the manufacturing process of parts or components, whether they are intentionally added or naturally present. The minimum concentration limits and test methods for these substances are regulated in the relevant legal regulations. All prohibited substances are not allowed to be added intentionally, even if the added content	

Action item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and related reasons
	Yes	No	Summary	
			does not exceed the regulatory limit. (3) Green products: All of our existing halogen-free products comply with regulations and client specifications.	
V. Has the Company compiled corporate social responsibility reports or reports that disclose the Company's non-financial information based on international CSR compiling standard or guidelines? Has the Company received assurance or certification of the aforesaid reports from a third party accreditation institution?		✓	The Company has not yet prepared a sustainability report or other reports that disclose its non-financial information.	In accordance with the regulations stipulated by the Financial Supervisory Commission (FSC), the Company is required to compile and submit the 2024 Sustainability Report by the year 2025.
VI. Differences between the Company's implementation of sustainable development and the Sustainable Development Best Practice Principles if the Company has established its own sustainable development best practice principles in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies: The Company has formulated its Code of Practice for Sustainable Development in accordance with the Code of Practice for Sustainable Development of TWSE/GTSM Listed Companies. The differences between the Company's operation and the Code are as follows: (I) Implementation of corporate governance: The salary and remuneration policy applicable to general employees has not been established, nor has the appraisal system for employee performance been integrated with the sustainable development policy of the Company. It will be handled in time according to the actual needs.				
VII. Other important information that can help establish an understanding of the implementation of sustainable development at the Company: (I) The Company was rated as Top 20% of the 3rd Governance Evaluation of TWSE/GTSM Listed Companies and won the Best Progress Award. (II) Selected as one of the "Top 10 Consumer Electronics Solution Provider in APAC – 2019" by Embedded Advisor. (III) Environmental Protection: 1. The Company has obtained certification for ISO 9001 and certified by IECQ QC 080000 Hazardous Substance Process Management. The Company conducts annual certification audit by the accredited firm and has obtained validity certificate for certification system. Our commitments and practices are as follows: (1) Continuous attention is paid to improving and eliminating harmful substances to comply with international standards and regulations and to				

Action item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and related reasons
	Yes	No	Summary	
meet client requirements. (2) Constantly promote and hold educational training to make all employees fully understand the meaning and responsibility of eliminating harmful substances. (3) Establish a qualified supplier system to ensure that materials do not contain hazardous substances. (4) Continuously improve HSF operating system and strive to be a reliable green partner of clients. 2. The Company obtained the "ISO 14001 Environmental Management System" certification on March 7, 2023, and the "ISO 14064-1:2018 Greenhouse Gas Emissions Inventory" certification on November 7, 2023. (IV) Social contribution and service: The Company has participated in the following activities in recent years to make contributions to the society. 1. Donated to the Tainan Traditional Chinese Culture College Foundation to promote Confucianism, Buddhism, Taoism in the hope of rebuilding social values and establishing a harmonious society. 2. Sponsorship of the Campus Educational Public Broadcast Version of the Taiwanese Film Culture Documentary "Free Beats: The Musical Journey of CHEN Ming Chang" The crowdfunding project is executed by Among We Film Production Co. Ltd., aiming to sponsor the public broadcast version of the film for high schools and other educational institutions. The documentary primarily chronicles the life of Mr. Chen Ming Chang, a music poet from Taiwan who explored the diverse cultural voices of the island and expressed its beauty through music. Weltrend hopes to sponsor the nationwide distribution of the educational public broadcast version to high schools, allowing the next generation to learn about Taiwan's diverse ethnic music, art, and modern history through Chen Ming Chang's musical legacy, and to acquaint more young people with the stories belonging to this land of Taiwan.				

Note:1 If "Yes" is selected, pleasespecify theimplemented significant policies, strategies, measures, and execution status. If "No" is selected, please explain the differences and reasons in the "Differences and Reasons from the Sustainability Development Practices Guidelines of Listed and Over-the-Counter Companies" section, and describe plans for future adoption of relevant policies, strategies, and measures. However, in relation to the promotion of Items 1 and 2, TWSE/TPEx Listed Companies shall clarify the governance and supervisory framework for sustainable development, including but not limited to management policies, strategy and target setting, review measures, etc. It shall also describe the corporate risk management policies or strategies for environmental, social and corporate governance issues related to operations, and its assessment status.

Note:2 Materiality principle refers to environmental, social and corporate governance issues that have a significant impact on the Company's investors and other stakeholders.

Climate-related Information

1. Execution Status of Climate-related Information:

Items	Implementation status:
1. Supervision and Governance by the Board of Directors and Management on Climate-Related Risks and Opportunities.	To align with the goal of achieving net zero emissions by 2050, Weltrend Semiconductor established the Corporate Sustainable Development Task Force in 2022 to drive various ESG initiatives. The Task Force is chaired by the President to oversee the implementation of the Company's sustainable development policies and annual objectives. Regular reports on the execution plan and performance review are submitted by the Corporate Sustainable Development Task Force to the Board of Directors. These reports cover topics such as climate change risks and opportunities, as well as assessments of environmental impacts throughout the supply chain, aiming to enhance corporate resilience and seize market opportunities.
2. The Corporate Sustainable Development Task Force identifies how recognized climate risks and opportunities may impact the Company's operations, strategies, and finances in the short-term, mid-term, and long-term.	Regarding potential climate-related risks and opportunities, the Task Force refers to recommendations from the Task Force on Climate-related Financial Disclosures (TCFD). Based on assessments of "likelihood of occurrence" and "potential impact severity," the Task Force regularly identifies transition risks, physical risks, and climate change opportunities. It evaluates the impact of these risks and opportunities on the Company and its financial performance, and develops mitigation strategies accordingly.
3. Impact of Extreme Climate Events and Transition Actions on Finance.	As stated in Section One of the Identification of Climate Change Risks.
4. Integration of Climate Risk Identification, Assessment, and Management Processes into Overall Risk Management Framework.	As stated in Section Two of the Identification of Climate Change Opportunities.
5. If utilizing scenario analysis to assess resilience against climate change risks, one should elucidate the context, parameters, assumptions, analytical factors, and primary financial impacts involved.	As stated in Section Three of the Core Framework for Task Force on Climate-Related Financial Disclosures (TCFD).
6. If there is a transformation plan for managing climate-related risks, the explanation of the plan's contents should include the indicators and objectives utilized for identifying and managing physical risks and transition risks.	As stated in Section Three of the Core Framework for Task Force on Climate-Related Financial Disclosures (TCFD).
7. If utilizing internal carbon pricing as a planning tool, one should elucidate the basis for price determination.	The Company currently does not employ internal carbon pricing as a planning tool.
8. If climate-related goals are established, the description should include information on the covered activities, scope of greenhouse gas emissions, planning timeframe, progress achieved annually,	The Company has conducted an inventory and calculation for the year 2022, establishing a database. Using 2022 as the baseline, the goal is to reduce carbon emissions by 3%. Scope 1 and Scope 2 greenhouse gas emission sources for the year 2022, as stated in

Items	Implementation status:
etc. If carbon offsetting or Renewable Energy Certificates (RECs) are utilized to achieve the relevant goals, details should be provided regarding the sources and quantities of the offset carbon emissions or RECs.	Section Four, serve as the basis for defining the carbon reduction target.
9. Greenhouse gas inventory and assurance situation, reduction targets, strategies, and specific action plans.	1. In accordance with the regulations of the Financial Supervisory Commission (FSC), starting from the year 2026, the annual report of the Company must disclose the greenhouse gas inventory information for the previous year (2025), and this disclosure should continue annually. From 2028 onwards, the disclosure should also include the assurance situation of the 2027 inventory information. 2. In accordance with the regulations of the Financial Supervisory Commission (FSC), both the Company and its consolidated subsidiaries must disclose the greenhouse gas inventory information for the previous year (2026) starting from 2027. The greenhouse gas emissions base year should not be later than 2026. The disclosure should include the greenhouse gas reduction targets, strategies, and specific action plans for the current year (2027). These contents should be disclosed annually, along with the disclosure of the achievement of the reduction targets for the previous year. From 2029 onwards, the disclosure should also include the assurance situation of the 2028 inventory information.

Section One: Identification of Climate Change Risks.

Category	Risk	Impact	Mitigation Measures
Transition Risks	Energy and greenhouse gas regulations	Increase in operational costs	Continued implementation of energy-saving and emission-reduction activities to reduce environmental impact.
	Uncertainty in market demand	Operational cost losses	Enhancing product efficiency to increase product's green competitiveness.
	Uncertainty in new technologies	Increased research and development costs	Focusing on the development of new technologies, strengthening R&D capabilities, and nurturing R&D talents.
	Impact on company image	Loss of goodwill	Increasing the production of low-power green products to enhance corporate image.
Physical risks	Immediate risk: Typhoons	1. Financial losses 2. Decreased revenue	In the event of a typhoon, stay updated on local government regulations and warning messages.
	Long-term risk: Increase in average temperatures	Increase in operational costs	Continued implementation of energy-saving and emission-reduction activities to reduce environmental impact.

Section Two: Identification of Climate Change Opportunities

Category	Opportunity Factors	Financial Impact	Mitigation Measures
Climate Change	Production Processes	Improve product yield to reduce scrap costs.	Monitor supply chain processes to ensure product quality.
	Design Low-Power Products	Offer low-carbon products to enhance corporate	Continuously develop small-volume, low-power green

Category	Opportunity Factors	Financial Impact	Mitigation Measures
Opportunities		reputation and increase revenue.	products.
	Provide integrated products to reduce packaging material usage.	Develop integrated packaging products	Continuously develop integrated packaging products to enhance product green competitiveness.
	Provide new solutions to meet customer demands related to climate change.	Increase Revenue	Continue development of BLDC MCU
	Utilize Emerging Markets	Expand revenue from energy-saving products	1. Enter the AI server cooling application market. 2. Customize chips tailored to specific customer functional requirements.

Section Three: Core Framework for Task Force on Climate-Related Financial Disclosures (TCFD).

Core Elements	Response Explanation
Governance	The Company's Corporate Sustainability Development Task Force is responsible for exploring various climate change issues and identifying potential impacts on both internal and external stakeholders. The Director of Corporate Sustainability Development regularly reports to the Board of Directors on climate change response measures. The Board reviews these response strategies and provides directives accordingly.
Strategies	The Corporate Sustainability Development Task Force of the Company serves as the highest management level for climate-related issues. It is chaired by the President and includes members from the President's Office, Finance Department, Human Resources Department, and Quality Assurance Department. It is responsible for planning and promoting activities related to corporate sustainability and climate-related issues.
Risk management	To assess whether sustainable business products may impact the environment, the Company utilizes the Corporate Sustainability Development Task Force to conduct regular risk assessments on climate change. Based on the assessment results, policies and objectives are formulated and reported to the Board of Directors.
Indicators and Objectives	The Company has conducted an inventory and calculation for the year 2022, establishing a database. Using 2022 as the baseline, the goal is to reduce carbon emissions by 3%.

Section Four: Results of Greenhouse Gas Inventory

	Total emissions (metric tons of CO_2e)	Intensity (Metric tons CO_2e/NT$ million)	Assurance Provider	Assurance Statement Explanation
Scope 1	1,400.4770	0.484904	TÜV NORD	In 2022, the scope of greenhouse gas inventory and assurance for the Company includes all operational locations of both the main company and its subsidiaries.
Scope 2	51.9452	0.017986	TÜV NORD	In 2022, the scope of greenhouse gas inventory and assurance for the Company includes all operational locations of both the main company and its subsidiaries.
Scope 3 (Voluntary Disclosure)	263.6251	0.091278	TÜV NORD	In 2022, the scope of greenhouse gas inventory and assurance for the Company includes all operational locations of both the main company and its subsidiaries.

(VI) Implementation of corporate governance as well as deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and related reasons

Evaluation items	Status of implementation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and related reasons
	Yes	No	Summary	
I. Establishment of ethical corporate management policies and programs (I) Has the Company established ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the Board of Directors and senior management to rigorous and thorough implementation of such policies? (II) Has the Company established a risk assessment mechanism against unethical conduct and does it analyze and assess on a regular basis business activity within its business scope which are at a higher risk of being involved in unethical conduct and establish prevention programs accordingly, which shall at least include the preventive measures specified in Article 7-2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies? (III) Has the Company established policies to prevent unethical conduct with clear statements regarding relevant procedures, code of conduct, punishments for violation, rules of appeal, and commitments to implementation of these policies?	✓ ✓ ✓		(I) The Company has established the Ethical Corporate Management Best Practice Principles approved by the Board of Directors. The management shall operate business on the principle of integrity and creates benefits for employees and shareholders. Specifically, the management shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Regulations on the Crime of Embezzlement, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, relevant regulations on TWSE/TPEx, or other relevant laws and regulations on business behaviors, as the basic premise of implementing the ethical corporate management. With respect to the commitment of the Board of Directors and senior management to actively implement the management policy, the Chairman of the Board of Directors has stated the policy of ethical corporate management in the CSR, and the Board of Directors and senior management have actively implemented the policy with a high degree of self-discipline and prudence. (II) In the Ethical Corporate Management Procedures and Code of Conduct, the Company specifically regulates the matters that should be paid attention to by our staff in the execution of business, and adopts preventive measures for business activities with high risk of unethical behaviors, including prohibiting unethical behaviors such as bribery and accepting of bribes, providing non-political donations, improper charitable donations or sponsorship. Before entering into a business relationship with others, the Company should first assess the legality,	No deviation

Evaluation items	Status of implementation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and related reasons
	Yes	No	Summary	
Has the Company regularly reviewed and amended these policies?			ethical corporate management policy of its agents, suppliers, clients or other business partners and whether they have been involved in unethical behaviors to ensure that their business practices are fair, transparent and do not ask for, offer or accept bribes. In the process of business activities, the Company shall explain its ethical corporate management policy and relevant regulations to the transaction parties, and clearly refuse to directly or indirectly provide, promise, demand or accept any improper benefits in any form or name. Personnel of the Company shall refrain from engaging in business transactions with agents, suppliers, clients or other business partners involved in unethical behaviors. If unethical behaviors are found in business dealings or cooperative partners, the Company shall immediately stop business dealings with them and list them as the object of refusal. In order to strengthen the integrity management within the Company, in 2023, the Company sent representatives to participate in relevant educational training organized by government agencies. These included courses such as "Integrity Management Related Courses - Symposium for Private Enterprises by the Second Special Police Corps in 2023," "Integrity Management Related Education Training - Building the Foundation for Sustainable Business - Advanced Management of Trade Secrets," and "Fair Trade Commission - Advocacy Seminar on Corporate Integrity Governance," etc. For new employees, the Company arranges "ethical corporate management" related compliance education and training. The training program for new employees this fiscal year has been completed. Additionally, an "Advanced Seminar on Trade Secret Theory and Practice" was held internally. In total, these courses amounted to 127 participants and 254 hours of training.	

Evaluation items	Status of implementation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and related reasons
	Yes	No	Summary	
			The Company constantly promotes the ethical corporate management policy internally and has the obligation to help clients, partners, suppliers, service providers, agents, and consultants understand its policy and follow it together. (III) The Company has established the Code of Ethical Corporate Management, the Code of Ethical Conduct and the Ethical Corporate Management Procedures and Code of Conduct, and has specified a disciplinary and grievance system in them. The Company adopts preventive measures for business activities with high risk of unethical behaviors, including prohibiting unethical behaviors such as bribery and accepting of bribes, providing non-political donations, improper charitable donations or sponsorship. Personnel of the Company shall not directly or indirectly provide, promise, demand or accept any improper benefits or commit any other unethical behaviors in violation of good faith, illegal or breach of fiduciary duties. The personnel who violate the provisions of ethical corporate management will be punished according to the disciplinary measures set by the Company. The Company also has an appeal system to provide the means of relief for the violators according to the relevant provisions. Human Resources Department is responsible for the revision, implementation, interpretation, advisory services and notification of the operating procedure and Code of Conduct and supervises its implementation. The Board of Directors shall report its implementation status to the directors regularly in the fourth quarter of each year.	
II. Implementation of ethical corporate management (I) Has the Company assessed the ethics records of anyone with whom it has a business relationship	✓		(I) Before business dealings, The Company shall consider the legitimacy of its agents, suppliers, clients or other business counterparties and	No deviation

Evaluation items	Status of implementation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and related reasons
	Yes	No	Summary	
and included business conduct and ethics-related clauses in business contracts? (II) Has the Company set up a unit dedicated to promoting the Company's ethical standards reporting regularly (at least once a year) to the Board of Directors on the implementation of ethical corporate management policies and prevention programs against unethical conduct? (III) Has the Company formulated policies to prevent conflicts of interest, provided appropriate communication and complaint channels, and implemented such policies properly? (IV) Has the Company established effective accounting and internal control systems for the implementation of ethical corporate management? Has its internal audit unit devised relevant audit plans based on the assessment results of the risk of involvement in unethical conduct, and checked the compliance with the prevention programs or entrusted CPAs to conduct such an audit? (V) Has the Company provided internal and external ethical conduct training programs on a regular basis?	✓ ✓ ✓ ✓		whether they are involved in unethical behaviors, and shall avoid entering into transactions with those involved in unethical behaviors. The contents of the contract signed with the business counterparties shall include compliance with the ethical corporate management policy. If the business counterparties are involved in unethical behaviors. the terms of a contract may be terminated or dissolved at any time. When evaluating business counterparties, the Company conducts appropriate investigation and examines its business counterparties to ascertain their ethical corporate management in the following matters: 1. The country, place of operation, organizational structure, business policy and place of payment of the counterparty. 2. Whether the counterparty has established an ethical corporate management policy and its implementation status. 3. Whether the counterparty operates in a country with a high risk of corruption. 4. Whether the counterparty operates in a industry with high risk of bribery. 5. The long-term business status and goodwill of the counterparty. 6. Ask business partners for their opinions on the counterparty. 7. Whether the counterparty has a history of unethical behaviors such as bribery or illegal political donations. When entering into contracts with counterparties, the Company shall fully understand the ethical corporate management of counterparties, and incorporate the compliance with the Company's ethical corporate management policy into the terms of the contract, as follows: 1. If either party knows that a person has violated the terms of the contract prohibiting the acceptance of commissions, kickbacks or	

Evaluation items	Status of implementation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and related reasons
	Yes	No	Summary	
			other illegitimate benefits, it shall immediately and truthfully inform the other party of the identity of such a person, the manner, amount or other illegitimate benefits offered, promised, demanded or received, and provide relevant evidence and cooperate with the other party's investigation. f one party suffers any damage as a result, it may claim damages from the other party and deduct the amount from the contract price payable. 2. If either party is involved in unethical behaviors, the other party may unconditionally terminate or rescind the contract at any time. 3. Set out clear and reasonable terms of payment, including the place and method of payment and the relevant tax legislation to be complied with. (II) The working group for promoting ethical corporate management is composed of five members from the Executive Office of the President, Finance Department and Human Resources Department. The director of Human Resources Department acts as the convener, who is responsible for promoting ethical corporate management. In the fourth quarter of each year, the Board of Directors reports to the directors the policy of ethical corporate management and the plan to prevent unethical behaviors, and supervise the implementation regularly. In accordance with the Ethical Corporate Management Procedures and Code of Conduct adopted by the Board of Directors, Human Resources Department is responsible for the revision, implementation, interpretation, advisory services and notification of the operating procedure and Code of Conduct and supervises its implementation. (III) The Company's Code of Ethical Conduct and Code of Ethics for Employees have formulated provisions to prevent conflicts of interest.	

Evaluation items	Status of implementation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and related reasons
	Yes	No	Summary	
			The personnel of the Company shall not use their positions to obtain improper benefits for themselves, their spouses, parents, children or relatives within the second degree of kinship. In the event that the Company has any loan or guarantee, major asset transaction or import (sale) transaction with the related enterprises of the foregoing personnel, the relevant personnel of the Company shall take the initiative to explain to the Company whether there is any potential conflict of interest with the Company and handle the matter according to the code of conduct of the Company to prevent the conflict of interest. (IV) The Company has established an effective accounting system and internal control system for the business activities and operating procedures with high potential risk of unethical behaviors, and reviews them at any time to ensure the design and implementation of the systems is sustainable and effective. The internal auditing unit includes the two systems in the risk assessment for regular inspection and check the compliance with the systems on a regular basis. (V) The Company regularly conducts internal education and promotion on integrity management for our personnel, facilitated by the unit responsible for promoting corporate integrity management, in 2023, the Company sent representatives to participate in relevant educational training organized by government agencies. These included courses such as "Integrity Management Related Courses - Symposium for Private Enterprises by the Second Special Police Corps in 2023," "Integrity Management Related Education Training - Building the Foundation for Sustainable Business - Advanced Management of Trade Secrets," and "Fair Trade Commission - Advocacy Seminar on	

Evaluation items	Status of implementation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and related reasons
	Yes	No	Summary	
			Corporate Integrity Governance," etc. For new employees, the Company arranges "ethical corporate management" related compliance education and training. The training program for new employees this fiscal year has been completed. Additionally, an "Advanced Seminar on Trade Secret Theory and Practice" was held internally. In total, these courses amounted to 127 participants and 254 hours of training. At least once a year, the Company conducts legal education for directors, managers and employees to prevent insider trading, and provide the relevant education for new directors and managers within one month of their appointment. In 2023, in addition to arranging 2 directors to attend the Publicity Meeting on Preventing Insider Trading held by the competent authority in October, the current 10 directors received a total of 3.5 hours of training and publicity in the fourth quarter of 2023. The content included explanations of insider trading regulations, prevention of insider trading, procedures for maintaining the confidentiality of material information, public operations, and handling of violations. The Company arranged education and training on prevention of insider trading for new employees. In 2023, 21 newcomer trainings were completed. The Company has conducted quarterly internal system promotions on prevention of insider trading in the internal system and published the relevant education and training briefing in the internal staff system for online training of all employees for a month. The Company carries out quarterly publicity of corporate confidential information protection policy, personal data protection, information security, and reveals the content of the publicity on its intranet and sends e-mails to all employees. The Company constantly promotes the ethical corporate management policy internally and has the obligation	

Evaluation items	Status of implementation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and related reasons
	Yes	No	Summary	
			to help clients, partners, suppliers, service providers, agents, and consultants understand its policy and follow it together.	
III. Operation of the whistleblowing system (I) Has the Company established specific whistle-blowing and reward systems, set up conveniently accessible whistle-blowing channels, and designated responsible individuals to handle the person(s) being reported? (II) Has the Company established standard operating procedures for investigating reported misconduct, follow-up measures to be taken after investigations, and related confidentiality mechanisms? (III) Has the Company adopted proper measures to protect whistle blowers from retaliation for their actions?	✓ ✓ ✓		(I) The Company has established a whistle-blowing system, including the "whistle-blowing system for the violation of professional ethics behaviors" in the external website and the "employee mailbox" in the internal website. The whistle-blowing system and employee mailbox provide direct access to the senior management unit. Once the whistle-blowing is received, the senior management unit will work with the relevant human resources and auditing units to investigate and handle it. If it is illegal or serious, it will be transferred to the relevant government units. (II) The Company has set out the standard operating procedure for accepting the complaint and the follow-up measures to be taken after the investigation. It has stipulated the detailed operating procedure and schedule from the receipt of the complaint to the conclusion of the case. If it is proved that the person being reported has violated the relevant laws and regulations or the Company's policies and regulations on ethical corporate management, the person shall be immediately requested to stop the relevant behavior and dispose of it appropriately. When necessary, the Company shall report to the competent authorities, transfer the person to the judicial authorities for investigation, or claim compensation through legal procedures to protect the reputation and rights of the Company. In addition, the Company has established the principle of confidentiality, and senior management, human resources and auditing units that receive reports and conduct investigations shall be carefully manage the matters or	No deviation

Evaluation items	Status of implementation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and related reasons
	Yes	No	Summary	
			secrets they know from their positions. Unless disclosed by the Company or provided for the performance of duties, it shall not be disclosed to others, and the obligation of confidentiality shall be strictly observed no matter during the service period or after resignation. (III) The Company shall properly handle the identity and contents of the whistle blowers in a confidential and responsible manner, and protect them from being threatened.	
IV. Enhancing information disclosure Has the Company disclosed, on its website or on the Market Observation Post System, its ethical corporate management policies and the effectiveness of the promotion thereof?	✓		The Company has disclosed the Code of Ethical Corporate Management, the Code of Ethical Conduct and the Ethical Corporate Management Procedures and Code of Conduct, and the Code of Ethics for Employees on its website, and the Code of Ethical Corporate Management and the Code of Ethical Conduct on the Market Observation Post System .	No deviation
V. If the Company has established ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any deviation between the policies and their implementation: None. The Company has formulated its Code of Practice for Ethical Corporate Management in accordance with the Code of Practice for Ethical Corporate Management of TWSE/GTSM Listed Companies. The differences between the Company's operation and the Code are as follows: (I) Education, training and assessment: The Company has not included the ethical corporate management policy in the employee performance assessment system. It will be handled in due course according to actual needs. (II) Information disclosure: The Company has not collected quantitative data to promote ethical corporate management. It will be handled in due course according to actual needs.				
VI. Other important information that facilitates a better understanding of the Company’s ethical corporate management policy (e.g., review and amend its policy): The Company has established the Code of Ethical Corporate Management and the Ethical Corporate Management Procedures and Code of Conduct. The latter was amended on March 12, 2020 with the approval of the Board of Directors and the former was amended on April 6, 2022 with the approval of the Board of Directors.				

(VII) If the Company has a corporate governance code and related regulations, it shall disclose the method of inquiry. Please refer to the Market Observation Post System (https://mops.twse.com.tw) or visit our website at www.weltrend.com.tw.

(VIII) Other important information that may be disclosed to enhance understanding of corporate governance operations: For information on the Company's corporate governance practices, please visit the Market Observation Post System(https://mops.twse.com.tw) or our website(http://www.weltrend.com.tw).

(IX) The implementation of the internal control system shall disclose the following matters:

1. Internal control statement: Please refer to Page 86.
2. Those who entrust CPAs to conduct special audit of internal control systems shall disclose the audit reports of CPAs: None.

(X) Any legal penalty incurred by the Company and its internal personnel or any penalty inflicted by the Company on its internal personnel for non-compliance with the internal control system that may have a significant impact on shareholder equity or securities price, the content of such penalties, major non-compliances, and relevant improvement measures in the most recent fiscal year and as of the date of publication of this report: None.

(XI) Major resolutions of Shareholders' Meeting and Board Meetings as of the most recent fiscal year and as of the publication date of this report:

1. Major resolutions and implementations from the Shareholders' Meeting in 112:
   (1) Ratified the proposal for the 2022 Business Report and Financial Statements.
   (2) Ratified the proposal for 2022 Earnings Distribution.
   Implementation status: Set June 30, 2023 as the base date for distribution, and July 21, 2023 as the payout date for distribution, with a cash dividend of NT$ 1.2 per share.
   (3) Proposed amendment to the Articles of Association:
   Implementation status: It was approved and registered by the National Science and Technology Council, Hsinchu Science Park Administration on June 14, 2023, and the updated Articles of Association was uploaded to the Company's external website.
   (4) Proposed amendment to the Process of Obtaining or Disposal of Assets.
   Implementation status: The Company has handled it in accordance with the revised procedure. After the update, the Process of Obtaining or Disposal of Assets was uploaded to the Company's external website and Market Observation Post System.
   (5) Proposal to lift the prohibition on Directors from participation in competitive business.
   Implementation status: On June 2, 2023, the Shareholders' Meeting approved the removal of the Company's Non-compete Clause for three independent directors, namely, Sam Lin, Cindy Guo, and Tony Lin.
2. Major resolutions of Board Meetings as of 2023 and as of the publication date of this report:
   (1) 6th meeting of the 12th term of the Board of Directors

   Adopted the progress report on the implementation of the greenhouse gas inventory and verification schedule plan of the Company and all subsidiaries within the Group.

   Adopted the report on the promotion and implementation of Company's sustainable development.

   Adopted the 2022 Annual Report on the Performance Evaluation Results of the Company's Board of Directors and the Functional Committee

   Adopted the Company's operating plan for 2023.

   Adopted the proposal of the Company's compensation to employees and remuneration to directors for 2022.

   Adopted the operating report and financial statement of the Company for 2022.

   Adopted the distribution of earnings of the Company for 2022.

   Adopted the amendment to the Articles of Association

   Adopted the amendment to the Process of Obtaining or Disposal of Assets.

   Adopted the amendment to the Sustainable Development Best Practice Principles.

   Adopted the removal of the Company's Non-compete Clause for directors and managers.

Adopted the amendment to the Company's Measures for Repurchasing Shares and Transferring Them to Employees.

Adopted the date and place of the 2023 Annual Shareholders' Meeting and the acceptance of shareholder proposal rights.

Adopted the Code of Conduct for Financial Operations between Related Parties.

Adopted the amendment to the Corporate Governance Best Practice Principles

Adopted the proposed transfer of the Company's treasury shares to employees

Adopted the change of Accounting Supervisor.

Adopted the report on the reference items for the judgment of the effectiveness of the Company's internal control system for 2022 and the report on the statement of internal control system for 2022.

Adopted the appointment and dismissal of CPAs and the independent and suitability assessment of CPAs in 2023.

Adopted the general principles of the Company's pre-approval of the non-conviction services.

(2) 7th meeting of the 12th term of the Board of Directors

Adopted the report on the insurance status of Company's directors and supervisors.

Adopted the implementation report of the greenhouse gas inventory and verification schedule plan of the Company and all subsidiaries within the Group.

Adopted the financial report of the Company for Q1 2023.

Adopted the establishment of the Corporate Governance Officer Position within the Company.

(3) 8th meeting of the 12th term of the Board of Directors

Adopted the proposal to set the ex-dividend base date for this year's cash dividends.

(4) 9th meeting of the 12th term of the Board of Directors

Adopted on the issuance of the Company's first unsecured convertible corporate bonds in the domestic market.

(5) 10th meeting of the 12th term of the Board of Directors

Adopted the implementation report of the greenhouse gas inventory and verification schedule plan of the Company and all subsidiaries within the Group.

Adopted the financial report of the Company for Q2 2023.

Adopted the proposed transfer of the Company's treasury shares to employees

(6) 1st meeting of the 12th term of the Board of Directors

Adopted the implementation report of the greenhouse gas inventory and verification schedule plan of the Company and all subsidiaries within the Group.

Adopted the report on intelligent property for 2023.

Adopted the report on information security governance for 2023.

Adopted the implementation report on the Code of Ethical Corporate Management

Adopted the report on the communication between the Company and various stakeholders.

Adopted the financial report of the Company for Q3 2023.

Adopted on changes in the Company's managers.

Adopted the amendment to the "Standard Operating Procedure for Handling Director Requests" of the Company.

Adopted the Company's internal audit plan for 2024.

(7) 12nd meeting of the 12th term of the Board of Directors

Adopted the implementation report of the greenhouse gas inventory and verification schedule plan of the Company and all subsidiaries within the Group.

Adopted the report on the promotion and implementation of Company's sustainable development.

Adopted the 2023 Annual Report on the Performance Evaluation Results of the Company's Board of Directors and the Functional Committee

Adopted the Company's operating plan for 2024.

Adopted the proposal of the Company's compensation to employees and remuneration to directors for 2023.

Adopted the operating report and financial statement of the Company for 2023.

Adopted the distribution of earnings of the Company for 2023.

Adopted on the issuance of the benchmark date for the Company's first unsecured convertible corporate bonds into ordinary shares in the domestic market.

Adopted the date and place of the 2024 Annual Shareholders' Meeting and the acceptance of shareholder proposal rights.

Adopted the amendment to the Corporate Governance Best Practice Principles

Adopted the report on the reference items for the judgment of the effectiveness of the Company's internal control system for 2023 and the report on the statement of internal control system for 2023.

Adopted the appointment and dismissal of CPAs and the independent and suitability assessment of CPAs in 2024.

(XII) Major contents of any dissenting opinions on record or stated in a written statement made by directors against major resolutions of the Board of Directors in the most recent fiscal year and as of the publication date of this report: None.

(XIII) Summary of the resignation and dismissal of personnel including chairman, president, accounting supervisors, finance supervisors, internal auditing supervisors, chief corporate governance officer, and R&D supervisors in the most recent fiscal year and as of the publication date of this report: None.

Summary of resignation and dismissal of personnel

April 12, 2024

Title	Name	Date of appointment	Date of dismissal	Reason for resignation or dismissal
Chief Executive Officer/CEO	Sam Lin	2006/08/14	2023/11/08	Job adjustment
President	Tony Lin	2022/07/04	2023/11/08	Job adjustment

V. CPA fees:

(I) The audit fees and non-audit fees paid to CPAs and their firms and affiliated companies and the content of non-audit services shall be disclosed. Specifically, the following items shall be disclosed:

Information on CPA fees

Unit: NT$ thousand

Name of Accounting Firm	Name of CPA	Audit period	Audit fees	Non-audit fees	Total	Note
Deloitte Taiwan	Cheng-Chih Lin and Pan-Fa Wang, etc.	2023/01/01~ 2023/12/31	4,470	1,066	5,536	-

Non-audit fee services: The non-audit fee services refer to the Company's payment to the CPAs for tax certification, goodwill impairment testing, educational training, and document typing fees.

1. If the accounting firm is changed and the audit fees paid for the fiscal year in which the change took place are lower than those paid for the fiscal year immediately preceding the change, the amount of the audit fees before and after the change and the reason shall be disclosed: None.

2. If the audit fees paid for the current fiscal year are lower than those paid for the immediately preceding fiscal year by 10% or more, the amount and percentage of and reason for the reduction in audit fees shall be disclosed: None.

(II) The audit fees mentioned in the preceding paragraph refer to the fees paid by the Company to CPAs to check, review and verify the financial report and financial forecast.

VI. Change of CPAs: If there is any change of CPAs in the last two years or the period thereafter, the following items shall be disclosed.

(I) About former CPAs:

<table>
<tr><td>Date of change</td><td colspan="4">March 31, 2023</td></tr>
<tr><td>Reason for change and description</td><td colspan="4">Internal business change</td></tr>
<tr><td rowspan="3">Describe whether the appointment is terminated or not accepted by the appointer or accountant</td><td colspan="2">Parties involved / Status</td><td>Certified Public Accountant/CPA</td><td>Appointer</td></tr>
<tr><td colspan="2">Proactively terminate appointment</td><td>-</td><td>-</td></tr>
<tr><td colspan="2">No longer accept (continue) appointment</td><td>-</td><td>-</td></tr>
<tr><td>Opinions and reasons for audit reports other than unqualified opinions issued within the latest two years</td><td colspan="4">Issued unqualified opinions in 2022 and 2023</td></tr>
<tr><td rowspan="7">Is there any different opinion from the issuer</td><td rowspan="5">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial reports</td></tr>
<tr><td></td><td colspan="2">Scope or steps of review</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td></td><td colspan="2"></td></tr>
<tr><td>None</td><td colspan="3">∨</td></tr>
<tr><td colspan="4">Description</td></tr>
<tr><td>Other disclosures (Items 4 to 7 of Article 10-6-1 of this Code shall be disclosed)</td><td colspan="4">None</td></tr>
</table>

(II) About current CPAs:

Accounting Firm	Deloitte Taiwan
Name of CPA	Cheng-Chih Lin and Pan-Fa Wang
Date of appointment	March 31, 2023
Consultation on opinions and results of accounting treatment methods or accounting principles for specific transactions and possible issuance of financial reports before appointment	Not applicable
Written opinion of the current CPAs on matters with different opinions from the former CPAs	Not applicable

(III) Reply from the former CPAs to Paragraph 6-1 and Paragraph 6-2-3 of Article 10 of the Code.

VII. If the chairman, president, or finance or accounting managers of the Company worked in the CPA firm or an affiliate thereof within the most recent fiscal year, it shall disclose the name, title and the period of working in the CPA firm or its affiliate. An affiliate of the CPA firm refers to a company or organization in which the CPA of the CPA firm holds more than 50% of the shares or a majority of the directorships, or a company or organization listed as an affiliate in the information published or printed by the CPA firm: None.

VIII. Changes in transfer or pledge of shares made by directors, supervisors, managers, and major shareholders holding more than 10% of Company shares in the most recent fiscal year and as of the publication date of this report: If the party of the share transfer or pledge is a related party, the name of such party, its relationship with the company, directors, managers and shareholders holding more than 10% of the shares, and the number of shares acquired or pledged shall be disclosed.

(I) Changes in Shareholding of Directors, Managerial Officers, and Major Shareholders:

Title	Name	2023		As of March 31 of the current year	
		Shareholding Increase (Decrease)	Pledged Shareholding Increase (Decrease)	Shareholding Increase (Decrease)	Pledged Shareholding Increase (Decrease)
Chairman and Chief Investment Officer	Sam Lin (Note 1)	(51,000)	0	(37,000)	0
Director	James Chou	0	2,347,431 (2,347,431)	0	0
Director	Paul Liao	0	0	0	0
Director	Jeff Tsai	0	0	0	0
Director and Chief R&D Officer	JC Liu	0	0	0	0
Director and Chief Financial Officer as well as Corporate Governance Officer	Cindy Guo (Note 4)	10,000	0	0	0
Director and CEO	Tony Lin (Note 2)	10,000	(800,000)	0	0
Independent Director	Gerald Kuo	0	0	0	0
Independent Director	Wei-Kun Yeh	0	0	0	0
Independent Director	Wen-Tsung Hsu	0	0	0	0

Title	Name	2023		As of March 31 of the current year	
		Shareholding Increase (Decrease)	Pledged Shareholding Increase (Decrease)	Shareholding Increase (Decrease)	Pledged Shareholding Increase (Decrease)
President	DS Lin (Note 3)	10,000	0	0	0
Vice President of Manufacturing	Jesse Lu	0	0	0	0
Chief Operation Officer/COO	Robby Tsai	0	0	0	0
Vice President of R&D	ST Kuo	10,000	0	0	0
Vice President of Product Development and Technology Application Engineering	Wayne Lo	25,000	0	0	0
Vice President of R&D	Vincent Lu	35,000	0	0	0
Accounting Supervisor	Jason Wang	5,000 (5,000)	0	0	0

Note:1 Sam Lin stepped down from his role as CEO and took office as Chief Investment Officer on November 8, 2023.
Note:2 Tony Lin stepped down from his role as President and took office as CEO on November 8, 2023.
Note:3 DS Lin took office as President on November 8, 2023.
Note:4 Cindy Guo assumed the position of Corporate Governance Officer on May 8, 2023.

(II) Information on share transfer:

Name (Note 1)	Reasons for share transfer (Note 2)	Date of transaction	Business counterparties	The relationship between the business counterparties and the company, directors, supervisors, managers and shareholders holding more than 10% of the shares	Number of shares	Trading Price
Sam Lin	Disposal	2023/03/27	Nathan	Father and son	51,000	47.25
Sam Lin	Disposal	2024/03/08	Nathan	Father and son	37,000	64.40

Note:1 The names of directors, supervisors, managers and shareholders holding more than 10% of the shares
Note:2 Acquisition and disposal of shares.

(III) Information on share pledge: None.

IX. Information on top 10 major shareholders who are related to one another or are related as spouses or within the second degree of kinship.

Information on the relationship among the top 10 major shareholders

Name (note 1)	Personal shareholding		Shares held by spouses and minors		Shares held in the name of others		Names and relationship between the top 10 major shareholders or spouses/relatives within the second degree of kinship (note 3)		Note
	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Name	Relationship	
Fufeng Investment Co., Ltd.	4,783,049	2.69%	-	-	-	-	-	-	-
Company Representative: Paul Liao	1,078,468	0.61%	-	-	-	-	-	-	-
Sam Lin	4,409,000	2.48%	455,982	0.26%	-	-	Tony Lin	Father and son	-
James Chou	2,433,829	1.37%	-	-	-	-	-	-	-
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	2,080,182	1.17%	-	-	-	-	-	-	-
Chongyou Investment Co., Ltd.	1,930,000	1.08%	-	-	-	-	-	-	-
JC Liu	1,808,013	1.02%	-	-	-	-	-	-	-
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds	1,687,567	0.95%	-	-	-	-	-	-	-
Cindy Guo	1,270,200	0.71%	-	-	-	-	-	-	-
Paul Liao	1,078,468	0.61%	799	-	-	-	-	-	-
Tony Lin	1,031,000	0.58%	30,000	0.02%	-	-	Sam Lin	Father and son	-

Note:1 All the top ten shareholders shall be listed. If they are corporate shareholders, their name and the names of their representatives shall be listed separately.

Note:2 The calculation of the percentage of shareholding refers to the percentage of shareholding in the name of oneself, one's spouse, one's minors, or in the name of others, respectively.

Note:3 The shareholders listed above include both legal and natural persons. The relationships between them shall be disclosed in accordance with the Rules Governing the Preparation of Financial Reports by Issuers.

X. The number of shares held by the Company, its directors, supervisors, managers and businesses directly or indirectly controlled by the Company in the same reinvestment business and the percentage of shareholding are calculated as follows:

Unit: thousand shares; %

Reinvestment business (Note)	Investment by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Portfolio investment	
	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio
Weltrend International Co., (BVI) Ltd.	8,164	100%	-	-	8,164	100%
Yingquan Investment Co., Ltd.	32,416	98%	567	2%	32,983	100%
Dongguan Prosil Electronics Co., Ltd.	-	100%	-	-	-	100%
Sentelic Corporation	15,324	51%	-	-	15,324	51%
Sentelic Holding Co.,Ltd.	625	100%	-	-	625	100%

Note：The Company employed the equity method for long-term investments on December 31, 2023.

Weltrend Semiconductor, Inc.

Statement of internal control system

Date: February 26, 2024

Based on the self-evaluation results of internal control system in 2023, Weltrend Semiconductor hereby states as follows:

I. The Company acknowledges that the establishment, implementation, and conservation of the internal control system are the responsibilities of the Board of Directors and the managers of the Company. The Company has established such a system. The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance, and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.

II. The internal control system has inherent constraints. No matter how perfect the design, an effective internal control system can only reasonably ensure the achievement of the above three objectives; Moreover, the effectiveness of the internal control system may change due to changes in the environment and circumstances. However, the internal control system of the Company has self-monitoring mechanisms in place, and the Company will take corrective action against any defects identified.

III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereafter “the Regulations”). The criteria adopted by the Regulations identify five key components of internal control system: (1) control environment, (2) risk assessment, (3) control operations, (4) information and communication, and (5) supervision of operations. Each constituent element includes a certain number of items. Kindly refer to the Regulations for more details on the aforesaid items.

IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the Regulations.

V. Based on the assessment results, the Company believes that, as of December 31, 2023, it has maintained, in all material respects, an effective internal control system (involving the supervision and management of its subsidiaries) to provide reasonable assurance over its operational effectiveness and efficiency, the reliability, timeliness, and transparency of its reporting, and its compliance with applicable rulings, laws, and regulations.

VI. This Statement is an integral part of the Company’s Annual Report and prospectus, and will be made public. Any falsehood or concealment with regard to the above contents will entail legal liability under Articles 21, 32, 171, and 174 of the Securities and Exchange Act.

VII. This Statement was adopted by the Board of Directors in their meeting held on February 26, 2024, with all 10 directors present having no dissenting opinions and affirming the content of this Statement.

Weltrend Semiconductor, Inc.

Chairman Sam Lin

President DS Lin

Chapter 4 Capital Overview

I. Capital and shares of the Company

(I) Sources of capital

Date	Issue price	Authorized capital		Paid-in capital		Note		
		Number of shares	Amount	Number of shares	Amount	Sources of capital	Capital increase by assets other than cash	Date of approval and document No.
1989/06	10	8,000,000	80,000,000	3,600,000	36,000,000	Establishment	Technology pricing: NT$ 3,600,000	1989/07/05(1989) Yuan-Jing-Zi No. 07331
1990/05	10	8,000,000	80,000,000	8,000,000	80,000,000	Issuance of common stock for cash: NT$ 44,000,000	Technology pricing: NT$ 4,400,000	1990/05/29(1990) Yuan-Jing-Zi No. 05560
1991/04	11	20,000,000	200,000,000	12,000,000	120,000,000	Issuance of common stock for cash: NT$ 40,000,000	None	1991/05/03(1991) Yuan-Jing-Zi No. 04640
1995/06	10	20,000,000	200,000,000	17,680,000	176,800,000	Surplus profit distributed in the form of new shares: 48,000,000 Capitalization of employee bonus: 8,800,000	None	1995/07/04(1995) Yuan-Shang-Zi No. 09476
1996/05	10	60,000,000	600,000,000	30,200,000	302,000,000	Surplus profit distributed in the form of new shares: 109,616,000 Capitalization of employee bonus: 15,584,000	None	1996/06/18(1996) Yuan-Shang-Zi No. 09625
1997/06	10	60,000,000	600,000,000	40,000,000	400,000,000	Surplus profit distributed in the form of new shares: 84,560,000 Capitalization of employee bonus: 13,440,000	None	1997/07/17(1997) Yuan-Shang-Zi No. 13772
1997/06	53	60,000,000	600,000,000	50,000,000	500,000,000	Issuance of common stock for cash: NT$ 100,000,000		
1998/06	10	120,000,000	1,200,000,000	72,000,000	720,000,000	Surplus profit distributed in the form of new shares: 115,000,000 Capital surplus transferred to common stock: 85,000,000 Capitalization of employee bonus: 20,000,000	None	1998/07/13(1998) Yuan-Shang-Zi No. 016810
1999/07	10	120,000,000	1,200,000,000	88,000,000	880,000,000	Surplus profit distributed in the form of new shares: 72,000,000 Capital surplus transferred to common stock: 72,000,000 Capitalization of employee bonus: 16,000,000	None	1999/08/13(1999) Yuan-Shang-Zi No. 017381
2000/08	10	120,000,000	1,200,000,000	117,700,000	1,177,000,000	Surplus profit distributed in the form of new shares: 220,000,000 Capital surplus transferred to common stock: 44,000,000 Capitalization of employee bonus: 33,000,000	None	2000/08/17(2000) Yuan-Shang-Zi No. 017790
2000/10	10	158,000,000	1,580,000,000	121,100,000	1,211,000,000	Capital increase in connection with a merger: 34,000,000	None	2000/10/16(2000) Yuan-Shang-Zi No. 023334
2001/07	10	219,600,000	2,196,000,000	161,400,000	1,614,000,000	Surplus profit distributed in the form of new	None	2001/07/20(2001) Yuan-Shang-Zi

Date	Issue price	Authorized capital		Paid-in capital		Note		
		Number of shares	Amount	Number of shares	Amount	Sources of capital	Capital increase by assets other than cash	Date of approval and document No.
						shares: 339,080,000 Capitalization of employee bonus: 63,920,000		No. 018238
2002/09	10	219,600,000	2,196,000,000	189,600,000	1,896,000,000	Surplus profit distributed in the form of new shares: 193,680,000 Capital surplus transferred to common stock: 48,420,000 Capitalization of employee bonus: 39,900,000	None	2002/09/10(2002) Yuan-Shang-Zi No. 0910022422
2003/08	10	219,600,000	2,196,000,000	216,300,000	2,163,000,000	Surplus profit distributed in the form of new shares: 189,600,000 Capital surplus transferred to common stock: 37,920,000 Capitalization of employee bonus: 39,480,000	None	2003/08/15(2003) Yuan-Shang-Zi No. 0920022569
2004/08	10	273,200,000	2,732,000,000	233,000,000	2,330,000,000	Surplus profit distributed in the form of new shares: 129,780,000 Capitalization of employee bonus: 37,220,000	None	2004/08/12(2004) Yuan-Shang-Zi No. 0930022213
2004/11	-	273,200,000	2,732,000,000	225,000,000	2,250,000,000	Buying-back of shares for capital reduction: 80,000,000	None	2004/11/29(2004) Yuan-Shang-Zi No. 0930033041
2005/03	-	273,200,000	2,732,000,000	220,000,000	2,200,000,000	Buying-back of shares for capital reduction: 50,000,000	None	2005/03/04(2005) Yuan-Shang-Zi No. 0940005059
2007/04	-	273,200,000	2,732,000,000	217,000,000	2,170,000,000	Buying-back of shares for capital reduction: 30,000,000	None	2007/04/04(2007) Yuan-Shang-Zi No. 0960008049
2007/08	-	273,200,000	2,732,000,000	223,510,000	2,235,100,000	Capital surplus transferred to common stock: 65,100,000	None	2007/08/28(2007) Yuan-Shang-Zi No. 0960023210
2008/08	10	330,000,000	3,300,000,000	246,800,000	2,468,000,000	Surplus profit distributed in the form of new shares: 201,159,000 Capitalization of employee bonus: 31,741,000	None	2008/08/28(2008) Yuan-Shang-Zi No. 0970023940
2013/02	-	330,000,000	3,300,000,000	246,000,000	2,460,000,000	Buying-back of shares for capital reduction: 8,000,000	None	2013/02/05(2013) Yuan-Shang-Zi No. 1020004410
2013/08		330,000,000	3,300,000,000	221,400,000	2,214,000,000	Capital reduction: NT$ 246,000,000	None	2013/08/15(2013) Yuan-Shang-Zi No. 1020024483
2016/08	-	330,000,000	3,300,000,000	222,020,000	2,220,200,000	Restricted stock for employees: 6,200,000	None	2016/08/18(2016) Zhu-Shang-Zi No. 1050023044
2017/04	-	330,000,000	3,300,000,000	222,600,000	2,226,000,000	Restricted stock for employees: 5,800,000	None	2017/04/27(2017) Zhu-Shang-Zi No. 1060010911
2017/11	-	330,000,000	3,300,000,000	222,573,000	2,225,730,000	Cancel the restricted stock for employees: 270,000	None	2017/11/16(2017) Zhu-Shang-Zi No. 1060031382
2018/05	-	330,000,000	3,300,000,000	222,559,000	2,225,590,000	Cancel the restricted stock for employees: 140,000	None	2018/05/14(2018) Zhu-Shang-Zi No. 1070014167
2018/08	-	330,000,000	3,300,000,000	178,044,400	1,780,444,000	Capital reduction: NT$ 445,146,000	None	2018/08/14(2018) Zhu-Shang-Zi No. 1070023478
2019/05	-	330,000,000	3,300,000,000	178,014,441	1,780,144,410	Cancel the restricted stock for employees:	None	2019/05/13(2019) Zhu-Shang-Zi

Date	Issue price	Authorized capital		Paid-in capital		Note		
		Number of shares	Amount	Number of shares	Amount	Sources of capital	Capital increase by assets other than cash	Date of approval and document No.
						299,590		No. 1080012988
2020/03	-	330,000,000	3,300,000,000	178,009,961	1,780,099,610	Cancel the restricted stock for employees: 44,800	None	2020/03/03(2020) Zhu-Shang-Zi No. 1090005867
2024/03	10	330,000,000	3,300,000,000	178,011,594	1,780,115,940	Convertible bonds converted into ordinary shares: 16,330	None	2024/03/08(2024) Zhu-Shang-Zi No. 1130007104

Information on the general reporting system: None.

Type of shares	Authorized capital			Note
	Issued shares	Unissued shares	Total	
Common stock	178,011,594	151,988,406	330,000,000	Listed company stock

(II) Shareholding structure:

March 31, 2024 (Based on the register of shareholders) Unit: Share

Shareholding structure: / Amount	Government agencies	Financial institutions	Other institutional shareholders	Domestic natural persons	Foreign institutions and foreigners	Treasury stock	Total
Number of shareholders	0	1	202	58,822	98	1	59,124
Number of shares held	0	1,999	9,419,385	156,451,089	11,234,121	905,000	178,011,594
Shareholding Ratio	0.00%	0.00%	5.29%	87.89%	6.31%	0.51%	100.00%

(III) Shareholding Distribution Status

1. Common stock

Common stock

March 31, 2024

Shareholding classification	Number of shareholders	Number of shares held	Shareholding Ratio
1~999	25,173	2,837,942	1.59%
1,000~5,000	29,109	55,592,928	31.24%
5,001~10,000	2,920	22,743,688	12.78%
10,001~15,000	708	9,006,589	5.06%
15,001~20,000	404	7,440,742	4.18%
20,001~30,000	327	8,387,853	4.71%
30,001~40,000	153	5,398,465	3.03%
40,001~50,000	68	3,105,672	1.74%
50,001~100,000	141	9,803,870	5.51%
100,001~200,000	62	8,764,236	4.92%
200,001~400,000	26	7,225,980	4.06%
400,001~600,000	11	5,351,309	3.01%
600,001~800,000	6	4,153,068	2.33%
800,001~1,000,000	5	4,669,582	2.62%
Above 1,000,001	11	23,529,670	13.22%
Total	59,124	178,011,594	100.00%

2. Preferred Shares: None.

(IV) List of Major Shareholders

March 31, 2024

Shares / Name of major shareholder	Number of shares held	Shareholding Ratio
Fufeng Investment Co., Ltd.	4,783,049	2.69%
Sam Lin	4,409,000	2.48%
James Chou	2,433,829	1.37%
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	2,080,182	1.17%
Chongyou Investment Co., Ltd.	1,930,000	1.08%
JC Liu	1,808,013	1.02%
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds	1,687,567	0.95%
Cindy Guo	1,270,200	0.71%
Paul Liao	1,078,468	0.61%
Tony Lin	1,031,000	0.58%

(V) Market price per share, net worth, earnings, dividends and related information for the last two years

Information on market price per share, net worth, earnings, dividends

Items		Year	2022	2023	As of March 31, 2024 (Note 8)
Market price per share (Note 1)	Highest		98.5	81.5	74
	Lowest		36.45	41.05	62.6
	Average		62.32	59.14	66.64
Net worth per share (Note 2)	Before distribution		17.85	19.66	-
	After distribution		16.65	-	-
Earnings per share	Weighted average number of shares (thousand shares)		177,309	176,981	-
	(Loss) earnings per share (before adjustment) (Note 3)		0.83	1.18	-
	Earnings per share (after adjustment) (Note 3)		-	-	-
Dividends per share	Cash dividends		1.2	1.2	-
	Stock dividends	Stock dividends appropriated from earnings	-	-	-
		Dividends from Capital Surplus	-	-	-
	Accumulated unpaid dividends (Note 4)		-	-	-
ROI analysis	Price–earnings ratio (Note 5)		75.08	50.12	-
	Price to dividend ratio (Note 6)		51.93	49.28	-
	Dividend yield (Note 7)		1.93%	2.03%	-

Note:1 List the maximum and minimum market prices of common shares in each year, and calculate the average market prices of each year based on the transaction value and volume of each year.

Note:2 Based on the number of issued shares by the end of the year and according to the distribution approved by the Board of Directors or the next year's Shareholders' Meeting.

Note:3 Earnings per share before and after adjustment shall be listed in case of retroactive adjustment due to gratuitous allotment.

Note:4 If the conditions for the issuance of equity securities stipulate that unpaid dividends for the current year may be accumulated and paid in the year with surplus, the dividends accumulated and unpaid as of the current year shall be disclosed separately.

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

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

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

Note:8 The fields of net value per share and earnings per share shall be filled with the information audited (reviewed) by CPAs in the most recent quarter up to the publication date of the Annual Report; The rest fields shall be filled with the current year's data as of the publication date of the Annual Report.

(VI) Dividend Policy and Implementation Status

1. Dividend Policy:

The Company must consider the soundness and stability of its financial structure for the distribution of dividends. It shall also determine the ratio of the cash dividends and stock dividends distributed in the current year based on requirements for the Company's growth. The distribution of earnings for the current year shall be based on the principle of no less than fifty percent (50%) of the accumulated distributable earnings, and the distribution ratio of cash dividends shall no less than ten percent (10%) of the total dividends.

2. Proposed dividend distribution for the current year:

   The Company's 2023 distribution plan for earnings was adopted by the board meeting on February 26, 2024. The Board of Directors, in accordance with the provisions of the Company's Articles of Association, resolved to distribute a cash dividend of NT$ 1.2 per share, totaling NT$ 212,527,913.

(VII) The impact of the gratuitous allotment of shares proposed at this Shareholders' Meeting on the Company's operating performance and earnings per share: None.

(VIII) Remuneration for employees and directors:

1. Percentage or range of remuneration for employees and directors as set out in the Articles of Association:

   The Company shall allocate 11% to 15% of the Company's pre-tax profit of the current period before deducting the employees' remuneration and Directors' remuneration of the year as employees' remuneration and no more than 4% as Directors' remuneration. However, if the Company has accumulated losses (including adjustment on non-distributed earnings), the Company shall set aside a part of the profit first to make up for the losses.

   The remuneration in the preceding paragraph shall be in stock or cash and shall include the employees of the subsidiaries who meet the conditions set by the Board of Directors. The Directors' remuneration specified in the preceding paragraph shall only be distributed in cash.

   The procedures in the two preceding paragraphs must be approved by the Board of Directors and reported to the shareholders' meeting.

2. Basis for estimating the amount of remuneration for employees and directors, basis for calculating the number of shares to be distributed as stock dividends, and accounting treatment for any differences between the actual amounts distributed and the estimated amounts:

   If there is a significant change in the amount of payment resolved by the Board of Directors prior to the date of approval of the annual financial report, the change shall be considered as the annual expense. If there is still a change in the amount after the date of approval of the annual financial report, the change shall be treated as a change in accounting estimate and recorded in the following year.

   The estimated amount of employee bonuses and directors' compensation at the end of 2023 is the same as the amount resolved by the Board of Directors on February 26, 2024.

3. The distribution of remuneration approved by the Board of Directors:

   a. Distribute employees and directors' compensation in cash or stock. If there is any discrepancy between the amount recognized and the amount estimated in the year of expense recognition, the amount of the discrepancy, the reason for the discrepancy, and the treatment therefore shall be disclosed:

      On February 26, 2024, the Board of Directors decided to allocate NT$ 33,328,484 to employees and NT$ 8,332,120 to directors. There are no discrepancies between the employees' remuneration and Directors' remuneration and the amount estimated in 2023.

b. Amount of Employee Compensation Distributed in Stock and its Proportion to the Aggregate Amount of Net Income After Tax and Total Employee Compensation in the Parent Company Only or Individual Financial Statements for the Period: None.

4. Information on Distribution of Compensation of Employees, Directors, and Supervisors (With an Indication of the Number of Distributed Shares, Monetary Amount, and Stock Price) And, If There Is Any Discrepancy Between the Actual Distribution and the Recognized Employee, Director, or Supervisor Compensation, Additionally the Discrepancy, Cause, and How It Is Treated:

   In 2022, the Company allotted NT$27,731,919 in cash dividends to employees and NT$6,932,980 in remuneration to directors and supervisors. The actual allotment was not different from the proposed allotment approved by the Board of Directors.

(IX) Share Repurchases:

1. Shares repurchased:

Term of buyback	8th (term)
Purpose of buyback	Transfer of shares to employees
Buyback period	2019/08/07~2019/10/03
Range of price	21~35
Type and number of shares repurchased	Common shares: 3,000,000
Amount of shares repurchased	NT$81,102,995
Percentage of repurchased quantity to scheduled repurchase quantity(%)	100%
Number of shares eliminated and transferred	3,000,000 shares
Cumulative number of shares	0 share
Ratio of cumulative number of shares held to total number of shares issued(%)	0%

Term of buyback	9th (term)
Purpose of buyback	Transfer of shares to employees
Buyback period	2021/11/08~2021/12/30
Range of price	65~110
Type and number of shares repurchased	Common shares: 1,500,000
Amount of shares repurchased	NT$138,234,997
Percentage of repurchased quantity to scheduled repurchase quantity(%)	100%
Number of shares eliminated and transferred	595,000 shares
Cumulative number of shares	905,000 shares
Ratio of cumulative number of shares held to total number of shares issued(%)	0.51%

2. Shares under repurchase: None.

II. Insurance of corporate bonds (including overseas corporate bonds):

(I) Outstanding Corporate Bonds:

<table>
<tr><th colspan="2">Type of Corporate Bond</th><th>Domestic Unsecured Convertible Corporate Bonds (First Issuance)</th></tr>
<tr><td colspan="2">Date of Issuance</td><td>September 11, 2023</td></tr>
<tr><td colspan="2">Face Value</td><td>Each bond has a face value of NT$ 100,000</td></tr>
<tr><td colspan="2">Place of Issuance and Trading</td><td>-</td></tr>
<tr><td colspan="2">Issue Price</td><td>According to 112.15% of the face value</td></tr>
<tr><td colspan="2">Total Amount</td><td>NT$ 1,100,000,000</td></tr>
<tr><td colspan="2">Interest Rate</td><td>Coupon Rate: 0% per annum</td></tr>
<tr><td colspan="2">Term</td><td>Maturity: 3 years, with maturity date on September 11, 2026</td></tr>
<tr><td colspan="2">Guarantee Institution</td><td>Not applicable</td></tr>
<tr><td colspan="2">Trustee</td><td>Taishin International Bank</td></tr>
<tr><td colspan="2">Underwriting Institution</td><td>Taishin Securities Co., Ltd.</td></tr>
<tr><td colspan="2">Lawyer</td><td>Charles Ya-Wen Chiu</td></tr>
<tr><td colspan="2">CPA</td><td>Deloitte Taiwan</td></tr>
<tr><td colspan="2">Repayment Method</td><td>The outstanding principal will be repaid in cash in full, based on the face value of the bond upon maturity.</td></tr>
<tr><td colspan="2">Outstanding Principal</td><td>NT$1,099,900,000</td></tr>
<tr><td colspan="2">Redemption or Early Repayment Provisions</td><td>Please refer to the terms and conditions outlined in the issuance and conversion procedures</td></tr>
<tr><td colspan="2">Restrictive covenants</td><td>Not applicable</td></tr>
<tr><td colspan="2">Credit Rating Agency Name, Rating Date, Corporate Bond Rating Result</td><td>Not applicable</td></tr>
<tr><td rowspan="2">Other Rights Attached</td><td>Amount converted (exchanged or subscribed) into common shares, American Depositary Receipts (ADRs), or other securities of value as of the date of annual report printing</td><td>As of March 31, 2024, 1 bond has been converted, with a total face value of NT$100,000, converted into 1,633 common shares.</td></tr>
<tr><td>Issuance or Conversion (Exchange or Subscription) Procedure</td><td>Please refer to the terms and conditions outlined in the issuance and conversion procedures</td></tr>
<tr><td colspan="2">The issuance and conversion, exchange, or subscription procedures, issuance conditions, potential dilution of equity, and impact on existing shareholders' equity</td><td>Based on the current conversion price of NT$61.2, the maximum dilution effect of the convertible bonds issued in this round on existing shareholders is estimated to be approximately 10.17%. However, the dilution effect of convertible bonds on equity depends on the conversion situation and occurs gradually, thereby having a mitigating effect. Therefore, overall, the dilution impact on equity is considered to be limited.</td></tr>
<tr><td colspan="2">Name of Custodian Institution for Exchange Targets</td><td>Not applicable</td></tr>
</table>

(II) Outstanding Corporate Bonds: None.

(III) Conversion of Corporate Bond Information:

Type of Corporate Bond		Domestic Unsecured Convertible Corporate Bonds (First Issuance)	
Items \ Year		2023	As of March 31, 2024
Conversion of Corporate Bond Market Value	Highest	129.5	122.7
	Lowest	115	113.55
	Average	121.9	117.16
Conversion Price		61.2	61.2
Issue Date and Conversion Price at Issuance		September 11, 2023 NT$61.2	
Method of Fulfilling Conversion Obligations		Issuance of New Shares	

III. Insurance of preferred shares: None.

IV. Overseas depositary receipts: None.

V. Insurance of employee stock options: None.

VI. Restricted stock for employees: None.

VII. New share issuance in connection with mergers and acquisitions: None.

VIII. Implementation of capital utilization plan:

As of the date for the annual report printing, the Company's capital utilization plan for the first quarter includes the issuance of the 2023 domestic unsecured convertible corporate bonds. Herein, the details and execution status of the said capital utilization plan are provided as follows:

(I) Plan Details:

1. Approval Date and Reference Number by the Regulatory Authority: August 16, 2023, Financial-Supervisory-Securities-Corporate No. 1120350432.
2. Total amount of funds required for this plan: NT$1,111,000,000.
3. Source of Funds:
   a. The issuance of the first domestic unsecured convertible corporate bonds entails the following details: each bond has a face value of NT$100,000, with a total issuance of 11,000 bonds. The bonds bear a 0% coupon rate and have a maturity period of 3 years. The issuance of these convertible corporate bonds is conducted through a competitive bidding process. The actual issuance price is set at 112.15% of the face value. Consequently, the actual amount raised is NT$1,233,652,000.
   b. The actual amount raised exceeds the initially projected amount by NT$122,652,000. This surplus is earmarked for the enhancement of operational funds.

4. Project Details and Expected Utilization Progress:

Unit: NT$ thousand

Project Items:	Scheduled Completion Date	Total Funds Required	Projected Utilization Progress
			Third quarter of 2023
Redemption of Bank Loans	Third quarter of 2023	1,111,000	1,111,000
Reinforcement of Operational Funds		122,652	122,652
Total		1,233,652	1,233,652

5. Expected Benefits:

   The Company is set to issue the first unsecured convertible corporate bonds domestically, with an actual total fundraising amount of NT$1,233,652,000. The fundraising is expected to be completed in the third quarter of 2023, with the funds designated for the repayment of bank borrowings totaling NT$1,111,000,000 and the augmentation of operational capital by NT$122,652,000. Apart from effectively reducing interest expenses, this initiative will decrease dependency on banks, enhance fund maneuverability, and mitigate operational risks. Furthermore, based on the estimated amount and interest rate of the bank borrowings to be repaid, it is projected that interest expenses will be reduced by NT$5,932,000 in 2023. Beginning from the year 2024, annual interest expense savings are estimated to be around NT$20,236,000. This strategy aims to prevent the erosion of profits due to increased interest payments from borrowing, while enhancing the Company's fund maneuverability and sustaining competitiveness.

6. Status Update: There have been no changes to the plan for the issuance of the first unsecured convertible corporate bonds domestically in 2023 by the Company.

7. Input Date into Stock Market Observation Station or Internet Information System: August 31, 2023.

(II) Implementation status:

Unit: NT$ thousand

Project Items:	Status of execution		As of the end of the third quarter of 2023	Reasons for Progress Deviation and Improvement Plan
Redemption of Bank Loans	Utilization Amount	Scheduled	1,111,000	Expected to be executed by the third quarter of 2023 according to the original plan.
		Actual	1,111,000	
	Progress of Execution	Scheduled	100%	
		Actual	100%	
Reinforcement of Operational Funds	Utilization Amount	Scheduled	122,652	
		Actual	122,652	
	Progress of Execution	Scheduled	100%	
		Actual	100%	
Total	Cumulative Utilization Amount	Scheduled	1,233,652	
		Actual	1,233,652	
	Progress of Execution	Scheduled	100%	
		Actual	100%	

1. Redemption of Bank Loans

   The Company completed the issuance of the first domestic unsecured convertible corporate bonds on September 7, 2023, raising a total of NT$1,233,652,000. In the third quarter of 2023, an amount of NT$1,111,000,000 from the proceeds of the issuance was utilized to repay bank loans. The cumulative actual execution progress of this plan is 100%, in line with the original schedule to be completed by the third quarter of 2023.

2. Reinforcement of Operational Funds

   As of the end of the third quarter of 2023, the Company utilized a total of NT$122,652,000 raised from the completion of fundraising to augment operational capital. The cumulative actual utilization amount is NT$122,652,000, achieving a 100% execution progress of this plan. This progress aligns with the original schedule to be completed by the third quarter of 2023.

(III) Actual Achievement of Benefits:

1. Redemption of Bank Loans

   The project was implemented in the third quarter of 2023 as planned, utilizing funds to repay bank loans. This action has contributed to reducing the interest expenses incurred by the Company from borrowing from financial institutions. The resulting savings in interest payments alleviate the financial burden on the Company.

2. Reinforcement of Operational Funds

   As of the end of the third quarter of 2023, the Company implemented this project in line with the original plan by utilizing funds to augment operational capital. This action has helped reduce the reliance on bank loans and enhance the agility of fund management, thereby lowering financial risks.

Chapter 5 Operating Status

I. Business Activities

(I) Scope of business

1. Main content of the Company's business:

   Research, develop, manufacture, test and sell integrated circuit products for various applications.

2. Proportion of main product sales:

Unit: NT$ thousand

Main products	Amount of operating revenue in 2023	Proportion of Business
Power andAnalog	1,203,219	42%
Smart Applications	703,290	24%
Sales of electronic components	979,051	34%
Total	2,885,560	100%

3. Current products (services) :

   a. Self-developed, produced and sold products: power management and analog ICs, smart application ICs.

   b. Concurrent business: integrated application and sales of international famous brand electronic components.

4. Planned new products (services) :

   a. Power management and analog ICs:

      - USB Type-C PD (Power Delivery), and other protocol controllers, primary-side PWM power control ICs, and synchronous rectification control ICs for USB Type-C wall chargers, car chargers, and power banks. In response to the trend towards high efficiency and miniaturization of chargers, the Company will also collaborate with Gallium Nitride (GaN) or MOSFET manufacturers to introduce highly integrated System-in-Package (SiP) encapsulated products.
      - Developed a USB Type-C PD control chip for use in devices such as laptops.
      - Secondary-side supervisor ICs for switched power supply (SPS).

   b. Smart application ICs:

      - ICs for highly-integrated smart fan motor driver and control.
      - Smart camera processing ICs with image detection and identification and AI technology for advanced driver assistance systems (ADAS), security or smart manufacturing.
      - ISP ICs for automotive, industrial control, and consumer product lenses,
      - a series of general-purpose 8-bit and 32-bit microcontrollers.

   c. Customer-Specific Customized IC (ASIC)

      These are specialized and exclusive products tailored to meet the specific requirements of customers. After registration, they will be classified according to product attributes into either power and analog or smart applications.

(II) Industry overview

1. Current situation and development of the industry:

According to the statistics revealed by the Science and Technology International Strategy Center (ISTI), ITRI, the output value of Taiwan's IC industry in 2023 reached NT $4,342.8 billion (US$139.2B), reflecting a decline of 10.2% compared to 2022. Specifically, the output value of IC design industry was NT$1,096.5 billion (US$35.1 B), marking an 11.0% decrease from 2022; IC manufacturing was NT$2,662.6 billion (US$85.3 B), indicating an 8.8% decline from 2022, with wafer foundry reaching NT$2,492.5 billion (US$79.9 B), representing a 7.2% decrease from 2022.; memory and other manufacturing was NT$170.1 billion (US$5.5 B), declining by 27.8% compared to 2022; the IC packaging industry was NT$393.1 billion (US$12.6 B), down by 15.6% from 2022; the IC testing industry was NT$190.6 billion (US$6.1 B), experiencing a 12.8% decline compared to 2022.

However, according to World Semiconductor Trade Statistics (WSTS), the total revenue of the global semiconductor market in 2023 was US$526.8 billion, which was a 8.2% growth compared to 2022. This decline marks the first downturn since 2020. During this period, there was a surge in demand for personal and home electronics in 2021 due to the pandemic, which led to historic highs driven by both demand and price increases caused by material shortages. Starting from the second half of 2022, the overall industry experienced a sharp decline in end-demand due to factors such as inflation, war, and the gradual normalization of post-pandemic life and work globally. This led to a period of inventory adjustments lasting nearly a year and a half. The Taiwanese IC design industry, as mentioned earlier, also experienced an 11% decline in 2023, marking its first decline in recent years.

The statisticsand estimated output value of Taiwan's IC industry in 2023 are shown in the following table

Unit: NT$ 100 million

	2022	2023	Annual growth
Outputvalue of IC design industry	12,320	10,965	-11.0%
Outputvalue of IC manufacturing industry	29,203	26,626	-8.8%
Outputvalue of IC packaging industry	4,660	3,931	-15.6%
Outputvalue of IC test industry	2,187	1,906	-12.8%
Total output value	48,370	43,428	-10.2%

(Source: TSIA; ISTI of ITRI, February 2024)

Looking ahead to 2024, after nearly a year and a half of inventory adjustments, the industry has largely disposed of excess inventory in the supply chain, returning to a healthier level. While overall economic growth has not shown the same vigor as during the pandemic period due to inflationary concerns, there is observable recovery in the application of various technological products such as laptops, smartphones, and servers following the clearance of inventory. ITRI Industrial Economics and Knowledge Center estimates that the output value of Taiwan's IC industry in 2024 will be approximately NT$5.01 trillion, representing a year-on-year growth of 15.4%. The estimated output value of the IC design industry is around NT$1.25 trillion, with a year-on-year growth of 14.6%, indicating a return to healthy growth.

2. The relationship between the upstream, mid-stream and downstream of the industry:

   Taiwan has a sound division of labor system in IC industry. Itsdesign, manufacturing, packaging, testingplay a pivotal role in the supply chain of the global electronics industry. The IC design industry leads the planning, R&D, application and sales of IC products, serving as an important bridge between the semiconductor industry and the electronic product industry. The relationship between the upstream, mid-stream and downstream of the industry:

   - The upstream of IC design industry involves wafer, packaging, testing and other cooperative OEMs. Our main strategic partners are the world's leading wafer fabs. Almost all of our packaging is done by professional packaging companies in Taiwan, and most of testing is done by ourselves.
   - IC design provides product planning, development, sales and technical services. Midstream involves the application solution providers and agents, responsible for promoting IC products to the client side. Our agents are classified according to the product characteristics, and we select suitable agents based on the marketing ability, technical support and other professional abilities.
   - The downstream of the IC design industry involves the clients who buy ICs, i.e. users of ICs. Usually, they are electronic product manufacturers who assemble and integrate ICs into the finished products.

3. Various development trends and competition faced by products:

   In recent years, the hot fields in the electronics industry include high-performance computing, network communications, audio-visual multimedia, storage memory devices, network communication, audio-visual multimedia, storage and memory devices, artificial intelligence, Internet of Things, smart power supply, sports monitoring watches and bracelets, mobile payment, advanced driver assistance systems, etc. Moreover, each of these fields can integrate artificial intelligence (AI) functionality, enabling devices to possess learning and problem-solving capabilities. With many years of experience, our products focus on power, video, motor control, consumer electronics and other fields. In a broad sense, our products can be categorized into the current hot fields such as power management, smart vision, and intelligent control, which are in line with the current global development trend. The specific examples are as follows:

   a. Power management: Switched power supplies for desktop computers, servers, game consoles, and fast-charging chargers for mobile phones, tablets, laptops, game consoles, etc., which support USB Type-C PD or Qualcomm Quick Charge 3+/4/4+/5.
   b. Smart vision:Smart camera processing ICs with image detection and identification and AI technology can be applied to advanced driver assistance systems (ADAS), security or smart production. We also have ISP ICs for automotive, industrial control, and consumer product lenses andICs for projectors with intelligent auto adjustment function.
   c. Intelligent control ICs: ICs for intelligent cooling fan motor drive and control, primarily used in servers (including AI servers), base stations, charging stations, solar power inverters, mining machines, display cards, and other cooling fans. ICs for POS payment, and various 8-bit or 32-bit MCUs.

   All of the above are the current hot areas, with large development potential. However, electronic products are rapidly evolving, and IC designers not only have to quickly develop the products required by the market, but also have to invest heavily in technical manpower and R&D material costs, making competition very fierce. With the advantages of functional differentiation, excellent quality, reasonable price, stable delivery, our products won the recognition of clients.

(III) Technology and R&D overview

1. R&d expenditures in the most recent year and up to the publication date of the Annual Report:

   A total of NT$444,189,000 was spent on R&D in 2023.

2. Developed Successful Technologies or Products:

   Up to now, the Company has applied for a total of 264 patents. The technologies or products that have been successfully developed are described as follows:

   a. Power and Analog

      - Supervisor ICs for secondary-side monitoring power supply: We provide a series of ICs for the power supplies of personal computers, servers, and game consoles. These ICs are widely used by domestic and foreign power supply manufacturers. The programmable function of the latest generation of digital power supervisor ICs allows clients to design more flexible products, help clients shorten development cycle and lower development risks.

      - USB PD and other fast-charging control ICs: Suitable for USB Type-C connector chargers, support fast-charging function, the whole series of ICs have passed the USB-IF certification and have been adopted by many international manufacturers of notebook computer and mobile phones. With the evolution of USB PD specifications, we have successfully developed a series of products with the latest USB PD 3.1 specifications ahead of the industry. We also have fast-charging ICs for cell phones and tablets with specifications such as Qualcomm Quick Charge and proprietary fast-charging specifications for well-known Chinese cell phone brands. Among them, Qualcomm Quick Charge 3+/4/4+/5 control IC is the first Qualcomm-certified and mass-produced IC in the world.

      - Primary-side PWM power control ICs: Weoffer PWM (pulse width modulation) and synchronous rectification (SR) control ICs for power adapters, which include comprehensive power protection features and control modes to enhance system efficiency. Our ICs also support GaN or MOSFET co-packaging for increased performance. At present, we have completed a series of power control ICs for USB Type-C PD and Quick Charge, which help power designers design efficient power products with high reliability in the shortest time, and have been successfully mass-produced.

   b. Smart Applications

      - Advanced driver assistance system (ADAS): The around view monitor (AVM) and smart camera ICs are used in the vehicle safety assistance system, with the functions of 360-degree panoramic view, road drift warning, motion detection and blind spot detection to reduce the blind spot and improve driving safety. In response to the needs of intelligent projectors, we have developed ICs for projectors with intelligent auto adjustment function.

- ISP ICs for automotive, industrial control, and consumer product lenses.
- Magnetic stripe decoder ICs, interface ICs, and QR Code Reader ICs for POS devices.
- Highly-integrated intelligent fan motor driver and control ICs for servers, base stations, charging stations, solar power inverters, graphics cards, and other cooling fans.
- A series of general-purpose 8-bit and 32-bit MCUs: Continuous development of highly-integrated single chips for small home appliances, motors, toys, game input devices, USB keyboards, mice, etc.

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

1. Continuous development of new products

Short-term: Constantly improve the function and yield of existing products to strengthen product competitiveness. The product lines for Japanese companies also constantly develop new products to facilitate the promotion of the Company.

Long-term: To align with the upcoming market trends, our plan is to develop a range of products that leverage our existing technology and product base. The specific plans are as follows:

a. Power management and analog ICs:

- USB Type-C PD (Power Delivery), and other protocol controllers, primary-side PWM power control ICs, and synchronous rectification control ICs for USB Type-C wall chargers, car chargers, and power banks. In response to the trend towards high efficiency and miniaturization of chargers, the Company will also collaborate with GaN or MOSFET manufacturers to introduce highly integrated System-in-Package (SiP) encapsulated products.
- Developed a USB Type-C PD control chip for use in devices such as laptops.
- Secondary-side supervisor ICs for switched power supply (SPS).

b. Smart application ICs:

- ICs for highly-integrated smart fan motor driver and control.
- Smart camera processing ICs with image detection and identification and AI technology for advanced driver assistance systems (ADAS), security or smart manufacturing.
- ISP ICs for automotive, industrial control, and consumer product lenses,
- a series of general-purpose 8-bit and 32-bit microcontrollers.

c. Customer-Specific Customized IC (ASIC)

These are specialized and exclusive products tailored to meet the specific requirements of customers. After registration, they will be classified according to product attributes into either power and analog or smart applications.

2. Continuous expansion of new markets

Short-term: Stabilize the existing client base, constantly introduce new models; develop new client base, and actively promote our products.

Long-Term: Actively expand client base, strengthen and expand cooperation with agents, and contact more with international manufacturers, exploring emerging markets such as India and Vietnam, and further pursuing business opportunities with international end customers.

II. Market, Production, and Marketing Overview

(I) Market analysis:

Our products are mainly sold in Taiwan, China, South Korea, Southeast Asia. Etc. Our products cover all major international brands in the world. In the past two years, the sales proportion by region is as follows:

Unit: NT$ thousand

Year / Country/region	2022		2023	
	Amount	Proportion (%)(%)	Amount	Proportion (%)(%)
Taiwan	880,294	30%	695,612	24%
China	1,809,939	63%	2,099,268	73%
Other countries	197,920	7%	90,680	3%
Total	2,888,153	100%	2,885,560	100%

In terms of self-developed products, our two product lines have been developed in a balanced manner and our product structure is quite sound. The market share and future supply and demand of the Company, its subsidiary Dongguan Prosil Electronics Co., Ltd., and the newly acquired Sentelic Corporation, are described as follows:

- Power management and analog ICs:
  a. Our secondary-sidesupervisor ICs hold the largest market share in the SPS industry for PCs and game consoles worldwide. The programmable function of the latest generation of digital power supervisor ICs allows clients to design more flexible products, help clients shorten development cycle and lower development risks.
  b. In response to the market demand for fast charging, many international manufacturers have introduced USB Type-C PD and other fast-charging control ICs, leading the market share. We will continue to develop fast-charging control ICs for laptops, mobile phones, tablets, game consoles and after-sales markets.
  c. The secondary-side PWM power control ICs for USB Type-C PD control ICs have been put into mass production in 2019. We will utilize the technical advantages of the product and our high market share in USB Type-C PD control ICs, and constantly promote the overall optimization program.
- Smart application ICs:
  a. Leveraging the technology of recently acquired subsidiary, Sentelic Corporation, our smart fan motor drive and control ICs hold a market share of over 20% in the server cooling fan market. They are also utilized in base stations, charging stations, solar power inverters, mining machine, graphics cards, and other related products.
  b. Financial payment related chips, such as POS magnetic stripe decoder Ics and interface ICs, have stable market share due to high entry barriers for latecomers and security authentication requirements. QR code reader IC supports multiple payment methods and can be used in industrial and consumer electronics.

c. Our line of 8-bit and 32-bit general-purpose MCUs offers a comprehensive range of computing speeds and power requirements, making them suitable for various products, such as computer and gaming peripherals, small home appliances, household healthcare devices and industrial controls, etc. These MCUs have been successfully introduced by numerous clients and maintain stable shipment levels.

In terms of agent products, the market share and future supply and demand of the Company and its subsidiary Dongguan Prosil Electronics Co., Ltd. are described as follows:

1. With the head office's existing R&D capabilities and actual performance, we will enhance technical support to clients and improve operational performance in key client base and important industries such as automotive, power and motor.
2. Keep abreast of client dynamics and market information, introduce complementary product lines at the proper time, strengthen the our competitiveness and create more value to clients.
3. Make good use of our information system to keep abreast of the latest inventory and market trends, review the incoming and outgoing inventory regularly, maintain good stock quality, and keep the best supply condition at all times.
4. Our subsidiary Dongguan Prosil Electronics Co., Ltd has been taking over the business of Taiwanese companies transferred to Dongguan and actively promoting the mature application solutions from Taiwan to the local potential clients to generate new revenue.

The advantages and disadvantages of the Company's future development are listed as follows:

- Advantages:
  1. Good professional and brand image is conducive to the development of new products.
  2. The sound financial status is conducive to responding to current and unforeseen market conditions.
  3. Our test factory can provide the best services to clients.
  4. Deep relationships with key OEM partners provide competitive supply chain advantages.
  5. We are a distributor of internationally renowned brands of electronic components for integrated applications and sales, which is conducive to providing clients with total solution.
  6. By gradually establishing relationships with brand manufacturers and gaining trust, we can obtain specifications early and facilitate product development.
- Disadvantages:
  1. Wafer foundry has experienced price increases over the past few years due to factors such as tight production capacity and rising raw material costs, which have had a slight impact on profitability.
  2. Uncertainties such as the Ukrainian-Russian war and inflation may affect end-user consumption.
  3. China's supply chain is supported by national policies, making competition unfair. As a result, the market and profit margins are facing challenges.

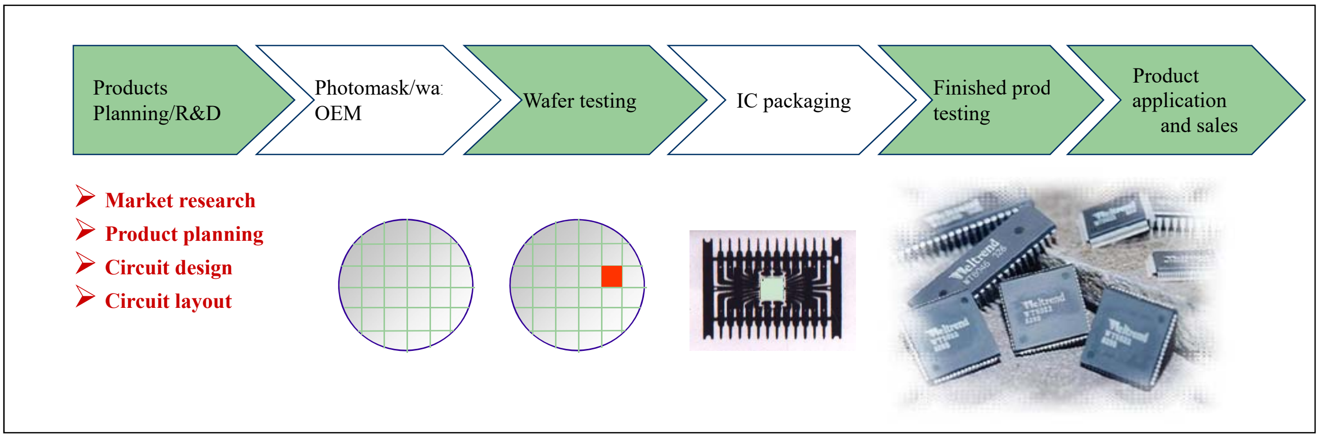
(II) Important applications and production process of major products

1. Important uses of major products

Primary uses	Product family
Power Management	Supervisor ICs of switched power supplies for desktop computers, servers, game consoles, and fast-charging chargers for mobile phones, tablets, laptops, game consoles, etc., which support USB Type-C PD or Qualcomm Quick Charge 3+/4/4+/5 IC.
Imaging solution	Smart camera processing ICs with image detection and identification and AI technology can be applied to advanced driver assistance systems (ADAS), security or smart production. ISP ICs for automotive, industrial control, and consumer product lenses. ICs for projectors with intelligent auto adjustment function.
Smart Controller	Highly-integrated intelligent fan motor driver and control ICs for servers, base stations, charging stations, solar power inverters, graphics cards, and other cooling fans. ICs for POS payment.

2. Manufacturing process

As shown below, the Company is positioned as a Fabless IC Company, commonly known as an IC designer. The main work includes IC product planning, R&D, testing, sales, etc. The production process is illustrated as follows:



a. Circuit development and design process: Develop circuits based on market and product planning and client requirements, and design and simulate them with CAD.

b. Photomask and wafer manufacturing process: They are commissioned to be manufactured by professional photomask and wafer fabs. After all processes are completed, electrical parameters will be measured and inspected before delivery.

c. Wafer testing process: Wafer testing and development and IC functional test are performed under a complete system.

d. IC packaging process:After testing, wafers are assigned to the packaging factory to carry out packaging operations for required packaging types, such asDIP,SOT,SOP,QFN,QFP/LQFP,BGA/LGA, etc.

e. Finished product testing and shipping process: After full functional testing by our factory and the outsources professional testing factories, we will carry out the shipment according to the order.

(III) Availability of major raw materials

The Company is an IC design company, also known as fabless IC company. Its core work is to develop, test, promote and sell IC products. The Company outsources the wafer fabrication and IC packaging. Therefore, the main raw materials refer to wafers and packaging. The Company cooperates with leading wafer fabs, and its process technology, production efficiency, scheduling flexibility and production quality are second to none in the world. The Company has been able to supply on time and in full as long as a reasonable delivery schedule is given. Following the global post-pandemic situation and the semiconductor supply-demand imbalance arising from the US-China trade issues, the related raw material inventory and production capacity utilization rates in the supply chain have undergone complex changes. The electronic industry components continue to experience a phenomenon of inventory clearance due to the cooling of market demand within the industry chain.

The advantage of the Company is that it has always attached importance to long-term relationships with suppliers. We have maintained good interaction and loyal partnership with wafer fabs and packaging and testing plants. Despite the negative growth in demand for certain electronic products in 2023 due to market fluctuations, in addition to ongoing negotiations with suppliers to adjust production capacity and effectively manage inventory levels, the Company has also been actively enhancing its sales efforts internally to expedite inventory clearance. Besides, in response to issues related to the supply chain arising from Sino-US trade war, the production planning of the dual supply chain is based on the subsequent production planning and layout direction to meet the requirements of the U.S. and China.

In terms of distribution business, the Company primarily acts as an agent for Japanese IC and electronic component companies. With its own wafer manufacturing and packaging testing factories, the Company offers a diverse range of products and provides Total solution to key customers and industries. This approach aims to expand sales revenue from agency products and alleviate excess inventory.

(IV) Production strategy

1. Make full use of Taiwan's unique semi-conductor subcontracting capabilities and provide customization flexibility to meet the diverse and specific needs of our clients and to enhance client satisfaction.
2. Establish good partnership with wafer fabs, packaging and testing plants, and have a tacit understanding of OEM, to ensure production capacity and control product delivery, quality and yield, to meet client demand and service expectations.
3. Establish the long-term cooperation with wafer fabs and third-party manufacturers to increase product quality and price competitiveness.
4. Improve product process capability and take advantage of wafer fabs’ new process technology and packaging technology to lower cost, improve yield and market competitiveness.
5. Maintain long-term cooperation with upstream wafer fabs, packaging and testing manufacturers, and strive to be their strategic partners to jointly develop special functional processes to lower production costs and develop competitive products.
6. Due to the changes in the supply and demand environment in 2023, we flexibly responded to market changes. Apart from negotiating production capacity planning with suppliers, we have timely adjusted production capacity and estimated medium to long-term demand based on inventory conditions, to achieve favorable operational planning for both parties. For the estimation and allocation of capacity

required for economic recovery, the Company continues to adjust and plan according to market dynamics. Effective rolling coordination with suppliers ensures the necessary capacity planning. Additionally, proactive planning and production activities are undertaken for dual supply chain models to meet customer specifications and requirements regarding production locations.

(V) List of major importers and sellers in the last two years:

Names of clients who have accounted for more than 10% of the total volume of imports (sales) in any year of the recent two years, together with the amount and proportion of imports (sales) and the reasons for the changes. However, as contract stipulates that the name of the client or the counterparty shall not be disclosed, if the client is an individual and not a related party, a code shall replace the name.

Information on Major Suppliers in the Last Two Years

Unit: NT$ thousand

	2022				2023			
Items	Company Name	Amount	Ratio to Net Purchase (%)	Relationship with Issuer	Company Name	Amount	Ratio to Net Purchase (%)	Relationship with Issuer
1	Supplier A	716,110	32%	None	Supplier A	385,611	41%	None
2	Supplier B	876,026	39%	None	Supplier B	226,326	24%	None
3	Others	653,761	29%	-	Others	322,659	35%	-
	Net purchases	2,245,897	100%	-	Net purchases	934,596	100%	-

Note:1 In 2023, the reduction in purchases from Supplier A and Supplier B was due to poor industry conditions. With fewer customer orders, the Company had excess inventory, resulting in a decrease in purchases.

Note:2 List the names of suppliers who have purchased more than 10% of the total amount of goods in the last two years and the amount and proportion of goods purchased. However, as contract stipulates that the name of the supplier or the counterparty shall not be disclosed, if the supplier is an individual and not a related party, a code shall replace the name.

Note:3 As of the printing date of the Annual Report, financial information of companies whose shares are listed or traded on the stock exchange shall be disclosed if they have been audited or reviewed by CPAs recently.

Information on major clients in the last two years

Unit: NT$ thousands

	2022				2023			
Items	Company Name	Amount	Ratio to Net Sales (%)	Relationship with Issuer	Company Name	Amount	Ratio to Net Sales (%)	Relationship with Issuer
1	Client A	308,797	10.69%	-	Client A	303,293	10.51%	-
2	Others	2,579,356	89.31%	-	Others	2,582,267	89.49%	-
	Net sales	2,888,153	100%	-	Net sales	2,885,560	100%	-

Note:1 In 2023, more than 10% of the Company's total sales were attributed to Client A, primarily due to an reduction in sales of power management and analog ICs.

Note:2 As of the printing date of the Annual Report, financial information of companies whose shares are listed or traded on the stock exchange shall be disclosed if they have been audited or reviewed by CPAs recently.

(VI) Table of Production and Sales for the last two years:

1. Production in the Last Two Years

Unit: Thousand pieces/NT$ thousand

Year / Production volume / Major products	2022 Production capacity	2022 Production volume	2022 Output value	2023 Production capacity	2023 Production volume	2023 Output value
Power and Analog	115,000	145,310	809,508	115,000	127,766	689,510
Smart Applications	50,000	42,932	209,240	50,000	36,402	174,078
Total	165,000	188,242	1,018,748	165,000	164,168	863,588

Note： The parts beyond the Company's production capacity will be outsourced to professional testing facilities to conduct full-function testing operations.

2. Shipments and Sales in the Last Two Years

Unit: Thousand pieces/NT$ thousand

Year / Production volume / Major products	2022				2023			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Power and Analog	17,491	174,437	126,552	1,178,145	12,866	117,703	129,175	1,085,516
Smart Applications	15,249	177,450	39,284	278,815	27,690	232,694	54,771	470,596
Sales of electronic components	504,995	528,407	519,628	550,899	345,377	345,215	551,197	633,836
Total	537,735	880,294	685,464	2,007,859	385,933	695,612	735,143	2,189,948

III. Employees

Number of employees, average length of service, average age and education background for the last two years and as at the publication date of the Annual Report

Year		2022	2023	As of April 12, 2024
Number of employees	Administration/ finance	52	53	53
	Business	95	96	95
	Technology	216	211	216
	Total	363	360	364
Average age		44.70	44.94	45.65
Average Years of Services		11.23	11.64	11.69
Distribution of education background	Ph.D.	1%	1%	1%
	Master's degree	32%	32%	32%
	Bachelor's degree	62%	62%	62%
	Senior high school	5%	5%	5%
	Below senior high school	0%	0%	0%

IV. Environmental Expenditure Information

(I) Losses suffered as a result of environmental pollution in the most recent year and up to the publication date of the Annual Report: None.

(II) Estimated current and potential future amounts and countermeasures. If it cannot be reasonably estimated, the reasons shall be stated: None.

(III) The Company is engaged in product development, design and sales, and outsources its self-developed wafers and IC packaging to relevant suppliers. The Company conducts wafer testing, package testing and subsequent packaging and shipping internally, so it is pollution-free. In the last two years and up to the publication date of the Annual Report,the Company's products are in line with the relevant standards of RoHS, and hasnot suffered any loss or punishment due to environmental pollution. Therefore, there are no future countermeasures and possible expenses.

(IV) As for the process and ICs provided by suppliers, in accordance with the Company's Supplier Management Regulations and HSF Management Procedures, suppliers shall provide material analysis reports regularly every year to confirm whether they are green products as defined by the Company. The Company also appoints a third-party certification company to test, monitor and manage the supplier's materials to comply with regulations for the management of hazardous substances, as well as the relevant regulations of ROHS and Sony GP.

(V) For defective scrapped IC products, the Company entrusts a Class-A waste removal and treatment company registered by the government to handle the disposal of these products every six months.

(VI) In 2009, the Company was certified by IECQ QC 080000 Hazardous Substance Process Management. The Company conducts annual certification audit by the accredited firm and has obtained validity certificate for certification system.

(VII) The Company obtained the ISO 14001 Environmental Management System certificate in March 2023, followed by the ISO 14064-1:2018 Greenhouse Gas Emissions Inventory and Verification certification in November.

V. Labor-Management Relationship

(I) Employee welfare measures, further education, training and retirement systems and the relevant implementation, as well as labor-management agreements and various employee rights protection measures:

1. In addition to general benefits such as labor insurance, health insurance, group insurance, and pension payments, the Company provides employees with annual bonuses, dividends, wedding and funeral gifts, lunch subsidies, employee education and training, libraries for study and reading, breastfeeding rooms for female employees, and flexible commuting systems.

2. We implement the concept of gender equality in the workplace, and the salary of staff at all levels does not differ due to gender. Although the Company is engaged in the electronics, it is committed to diversity and equality in the workplace. Currently, females account for about 32% of the employees and 14% of the senior executives.

3. The Company establishes the Employee Benefit Committee according to law, selects committee members to handle employee benefits, and prepares the annual plan and budget every year, such as preparing festival gifts, organizing group tourism, conducting community activities, holding birthday parties, etc.

4. Employee education and training: To encourage our employees to continuously enrich their knowledge to enhance the corporate competitiveness, we provide complete education and

training for new employees so that they can understand the working rules and regulations and become familiar with the work content in a short time. Besides, we provide internal and external professional training courses for existing employees to strengthen their working ability.

5. For employees applicable to the Labor Pension Act, the Company provides the retirement reserve funds at a rate of 6% of employees' monthly salary and deposits them in the labor pension individual account established by the Bureau of Labor Insurance, Ministry of Labor. According to the law, the Company regularly allocates retirement reserves and deposits them in the Bank of Taiwan, and then the Supervisory Committee of Labor Retirement Reserve is responsible for the management and use of retirement reserves.

(II) Losses suffered as a result of labor-management disputes in the most recent year and up to the publication date of the Annual Report: None.

(III) Estimated current and potential future amounts and countermeasures: None.

VI. Cyber security management:

(I) Explain the cyber-related security risk management structure, security policy, and specific management plan, and resources invested in cyber security management:

1. Cyber security risk management structure

To strengthen the risk management of information security, the Information Department is responsible for coordinating and implementing the information security policy, establishing the information security risk management structure and the process flow and specific management plan of information security incident notification, regularly reviewing the information security policy, propagating information security messages, and enhancing the employee awareness of information security to ensure information security.

2. Cyber security policy

To improve the information security governance and defense capabilities, the Company has established an internal control system. All information operations are subject to the internal control system and the risk management review by the internal and external units on a regular and daily basis. The Company strives to achieve the following goals.

a. Ensure the confidentiality and integrity of information assets.

b. Ensure that data access is regulated according to departmental functions.

c. Ensure the continuous operation of information systems.

d. Prevent unauthorized modification or use of data and systems.

e. Perform regular security audit to ensure information security.

3. Specific management plan, and resources invested in cyber security management

a. Cyber security control

A. Set up a firewall.

B. Set up endpoint antivirus, mail antivirus and spam systems to protect computer systems and data storage media.

C. Establish an identification system to understand the interoperation of different computers and identify abnormal developments to detect threats in advance.

D. Ensure that the use of various network services is implemented in accordance with information security policies.

E. Check the System Log of each network service item regularly to track the abnormal situation.

b. Computer equipment security management

A. Appoint dedicated personnel to manage computer equipment and systems.

B. Equip server rooms with independent air conditioners and fire extinguishing equipment. Maintain the equipment regularly to ensure availability.

C. Equip server rooms with independent power supply devices to prevent system downtime caused by power exceptions.

D. Set up environmental control systems in server rooms and report exceptions to the management personnel.

c. System and data access control

A. Set accounts and passwords for all systems.

B. According to functional requirements, different access rights are granted after process review and approval.

C. Set up and modify system programs. Establish records, audit and other relevant control measures in accordance with change management procedures.

D. Cancel the authority of the personnel who leave their positions.

d. Emergency response mechanism for recovery

A. Regularly review emergency response plans.

B. Regularly exercise the system for restoration every year.

C. Establish system backup mechanism and implement remote backup.

D. Regularly review computer network security controls.

e. Publicity and check

A. Publicize information security at any time, and set up an information security bulletin board to enhance employees' awareness of information security.

B. Information operation is subject to the Company's internal control system and risk management audit by internal and external units on a regular basis.

C. Report the information security to the Board of Directors on an annual basis to strengthen its supervision and management of the Company's operations.

4. Status of execution

The Company has no material information security incidents that cause business damage.

Continuously implement information security management policies and regularly conduct recovery plan drills to protect the security of critical systems and data.

(II) List the losses, possible impacts and measures taken as a result of material information security incidents in the most recent year and up to the date of printing of the Annual Report. If it cannot be reasonably estimated, the reasons shall be stated.

In the most recent year and up to the publication date of the Annual Report, the Company has no material information security incidents that cause business damage.

VII. Material contracts: List the parties involved, main contents, restrictive covenants and start/end dates of supply and marketing contracts, technical cooperation contracts, engineering contracts, long-term lease contracts and other important contracts affecting shareholders' rights and interests that are still in force as of the publication date of the Annual Report and expire in the most recent year.

Nature	Parties involved	Start/end date	Main contents	Restrictive covenants
Lease contract	Administration Bureau of Hsinchu Science Park	2022/01/01~2026/12/31	Plant leas	None
Agent Agreement	ROHM	2023/04/01~2024/03/31	Integrated circuit sales	None
Agent Agreement	C7	2017/10/01~ automatic extension	Agent Regulations and Product Distribution Agreement	None
Sales Contract	C1	2009/02/06 ~ automatic extension	Product sales	None
Sales Contract	C2	2011/12/30 ~ automatic extension	Product sales	None
Sales Contract	C3	2011/12/30 ~ automatic extension	Product sales	None
Sales Contract	C5	2020/05/27 ~automatic extension	Product sales	None
Sales Contract	C8	2021/08/19 ~ automatic extension	Product sales	None
Sales Contract	C9	2022/02/16 ~ automatic extension	Product sales	None
Sales Contract	C10	2022/06/16 ~ automatic extension	Product sales	None
OEM Agreement	S1	2012/10/30 ~ automatic extension	Long-term OEM Agreement	None
OEM Agreement	S9	2021/08/26~2026/02/25	Packaging test	None
Commissioned processing	S10	2021/12/22 ~ automatic extension	Commissioned Processing Contract	None
License Agreement	S3	2018/08/10~2028/08/10	License Agreement for Software	None
License Agreement	S4	2021/03/25~2031/03/25	License Agreement for Software	None
License Agreement	S4	2021/05/04~2031/05/04	License Agreement for Software	None
Sale and Purchase Agreement	S11	2021/08/20~2024/08/20	Sale and Purchase Agreement for Software	None
Lease contract	New Foundland Global Corp.	2018/08/01~2024/10/31	House Rental	None

Chapter 6 Financial Overview

I. Condensed Balance Sheets and Consolidated Income Statements for the Last Fiscal Five Years

(I) Condensed Balance Sheets and Consolidated Income Statements - International Financial Reporting Standards

1. Condensed Balance Sheet - Consolidated

Unit: NT$ thousand

Items \ Year		Financial summary for the last five years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		3,449,207	3,911,764	4,852,329	4,328,088	4,276,042
Real estate, plant and equipment (Note 2)		275,141	296,873	301,229	325,102	312,428
Intangible assets		31,004	26,135	15,106	718,743	641,476
Other assets (Note 2)		47,906	74,557	90,848	619,682	622,017
Total assets		3,803,258	4,309,329	5,259,512	5,991,615	5,851,963
Current liabilities	Before distribution	699,237	1,015,013	1,494,964	2,011,188	546,865
	After distribution	961,914	1,298,466	2,024,494	2,223,587	(Note 4)
Non-current liabilities		131,058	107,061	98,441	215,772	1,251,719
Total liabilities	Before distribution	830,295	1,122,074	1,593,405	2,226,960	1,798,584
	After distribution	1,092,972	1,405,527	2,122,935	2,439,359	(Note 4)
Equity attributable to owners of the parent company		2,967,148	3,180,635	3,659,693	3,153,363	3,481,222
Share capital		1,780,144	1,780,100	1,780,100	1,780,100	1,780,116
Capital reserve		17,129	17,067	39,555	69,026	266,965
Retained earnings	Before distribution	1,280,917	1,453,533	2,033,369	1,575,350	1,542,394
	After distribution	1,018,240	1,170,080	1,503,839	1,362,951	(Note 4)
Other equity		(32,858)	(10,883)	(32,053)	(167,949)	(24,853)
Treasury stock		(78,184)	(59,182)	(161,278)	(103,164)	(83,400)
Non-controlling interests		5,815	6,620	6,414	611,292	572,157
Total equity	Before distribution	2,972,963	3,187,255	3,666,107	3,764,655	4,053,379
	After distribution	2,710,286	2,903,802	3,136,577	3,552,256	(Note 4)

Note:1 The above financial information has been verified by CPAs.

Note:2 The above listed assets have not been revalued in the last two years.

Note:3 As of the printing date of the Annual Report, financial information of companies whose shares are listed or traded on the stock exchange shall be disclosed if they have been audited or reviewed by CPAs recently.

Note:4 The profit distribution plan for 2023 has not been approved by the Shareholders' Meeting.

Note:5 The above post figures shall be entered accordingto the resolution approved by the Board of Directors orthe next year's Shareholders' Meeting.

2. Condensed Consolidated Income Statement—Consolidated

Unit: NT$ thousand

Items \ Year	Financial summary for the last five years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	2,322,116	2,619,977	3,601,983	2,888,153	2,885,560
Operating gross profit	575,325	666,269	1,105,869	843,621	781,775
Operation profit and loss	56,177	126,343	459,957	243,444	41,830
Non-operating income and expenses	310,630	235,956	367,589	(103,888)	184,656
Net Profit Before Tax	366,807	362,299	827,546	139,556	226,486
Net income from continuing operations	326,122	341,504	751,344	107,870	207,086
Loss from discontinued operations	-	-	-	-	-
Net income	326,122	341,504	751,344	107,870	207,086
Other comprehensive income (after tax)	10,506	116,192	91,136	(211,756)	113,712
Total comprehensive income	336,628	457,696	842,480	(103,886)	320,798
Net income attributable to owners of the parent company	325,465	340,929	750,940	146,771	209,240
Net (loss) income attributable to noncontrolling interests	657	575	404	(38,901)	(2,154)
Total consolidated profit or loss attributable to owners of the parent company	336,024	456,891	842,119	(64,385)	322,539
Total comprehensive income attributable to non-controlling interests	604	805	361	(39,501)	(1,741)
Earnings per share	1.84	1.94	4.25	0.83	1.18

Note:1 The above financial information has been verified by CPAs.

Note:2 As of the printing date of the Annual Report, financial information of companies whose shares are listed or traded on the stock exchange shall be disclosed if they have been audited or reviewed by CPAs recently.

3. Condensed Balance Sheet - Parent Company

Unit: NT$ thousand

Items \ Year		Financial summary for the last five years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		2,767,952	2,946,501	3,964,878	2,897,423	2,756,283
Real estate, plant and equipment (Note 2)		274,365	296,055	297,207	304,246	298,124
Intangible assets		30,904	26,048	15,034	18,198	18,365
Other assets (Note 2)		711,794	812,482	922,526	1,903,098	2,000,581
Total assets		3,785,015	4,081,086	5,199,645	5,122,965	5,073,353
Current liabilities	Before distribution	686,809	793,390	1,441,511	1,902,734	467,109
	After distribution	949,486	1,076,843	1,971,041	2,115,133	(Note 3)
Non-current liabilities		131,058	107,061	98,441	66,868	1,125,022
Total liabilities	Before distribution	817,867	900,451	1,539,952	1,969,602	1,592,131
	After distribution	1,080,544	1,183,904	2,069,482	2,182,001	(Note 3)
Equity attributable to owners of the parent company		2,967,148	3,180,635	3,659,693	3,153,363	3,481,222
Share capital		1,780,144	1,780,100	1,780,100	1,780,100	1,780,116
Capital reserve		17,129	17,067	39,555	69,026	266,965
Retained earnings	Before distribution	1,280,917	1,453,533	2,033,369	1,575,350	1,542,394
	After distribution	1,018,240	1,170,080	1,503,839	1,362,951	(Note 3)
Other equity		(32,858)	(10,883)	(32,053)	(167,949)	(24,853)
Treasury stock		(78,184)	(59,182)	(161,278)	(103,164)	(83,400)
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	2,967,148	3,180,635	3,659,693	3,153,363	3,481,222
	After distribution	2,704,471	2,897,182	3,130,163	2,940,964	(Note 3)

Note:1 The above financial information has been verified by CPAs.
Note:2 The above listed assets have not been revalued in the last two years.
Note:3 The profit distribution plan for 2023 has not been approved by the Shareholders' Meeting.

4. Condensed Consolidated Income Statement - Parent Company

Unit: NT$ thousand

Items \ Year	Financial summary for the last five years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	2,315,605	2,612,754	3,590,255	2,771,368	2,456,755
Operating gross profit	570,375	659,777	1,091,240	867,225	605,891
Operation profit and loss	62,422	130,823	456,921	349,838	87,063
Non-operating income and expenses	304,220	227,471	366,889	(153,404)	149,014
Net Profit Before Tax	366,642	358,294	823,810	196,434	236,077
Net income from continuing operations	325,465	340,929	750,940	146,771	209,240
Loss from discontinued operations	-	-	-	-	-
Net income	325,465	340,929	750,940	146,771	209,240
Other comprehensive income (after tax)	10,559	115,962	91,179	(211,156)	113,299
Total comprehensive income	336,024	456,891	842,119	(64,385)	322,539
Net income attributable to owners of the parent company	-	-	-	-	-
Net income attributable to non-controlling interests	-	-	-	-	-
Total consolidated profit or loss attributable to owners of the parent company	-	-	-	-	-
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share	1.84	1.94	4.25	0.83	1.18

Note:1 The above financial information has been verified by CPAs.

(III) CPA's opinion for the last five years

Year	Name of CPA	Name of CPA	Audit opinion
2019	Minghui Chen	Tung-Hui Yeh	Unqualified opinion
2020	Minghui Chen	Tung-Hui Yeh	Unqualified opinion
2021	Minghui Chen	Tung-Hui Yeh	Unqualified opinion
2022	Pan-Fa Wang	Cheng-Chih Lin	Unqualified opinion
2023	Cheng-Chih Lin	Pan-Fa Wang	Unqualified opinion

II. Analysis of Financial Ratios for the Last Five Fiscal Years

1. Financial Analysis - International Financial Reporting Standards - Consolidated

Item	Year	Financial analysis for the Last Five Fiscal Years (Note 1)				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt ratio	21.83	26.04	30.30	37.17	30.73
	Ratio of long-term funds to real estate, plants and equipment	1,128.16	1,107.44	1,247.60	1,036.33	1,514.89
Solvency %	Current ratio	493.28	385.39	324.58	215.2	781.92
	Quick ratio	438.4	343.64	272.07	134.33	629.18
	Times interest earned	117.85	62.84	182.68	11.85	9.95
Operation capacity	Average collection turnover (times)	3.22	3.32	3.51	2.95	3.35
	Days sales outstanding	113	110	104	124	109
	Average inventory turnover (times)	4.54	5.13	4.29	1.74	1.77
	Average payable turnover (times)	6	6.03	5.61	5.08	8.85
	Average inventory turnover days	80	71	85	210	206
	Property, plant and equipment turnover (times)	9.64	9.16	12.04	9.22	9.05
	Total assets turnover (times)	0.61	0.65	0.75	0.51	0.49
Profitability	Return on total assets (%)	8.6	8.53	15.78	2.1	3.84
	Return on equity (%)	11.12	11.1	21.97	3.17	6.24
	Ratio of net profit before tax to paid-in capital (%) (Note 7)	20.61	20.35	46.49	7.84	12.72
	Net profit (loss) ratio (%)	14.04	13.03	20.86	3.73	7.18
	Earnings (loss) per share (NT$)	1.84	1.94	4.25	0.83	1.18
Cash flow	Cash flow ratio (%)	26.34	-1.58	13.13	-14.19	148.71
	Cash flow adequacy ratio (%)	50.46	38.52	33.42	10.4	32.02
	Cash reinvestment ratio (%)	0.18	-7.74	-2.12	-21.33	11.79
Leverage	Operating leverage	10.23	5.19	2.41	3.43	18.29
	Financial leverage	1.06	1.05	1.01	1.06	2.53

Please explain the reasons for the changes in financial ratios in the last two years. (If the change is less than 20%, no need for analysis)

1. Increase in long-term funds to fixed assets ratio: The increase in the long-term funds to fixed assets ratio in 2023 was attributed to the issuance of convertible corporate bonds, resulting in an increase in long-term funds.
2. Increase in current and quick ratio: The increase in the current and quick ratio in 2023 was due to a decrease in short-term borrowings, leading to a reduction in current liabilities.
3. Increase in accounts payable turnover ratio (times): The increase in the accounts payable turnover ratio in 2023 was a result of a decrease in average accounts payable.
4. Increase in return on assets and equities: The increase in the return on assets and equity in 2023 was attributed to the increase in net profit due to the rise in net gains from financial assets in operating income.
5. Increase in ratio of net profit before tax to paid-in capital : The increase in the ratio of net profit before tax to paid-in capital in 2023 was attributed to the rise in net profit due to the increase in net gains from financial assets in operating income.
6. Increase in net profit ratio and earnings per share: The increase in the net profit ratio and earnings per share in 2023 was attributed to the rise in net profit due to the increase in net gains from financial assets in operating income.
7. Increase in cash flow, cash flow adequacy ratio and cash re-investment ratio: It was caused by the increase in net cash inflows from operating activities in 2023.
8. Increase in operating leverage and financial leverage: It was caused by the decrease in operating profit in 2023.

Note:1 The above financial information has been verified by CPAs

Note:2 As of the printing date of the Annual Report, financial information of companies whose shares are listed or traded on the stock exchange shall be analyzed if they have been audited or reviewed by CPAs recently.

2. Financial Analysis - International Financial Reporting Standards - Parent Company

Item	Year	Financial analysis for the Last Five Fiscal Years (Note 1)				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt ratio	21.61	22.06	29.62	38.45	31.38
	Ratio of long-term funds to real estate, plants and equipment	1,129.23	1,110.50	1,264.48	1,058.43	1,545.08
Solvency %	Current ratio	403.02	371.38	275.05	152.28	590.07
	Quick ratio	347.91	318.67	221.23	77.66	435.65
	Times interest earned	118.03	74.60	388.31	18.59	10.40
Operation capacity	Average collection turnover (times)	3.22	3.32	3.52	2.95	3.15
	Days sales outstanding	114	110	104	124	116
	Average inventory turnover (times)	4.61	5.20	4.35	1.78	1.78
	Average payable turnover (times)	6	6.02	5.62	4.85	8.93
	Average inventory turnover days	79	70	84	205	205
	Property, plant and equipment turnover (times)	9.65	9.16	12.1	9.22	8.16
	Total assets turnover (times)	0.61	0.66	0.77	0.54	0.48
Profitability	Return on total assets (%)	8.7	8.77	16.22	3.02	4.50
	Return on equity (%)	11.12	11.09	21.96	4.31	6.31
	Ratio of net profit before tax to paid-in capital (%) (Note 7)	20.6	20.13	46.28	11.03	13.26
	Net profit ratio (%)	14.06	13.05	20.92	5.3	8.52
	Earnings per share (NTD)	1.84	1.94	4.25	0.83	1.18
Cash flow	Cash flow ratio (%)	36.7	-3.3	13.97	-13.69	140.01
	Cash flow adequacy ratio (%)	59.06	45.75	37.52	13.78	29.40
	Cash reinvestment ratio (%)	2.15	-7.9	-1.97	-22.01	8.98
Leverage	Operating leverage	9.22	5	2.4	2.52	7.04
	Financial leverage	1.05	1.04	1	1.03	1.41

Please explain the reasons for the changes in financial ratios in the last two years. (If the change is less than 20%, no need for analysis)

1. Increase in long-term funds to fixed assets ratio: The increase in the long-term funds to fixed assets ratio in 2023 was attributed to the issuance of convertible corporate bonds, resulting in an increase in long-term funds.
2. Increase in current and quick ratio: The increase in the current and quick ratio in 2023 was due to a decrease in short-term borrowings, leading to a reduction in current liabilities.
3. Decrease in times interest earned: It was caused by the increase in interest expense in 2023.
4. Increase in accounts payable turnover ratio (times): The increase in the accounts payable turnover ratio in 2023 was a result of a decrease in average accounts payable.
5. Increase in return on assets and equities: The increase in the return on assets and equity in 2023 was attributed to the increase in net profit due to the rise in net gains from financial assets and investment income recognized using the equity method in operating income.
6. Increase in ratio of net profit before tax to paid-in capital : The increase in the ratio of net profit before tax to paid-in capital in 2023 was attributed to the rise in net profit due to the increase in net gains from financial assets and investment income recognized using the equity method in operating income.
7. Increase in net profit ratio and earnings per share: The increase in the net profit ratio and earnings per share in 2023 was attributed to the rise in net profit due to the increase in net gains from financial assets andinvestment income recognized using the equity method in operating income.
8. Increase in cash flow, cash flow adequacy ratio and cash re-investment ratio: It was caused by the increase in net cash inflows from operating activities in 2023.
9. Increase in operating leverage and financial leverage: It was caused by the decrease in operating profit in 2023.

Note:1 The above financial information has been verified by CPAs

Note:2 As of the printing date of the Annual Report, financial information of companies whose shares are listed or traded on the stock exchange shall be analyzed if they have been audited or reviewed by CPAs recently.

Note:3 The calculation formulas are as follows:

1. Financial structure

(1) Debt to asset ratio＝ Total liabilities/Total assets.

(2) Ratio of long-term funds to real estate, plants and equipment =(Total equity + Non-current liabilities)/Net amount of real estate, plants and equipment

2. Solvency

(1) Current ratio = Current assets/Current liabilities.

(2) Quick ratio = (Current assets – Inventories – Prepaid expenses) / Current liabilities.

(3) Times interest earned = Net profit before income tax and interest / Interest expenses

3. Operation capacity

(1) Average collection (including accounts receivable and notes receivable arising from operations) turnover = Net sales/Balance of average receivables (including accounts receivable and notes receivable arising from operations) for each period.

(2) Days sales outstanding = 365/Average collection turnover.

(3) Average inventory turnover = Cost of goods sold / Average inventory

(4) Average payable (including accounts payable and notes payable arising from operations) turnover = Net sales/Balance of average payable (accounts payable and notes payable arising from operations) for each period.

(5) Days sales outstanding = 365/Average inventory turnover.

(6) Property, plant and equipment turnover = Net operating revenue / Average net property, plant and equipment

(7) Total assets turnover = Net operating revenue / Average total assets

2. Profitability

(1) Return on assets = [Profit and loss after tax + Interest expense x (1- Tax rate)] / Average total assets.

(2) Return on equity = Profit and loss after tax / Average total equity.

(3) Net profit ratio = Profit and loss after tax / Net sales.

(4) Earnings per share = (Profit and loss attributable to owners of parent company - Dividends of preferred shares) / Weighted average number of shares issued. (Note 4)

3. Cash flow

(1) Cash flow ratio = Net cash flow from operating activities / Current liabilities.

(2) Cash flow Adequacy Ratio = Net cash flow from operating activities in the most recent five years / Sum of capital expenditure, increase in inventories, and cash dividends in the most recent five years

(3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross property, plant and equipment + Long-term investments + Other non-current assets + Working capital) (Note 5)

4. Leverage:

(1) Operating leverage = (Net operating revenue - Variable operating costs and expenses) / Operating profit (Note 6).

(2) Financial leverage = Operating profit / (Operating profit - Interest expense).

Note:4 Special attention shall be paid to the following matters when using the formula for earnings per share above:

1. Use the weighted average number of ordinary shares, not the number of shares outstanding at the end of year.

2. In the case of the issuance of common stock for cash or the trading of treasury stock, the weighted-average number of shares shall be calculated by taking into account the period of liquidity of the shares.
3. Shares from capitalization of earnings or capital reserve shall be retrospectively adjusted by the proportion of capital increase when calculating the earnings per share for previous annual and semi-annual periods. The issuance period of the capital increase does not have to be considered.
4. If the preferred shares are non-convertible cumulative ones, the dividends for the current year (whether paid or not) shall be reduced from the net profit after tax or increased by the net loss after tax. If the preferred shares are non-cumulative in nature, where net income is available, preferred stock dividends should be deducted from it. No adjustment is required if net loss is posted by the Company.

Note:5 Cash flow analysis shall be measured with special attention to the following matters:

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 cash outflow from investing activities.
3. Increase in inventories is included only if the balance at the end of period is greater than the balance at the beginning of period. If it is the other way around, the number used should be zero.
4. Cash dividends include cash dividends from common and preferred shares.
5. Gross property, plant and equipment refers to the total value of property, plant and equipment minus accumulated depreciation.

Note:6 The issuer shall classify various operating costs and expenses as fixed and variable by nature. If estimates or subjective judgments are involved, attention should be paid to their rationality and consistency.

Note:7 In the case of shares issued by a company with no par value or a par value other than NT$10 per share, the calculation of the ratio of paid-in capital is changed to the ratio of equity attributable to the owners of the parent company in the balance sheet.

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

Audit Committee's Audit Report

The Board of Directors has prepared and submitted the 2023 Business Report, financial statements, and earnings distribution proposal. The financial statements have been audited by Deloitte, Taiwan, which submitted the Independent Auditors' Report. The Audit Committee has reviewed the aforementioned Business Report, financial statements, and the earnings distribution proposal and did not find any instance of noncompliance. The Audit Committee hereby submits the Audit Report for your review and perusal in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To:

2024 Annual Meeting of Shareholders

Weltrend Semiconductor, Inc.

Audit Committee Convener: Gerald Kuo

February 26, 2024

Independent Auditor's Report

To Weltrend Semiconductor, Inc. and Its Subsidiaries,

Audit opinion

We have reviewed the accompanying consolidated balance sheets of Weltrend Semiconductor, Inc. (the "Company") and its subsidiaries (collectively, the "Group") for the years ended December 31, 2023 and 2022 and the relevant consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended, and relevant notes, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022 and for the years then ended, and its consolidated financial performance and its consolidated cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China, based on our audit results and the audit reports of other certified public accountants (CPAs) (refer to the section of "Other matters").

Basis of audit opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" paragraph of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We are convinced that we have acquired enough and appropriate audit evidence to serve as the basis of audit opinion.

Key audit matters

Key audit matters refer to the most vital matters in our audit of the Group's consolidated financial statements for the year ended December 31, 2023 based on our professional judgment. These matters were addressed in our audit of the consolidated financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters.

Key audit matters of the Group's consolidated financial statements for the year ended December 31, 2023, are stated as follows

Sales revenue recognition

The Group's consolidated operating revenue for 2023 amounted to NT$2,885,560 thousand. Please Notes 4 and 26 to the consolidated financial statements for accounting policies and information on revenue recognition. The Group's operating revenue mainly includes research, development, production, and sales of integrated circuits and sales of foreign brands' integrated circuits as an agent. Due to the large number of sales clients located at home and abroad, we listed the sales revenue which grew compared with the last year and that from specific counterparties as one of the key audit matters.

The main audit procedures we performed for the above matters are as follows

1. Learned about and tested the effectiveness of the main internal control design and implementation for sales revenue.
2. Sampled and checked the receipts and invoices related to sales revenue and the payment status, checked if transaction counterparties existed to verify if the sales really happened, and checked if there is any anomaly in the sales clients and the payment recipients.

Other matters

The Company has also prepared the parent company-only financial statements for the years ended December 31, 2023 and 2022, for which we have issued an audit report, along with an unqualified opinion, for reference.

Responsibilities of the management and the governing bodies for the consolidated financial statements

The management's responsibilities are to prepare the consolidated financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively referred to as "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China and to maintain necessary internal control associated with the preparation in order to ensure that the consolidated financial statements are free from material misstatement arising from fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the ability of the Group in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Group or cease the operations without other viable alternatives.

The Group's governing bodies (including the Audit Committee) are responsible for supervising the financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatement arising from fraud or error and to issue an independent auditors' report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatement may arise from frauds or errors. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the consolidated financial statements, they are considered material.

We have utilized our professional judgment and maintained professional doubt when performing the audit work in accordance with the auditing standards generally accepted in the Republic of China. We also performed the following tasks:

1. Identify and assess the risks of material misstatement arising from fraud or error within the consolidated financial statements; designed and executed countermeasures in response to said risks, and obtained sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error.
2. Obtain an understanding of the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Conclude on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt over the Group’s ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the consolidated financial statements to pay attention to relevant disclosures in said statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's 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 relevant notes), and whether the consolidated financial statements adequately present the relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within the Group, to express an opinion on the consolidated financial statements. We were responsible for guiding, supervising, and performing the audit and forming an audit opinion on the Group.

The matters communicated between us and the governing bodies included the planned scope and times of the audit and material audit findings (including any Significant deficiencies in internal control that we identify during the audit).

We also provide the governing bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence and communicated with them all relations and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governing bodies, we determined the key audit matters for the audit of the Group's consolidated financial statements for the year ended December 31, 2023. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the public disclosure of specific matters, or in extremely rare cases, where we decided not to communicate over specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

The engagement partners on the audits resulting in this independent auditors' report are
Cheng-Chih, Lin and Pan-fa, Wang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 26, 2024

Weltrend Semiconductor, Inc. and Its Subsidiaries

Consolidated Balance Sheet

December 31, 2023 and 2022

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

Code	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4, 6 and 33)	$ 1,242,075	21	$ 708,313	12
1110	Financial assets at fair value through profit or loss - current (Notes 4, 7, 33, and 35)	509,433	9	581,616	10
1120	Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 33)	468,486	8	442,809	7
1136	Financial assets at amortized cost - current (Notes 9 and 33)	277,133	5	167,472	3
1150	Notes receivable (Notes 4, 10 and 33)	13,574	-	25,510	-
1170	Accounts receivable, net (Notes 4, 10, 26 and 33)	923,254	16	758,045	13
1200	Other receivables (Notes 4, 10 and 33)	6,806	-	17,936	-
1220	Current tax assets (Note 28)	11,619	-	-	-
130X	Inventory (Notes 4 and 11)	789,659	13	1,590,085	26
1410	Prepayments (Note 18)	34,003	1	36,302	1
11XX	Total current assets	4,276,042	73	4,328,088	72
	Non-current assets				
1510	Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 33)	80,663	1	71,098	1
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 33)	68,074	1	62,528	1
1535	Financial assets at amortized cost - non-current (Notes 4, 9, 33, and 35)	10,401	-	15,397	-
1600	Property, plant and equipment (Notes 4, 13 and 35)	213,906	4	295,660	5
1755	Right-of-use assets (Notes 4 and 15)	48,314	1	29,442	1
1760	Investment property (Notes 4 and 14)	50,208	1	-	-
1780	Intangible assets (Notes 4, 17 and 31)	641,476	11	718,743	12
1805	Goodwill (Notes 4, 5, 16 and 31)	447,603	8	447,603	8
1840	Deferred tax assets (Notes 4 and 28)	3,718	-	7,449	-
1920	Guarantee deposits paid (Note 33)	6,565	-	6,542	-
1990	Other non-current assets	4,993	-	9,065	-
15XX	Total non-current assets	1,575,921	27	1,663,527	28
1XXX	Total assets	$ 5,851,963	100	$ 5,991,615	100

Code	Liabilities and equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities				
2100	Short-term borrowings (Notes 4, 19, 33 and 35)	$ 150,000	3	$ 1,537,680	26
2120	Financial liabilities at fair value through profit or loss - current (Notes 7, 20, and 33)	110	-	-	-
2150	Notes payable (Notes 4, 21 and 33)	629	-	1,279	-
2170	Accounts payable (Notes 4, 21 and 33)	232,687	4	240,640	4
2206	Remuneration payable to employees and directors and supervisors (Note 27)	51,086	1	49,264	1
2209	Other payables (Notes 4, 22 and 33)	75,064	1	96,113	1
2230	Current tax liabilities (Notes 4 and 28)	844	-	58,513	1
2250	Liabilities - current (Notes 4 and 23)	12,207	-	8,756	-
2280	Lease liabilities - current (Notes 4, 15 and 33)	17,341	-	12,100	-
2300	Other current liabilities (Notes 4, 22 and 26)	6,897	-	6,843	-
21XX	Total current liabilities	546,865	9	2,011,188	33
	Non-current liabilities				
2530	Corporate bonds payable (Notes 20 and 33)	1,041,009	18	-	-
2570	Deferred tax liabilities (Note 4 and 28)	126,466	2	143,352	3
2580	Lease liabilities - non-current (Notes 4, 15 and 33)	31,519	1	17,525	-
2640	Net defined benefit liability - non-current (Notes 4 and 24)	52,285	1	54,895	1
2670	Other non-current liabilities (Notes 22 and 33)	440	-	-	-
25XX	Total non-current liabilities	1,251,719	22	215,772	4
2XXX	Total liabilities	1,798,584	31	2,226,960	37
	Equity attributable to owners of the Company (Notes 4, 20, 25, 29 and 30)				
3110	Common stock	1,780,116	30	1,780,100	30
3200	Capital surplus	266,965	4	69,026	1
	Retained earnings				
3310	Legal reserve	640,592	11	633,441	11
3320	Special reserve	167,949	3	32,053	1
3350	Unappropriated earnings	733,853	12	909,856	15
3300	Total retained earnings	1,542,394	26	1,575,350	27
3400	Other equity	(24,853)	-	(167,949)	(3)
3500	Treasury stock	(83,400)	(1)	(103,164)	(2)
31XX	Total equity attributable to owners of the Parent	3,481,222	59	3,153,363	53
36XX	Non-controlling interests (Notes 4 and 25)	572,157	10	611,292	10
3XXX	Total equity	4,053,379	69	3,764,655	63
	Total liabilities and equity	$ 5,851,963	100	$ 5,991,615	100

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

Weltrend Semiconductor, Inc. and Its Subsidiaries

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2023 and 2022

Unit: Thousands of NTD; except for earnings per share in NTD

		2023		2022	
Code		Amount	%	Amount	%
4000	Operating revenue, net (Notes 4 and 26)	$ 2,885,560	100	$ 2,888,153	100
5000	Operating costs (Notes 4, 11, 24, and 27)	2,103,785	73	2,044,532	71
5900	Operating gross margins	781,775	27	843,621	29
	Operating expenses (Notes 24 and 27)				
6100	Selling expenses	186,078	6	165,477	5
6200	Administrative expenses	109,498	4	96,461	3
6300	Research and Development expenses	444,189	15	338,885	12
6450	Expected credit impairment losses (gain on reversal) (Note 10)	180	-	(646)	-
6000	Total operating expenses	739,945	25	600,177	20
6900	Net operating profits	41,830	2	243,444	9
	Non-operating income and expenses				
7100	Interest income (Notes 4 and 27)	46,260	1	5,992	-
7010	Other income (Notes 4 and 27)	54,286	2	142,465	5
7020	Other profits and losses (Notes 4 and 27)	109,414	4	(239,481)	(8)
7050	Financial costs (Note 27)	(25,304)	(1)	(12,864)	(1)
7000	Total non-operating income and expenses	184,656	6	(103,888)	(4)
7900	Net profit before taxation	226,486	8	139,556	5
7950	Income tax expense (Notes 4 and 28)	19,400	1	31,686	1
8200	Net income for the year	207,086	7	107,870	4

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Code		2023 Amount	2023 %	2022 Amount	2022 %
	Other comprehensive income				
8310	Items not reclassified to profit or loss:				
8311	Remeasurement of defined benefit plans	($ 604)	-	$ 11,692	-
8316	Unrealized gains or losses on investment in equity instruments at fair value through other comprehensive income	114,721	4	(223,648)	(8)
8349	Income tax related to items not reclassified	6	-	(172)	-
8360	Items that may subsequently be reclassified to profit or loss:				
8361	Exchange differences on the translation of financial statements of foreign operations	(411)	-	372	-
8300	Other comprehensive income for the year	113,712	4	(211,756)	(8)
8500	Total comprehensive income for the year	$ 320,798	11	($ 103,886)	(4)
	Net profits (losses) attributable to:				
8610	Owners of the parent	$ 209,240	7	$ 146,771	5
8620	Non-controlling interests	(2,154)	-	(38,901)	(1)
8600		$ 207,086	7	$ 107,870	4
	Comprehensive income attributable to:				
8710	Owners of the parent	$ 322,539	11	($ 64,385)	(2)
8720	Non-controlling interests	(1,741)	-	(39,501)	(2)
8700		$ 320,798	11	($ 103,886)	(4)
	Earnings per share (Note 29)				
9750	Basic	$ 1.18		$ 0.83	
9850	Diluted	$ 1.17		$ 0.83	

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

Weltrend Semiconductor, Inc. and Its Subsidiaries
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2023 and 2022

Unit: NT$ thousand

		Equity attributable to owners of the Parent											
		Common stock			Retained earnings			Other equity					
Code		Number of shares (in thousands)	Amount	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on the translation of financial statements of foreign operations	Unrealized gain or loss on financial assets measured at fair value through other comprehensive income	Treasury stock	Total	Non-controlling interests	Total equity
A1	Balance at January 1, 2022	178,010	$ 1,780,100	$ 39,555	$ 547,112	$ 10,883	$ 1,475,374	($ 1,943)	($ 30,110)	($ 161,278)	$ 3,659,693	$ 6,414	$ 3,666,107
	Earnings distribution for 2021												
B1	Legal reserve	-	-	-	86,329	-	(86,329)	-	-	-	-	-	-
B3	Special reserve	-	-	-	-	21,170	(21,170)	-	-	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	-	(529,530)	-	-	-	(529,530)	-	(529,530)
D1	Net income for 2022	-	-	-	-	-	146,771	-	-	-	146,771	(38,901)	107,870
D3	Other comprehensive income for 2022	-	-	-	-	-	11,183	372	(222,711)	-	(211,156)	(600)	(211,756)
D5	Total comprehensive income for 2022	-	-	-	-	-	157,954	372	(222,711)	-	(64,385)	(39,501)	(103,886)
F3	Transfer of treasury shares	-	-	29,471	-	-	-	-	-	58,114	87,585	13	87,598
O1	Cash dividends from non-controlling interests	-	-	-	-	-	-	-	-	-	-	(283)	(283)
O1	Acquisition of increased non-controlling interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	642,824	642,824
O1	Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	1,825	1,825
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(86,443)	-	86,443	-	-	-	-
Z1	Balance at December 31, 2022	178,010	1,780,100	69,026	633,441	32,053	909,856	(1,571)	(166,378)	(103,164)	3,153,363	611,292	3,764,655
	Earnings distribution for 2022												
B1	Legal reserve	-	-	-	7,151	-	(7,151)	-	-	-	-	-	-
B3	Special reserve	-	-	-	-	135,896	(135,896)	-	-	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	-	(212,399)	-	-	-	(212,399)	-	(212,399)
	Other changes in capital surplus:												
C5	Convertible corporate bonds issued and recognized in components of equity	-	-	193,693	-	-	-	-	-	-	193,693	-	193,693
D1	Net income for 2023	-	-	-	-	-	209,240	-	-	-	209,240	(2,154)	207,086
D3	Other comprehensive income for 2023	-	-	-	-	-	(587)	(411)	114,297	-	113,299	413	113,712
D5	Total comprehensive income for 2023	-	-	-	-	-	208,653	(411)	114,297	-	322,539	(1,741)	320,798
F3	Transfer of treasury shares	-	-	4,168	-	-	-	-	-	19,764	23,932	2	23,934
I1	Convertible corporate bond conversion	1	16	78	-	-	-	-	-	-	94	-	94
O1	Cash dividends from non-controlling interests	-	-	-	-	-	-	-	-	-	-	(39,140)	(39,140)
O1	Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	1,744	1,744
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(29,210)	-	29,210	-	-	-	-
Z1	Balance at December 31, 2023	178,011	$ 1,780,116	$ 266,965	$ 640,592	$ 167,949	$ 733,853	($ 1,982)	($ 22,871)	($ 83,400)	$ 3,481,222	$ 572,157	$ 4,053,379

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

Weltrend Semiconductor, Inc. and Its Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

Unit: NT$ thousand

Code		2023	2022
	Cash flows from operating activities		
A10000	Net income before tax for 2023	$ 226,486	$ 139,556
A20010	Income and expense items that do not affect cash flow:		
A20100	Depreciation expenses	71,001	68,046
A20200	Amortization expenses	112,581	46,575
A20300	Expected credit impairment losses (gains on reversal)	180	(646)
A20400	Net loss (gain) on financial assets at fair value through profit or loss	(110,449)	290,568
A20900	Financial costs	25,304	12,864
A21200	Interest income	(46,260)	(5,992)
A21300	Dividend income	(51,958)	(136,950)
A21900	Cost of remuneration for employee stock options	5,914	31,309
A22500	Gain on disposal of property, plant and equipment	-	(85)
A23700	Losses for market price decline and obsolete inventory	93,252	49,367
A24100	Foreign exchange losses (gains) – net	10,996	(99,197)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	11,939	1,059
A31150	Accounts receivable	(168,368)	619,848
A31180	Other receivables	5,736	9,553
A31200	Inventory	707,174	(652,019)
A31230	Prepayments	6,371	(1,996)
A32130	Notes payable	(650)	(1,141)
A32150	Accounts payable	(8,226)	(415,719)
A32990	Remuneration payable to employees and directors and supervisors	1,822	(123,825)
A32180	Other payables	(3,882)	14,406
A32200	Provisions	3,451	(448)
A32230	Other current liabilities	54	2,182
A32240	Net defined benefit liability	(3,220)	(9,195)
A33000	Cash inflow (outflow) from operations	889,248	(161,880)
A33100	Interest received	44,652	6,374
A33300	Interests paid	(18,830)	(12,867)
A33500	Income tax paid	(101,842)	(116,991)
AAAA	Net cash inflow (outflow) from operating activities	813,228	(285,364)

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Code		2023	2022
	Cash flows from investing activities		
B00010	Acquisition of financial assets measured at fair value through other comprehensive income	($ 463,153)	($ 988,781)
B00020	Sale of financial assets at fair value through other comprehensive income	559,860	913,993
B00040	Acquisition of financial assets at amortized cost	(457,379)	(126,161)
B00050	Disposal of financial assets at amortized cost	352,714	191,385
B00100	Acquisition of financial assets at fair value through profit or loss	(332,688)	(899,886)
B00200	Sale of financial assets at fair value through profit or loss	481,572	1,165,690
B02200	Acquisition of subsidiary (net of cash acquired)	-	(900,390)
B02700	Purchase of property, plant, and equipment	(18,678)	(34,137)
B02800	Proceeds from disposal of property, plant and equipment	-	95
B03700	Increase in refundable deposits	(23)	(191)
B04500	Acquisition of intangible assets	(35,314)	(21,354)
B07600	Dividend received	52,527	136,387
BBBB	Net cash inflow (outflow) from investing activities	139,438	(563,350)
	Cash flows from financing activities		
C00100	Increase (decrease) in short-term borrowings	(1,387,680)	972,375
C01200	Convertible corporate bonds issued	1,228,652	-
C03000	Increase in guarantee deposits received	440	-
C04200	Principal repayment of lease liabilities	(20,360)	(16,055)
C04500	Cash dividends paid	(212,399)	(529,530)
C04900	Purchase of treasury shares	-	(36,735)
C05000	Price of disposal of treasury shares	19,764	58,114
C05800	Cash dividends paid to non-controlling interests	(39,140)	(283)
CCCC	Net cash inflow (outflow) from financing activities	(410,723)	447,886
DDDD	Impact of changes in exchange rate on cash and cash equivalents	(8,181)	31,539
EEEE	Net (decrease) increase in cash and cash equivalents for 2023	533,762	(369,289)
E00100	Opening balance of cash and cash equivalents	708,313	1,077,602
E00200	Ending balance of cash and cash equivalents	$ 1,242,075	$ 708,313

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

Weltrend Semiconductor, Inc. and Its Subsidiaries
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2023 and 2022
(In thousand NTD, unless otherwise specified)

1. Company History

Weltrend Semiconductor, Inc. (the "Company") was incorporated in Hsinchu Science Park in July 1989 and entered operations in September of the same year, mainly engaging in research, development, production, testing, and sales of digital and analog hybrid special application integrated circuits, as well as digital and analog integrated circuits.

The Company's stock has been listed on the Taiwan Stock Exchange Corporation (TWSE) since September 2000.

The consolidated financial statements are presented in the Company's functional currency – New Taiwan dollar.

2. Date and Procedures for Approval of Financial Statements

The consolidated financial statements were approved by the Board of Directors on February 26, 2024.

3. Application of New and Revised Standards and Interpretation

(1) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The application of the amended IFRSs endorsed and issued into effect by the FSC does not have material impact on the accounting policies of the Company and subsidiaries of the Company (hereinafter collectively referred to as the "Group").

(2) Application of IFRSs endorsed by FSC in 2024

The new/amended/revised standards or interpretation	Effective date issued by the International Accounting Standards Board (IASB) (Note 1)
Amendments to IFRS 16, "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS7 and IFRS7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless otherwise stated, the aforementioned new/amended/revised standards or interpretations are effective for annual reporting periods beginning after the respective dates.

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

Note 3: When the amendments apply for the first time, some requirements for disclosure are exempted.

By the time the consolidated financial statements were approved to be released, the Group confirmed that the amendments to other standards and interpretations would not cause a material impact on its financial position and financial performance.

(3) The IFRSs released by the IASB but not yet endorsed and issued into effect by the FSC

The new/amended/revised standards or interpretation	Effective date of IASB publication (Note 1)
Amendment to IFRS 10 and IAS 28, “Sale or Contribution of Assets between an Investor and its Affiliate or Joint Venture.”	Undecided
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless otherwise stated, the aforementioned new/amended/revised standards or interpretations are effective for annual reporting periods beginning after the respective dates.

Note 2: The amendments apply to the annual reporting periods beginning on or after January 1, 2025. When the amendments apply for the first time, the effects will be recognized in retained earnings on the first application date. When the Company adopts a non-functional currency as the presentation currency, the effects will be reclassified as the exchange differences arising from the translation of the financial statements of foreign operations under equity on the first-time application date.

As of the date of approving the consolidated financial statements for release, the Group had continued to evaluate the effect of the amendments to the above standards and interpretations on its financial position and financial performance, and the relevant effects will be disclosed when the evaluation is completed.

4. Summary of Significant Accounting Policies

(1) Compliance Statement

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

(2) Basis of preparation

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

The evaluation of fair value could be classified into Level 1 to Level 3 by the observable intensity and importance of the related input value:

1. Level 1 input value: refers to the quotation of the same asset or liability in an active market as of the evaluation (before adjustment).
2. Level 2 input value: refers to the direct (the price) or indirect (inference of price) observable input value of asset or liability further to the quotation of Level 1.
3. Level 3 input value: the unobservable input value of asset or liability.

(3) Criteria for classification of current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities due to be settled within 12 months after the balance sheet date; and
3. Liabilities with a repayment deadline that cannot be unconditionally deferred for at least 12 months after the balance sheet date.

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

(4) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and entities controlled by the Company (subsidiaries). The subsidiaries' financial statements have been properly adjusted to make the accounting policies consistent with the accounting policies of the Group. In preparing the consolidated financial statements, all inter-company transactions, account balances, gains and losses have been eliminated. The total comprehensive income of the subsidiaries is attributable to owners of the parent and non-controlling interests, even if the non-controlling interests become a loss balance as a result.

See Note 12 and Tables 3 and 4 for more information on subsidiaries' statements shareholding ratios, and main business.

(5) Business combination

Business combination is handled in an acquisition method. Acquisition-related costs are recognized in expenses in the period in which the costs are incurred and the services are obtained.

Goodwill is measured with the sum of the fair value of the consideration for the transfer and the fair value of the equity in the acquiree previously held by the acquirer at the acquisition date, less the net amount of identifiable assets acquired and liabilities assumed at the acquisition date.

(6) Foreign currency

When each entity of the Group prepares financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are converted into the functional currency at the exchange rate prevailing on the transaction date.

On each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the rates of exchange prevailing on the transaction dates and are not retranslated.

When the consolidated financial statements are prepared, the assets and liabilities of foreign operations (including subsidiaries operating in a country or using a currency different from that of the Company) were translated into New Taiwan dollars (NTD) at the exchange rate prevailing on each balance sheet date. Income and expense items are translated at the year's average exchange rate, and the resulting exchange differences are recognized in other comprehensive income.

(7) Inventory

Inventory includes raw materials, work in process, finished goods, and merchandise. The value of inventory shall be determined based on the cost or net realizable value, whichever is lower. The comparison of the cost and net realizable value is based on individual items except for inventory of the same category. The net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. The cost of inventories is calculated using the weighted average method.

(8) Property, plant, and equipment

Property, plant and equipment are recognized at cost and subsequently measured at cost, less accumulated depreciation.

Except for self-owned land, property, plant and equipment are depreciated on a straight-line basis over their useful lives. Each significant part is depreciated separately. The Group conducts at least an annual review at the end of each year to assess the estimated useful life, residual value, and depreciation methods, and apply the effects of changes in accounting estimates prospectively.

When property, plant and equipment are derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(9) Investment property

Investment property is held to earn rentals or for capital appreciation or both, and it also includes land held for which the future use has not yet been determined.

Self-owned investment property is initially measured at cost (including transaction cost) and subsequently measured at fair value. Changes in fair value are recognized in profit or loss in the period in which they occur.

When property, plant and equipment is reclassified as investment property, the difference between the original book value and fair value is recognized in other comprehensive income and accumulated under the revaluation increase in equity, and is directly transferred to retained earnings when the asset is derecognized.

When investment property is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(10) Goodwill

The cost of goodwill from business combination is the amount of goodwill recognized at the acquisition date and is subsequently measured at cost less accumulated impairment losses.

To test impairment, goodwill is allocated among each cash generating unit or a group of cash generating units (collectively "CGUs"), which is expected to benefit from the synergies of the combination.

The carrying amount and recoverable amount of the CGUs to which goodwill is allocated will be compared every year and whenever there are signs of impairment to test the impairment of the units. If the goodwill allocated to CGUs was obtained from a business combination in the year, the CGUs should be tested for impairment before the end of the year. If the recoverable amount of CGUs to which goodwill is allocated is lower than its carrying amount, the impairment loss is first deducted from the carrying amount of the goodwill of said CGUs. Next, the carrying amount of other assets within said CGUs is deducted from the carrying amount of the goodwill of said CGUs in proportion to the carrying amount of each asset. Any impairment loss is recognized in loss in the current year. Impairment loss of goodwill shall not be reversed subsequently.

(11) Intangible assets

1. Acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost, less accumulated amortization. Intangible assets are amortized using straight-line method over the useful lives. The Company conducts at least one annual review at the end of each year to assess the estimated useful life, residual value, and amortization methods, while applying the effects of changes in accounting estimates prospectively.

2. Acquisition through business combination

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

3. Derecognition

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

(12) Impairment of property, plant and equipment, right-of-use assets, and intangible assets

The Group assesses if there are any signs of possible impairment of property, plant, and equipment as well as right-of-use assets, and intangible assets at each balance sheet date. If there is any sign of impairment, an estimate is made of its recoverable amount. If it is not possible to determine the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs.

The recoverable amount is the fair value less cost of sales or its value in use, whichever is higher. If the recoverable amount of an individual asset or a CGU is lower than its carrying amount, the carrying amount is reduced to the recoverable amount, and the impairment loss is recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or the CGU is increased to the revised recoverable amount, provided that the increased carrying amount shall not exceed the carrying amount (less amortization or depreciation) of the asset or the CGU, which was not recognized in impairment loss in prior years. The reversal of the impairment loss is recognized in profit or loss.

(13) Financial instruments

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

Financial assets and financial liabilities not at fair value through profit or loss are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss is immediately recognized in profit or loss.

1. Financial assets

Regular trading of financial assets is recognized and derecognized in accordance with trade date accounting.

(1) Measurement types

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

A. Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss are those mandatorily measured at fair value through profit or loss and those designated as at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include investments in equity instruments that are not designated by the Group to be measured at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are measured at fair value, and the dividend, interest income, and gains or losses arising from remeasurement are recognized in profit or loss. Please refer to Note 31 for the method of determining fair values.

B. Financial assets at amortized cost

If the Group invests in financial assets in alignment with both of the following two criteria, such assets are classified as financial assets measured by amortized cost:

a. Held under a certain business model, of which the objective is to collect contractual cash flows by holding the financial assets; and
b. The cash flows on specific dates specified in the contractual terms are solely payments of the principal and interest on the principal amount outstanding.

Such assets (including cash and cash equivalents, notes receivable at amortized cost, accounts receivable, other receivables, and pledged time deposits) are measured at the amortized cost of the total carrying amount determined by the effective interest method less any impairment loss after initial recognition; and any foreign currency exchange gains or losses are recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of financial assets:

Cash equivalents include time deposits, highly liquid and readily convertible into a fixed amount of cash at any time while featuring little risk of value changes, which are used to meet short-term cash commitments.

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

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

Investments in equity instruments at fair value through other comprehensive income are measured at fair value with the subsequent movements in the fair value recognized in other comprehensive income and accumulated in other equity. Upon the disposal of an investment, the cumulative profit or loss is directly reclassified to retained earnings and is not reclassified to profit or loss.

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

(2) Impairment of financial assets

The Group assesses the impairment loss of financial assets at amortized cost (including accounts receivable) based on the expected credit loss at each balance sheet date.

An allowance for losses on accounts receivable is recognized based on expected credit loss over the duration of the receivables. Other financial assets are first assessed based on whether the credit risk has increased significantly since the initial recognition. If there is no significant increase in the risk, the impairment is recognized in allowance for losses in an amount equal to 12-month expected credit loss. If the risks have increased significantly, the impairment is recognized in allowance for losses at an amount equal to lifetime expected credit loss.

The expected credit loss refers to the weighted average credit loss with the risk of default as the weight. The 12-month expected credit loss represents the expected credit loss from possible defaults of a financial instrument within 12 months after the reporting date. The lifetime expected credit loss represents the expected credit loss from all possible defaults in a financial instrument over the expected life of a financial instrument.

All impairment losses on financial assets are reduced to their carrying amounts through an allowance account for losses.

(3) Derecognition of financial assets

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

Upon derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the consideration received is recognized in profit or loss. When an investment in equity instruments at fair value through other comprehensive income is derecognized in its entirety, the cumulative profit or loss is transferred directly to retained earnings and not reclassified to profit or loss.

2. Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or equity as per the substance of the contractual arrangements and the definitions of financial liabilities and equity instruments.

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

The repurchase of the Group's own equity instruments is recognized in and deducted directly from equity. The carrying amounts are calculated based on the weighted average of each stock type and calculated separately based on the reasons for the repurchase. The purchase, sale, issuance, or cancellation of the Group's own equity instruments is not recognized in profit or loss.

3. Financial liabilities

(1) Subsequent measurement

All the Group's financial liabilities are measured at amortized cost in the effective interest method.

(2) Derecognition of financial liabilities

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

4. Convertible corporate bonds

The components of the compound financial instruments (convertible corporate bonds) issued by the Group are classified as financial liabilities and equity, respectively, at the time of initial recognition based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

At the time of initial recognition, the fair value of a liability component is estimated at the real-time market interest rate for similar non-convertible instruments and measured at amortized cost using the effective interest method before conversion or the maturity date. Liability components that are embedded non-equity derivatives are measured at fair value.

The right to convert bonds classified as equity is equal to the remaining amount of the total fair value of the compound instruments, less the separately determined fair value of each liability component, which is recognized as equity after the effect of income tax is deducted and is not subsequently measured. When the right to convert bonds is exercised, its components of liabilities and the amount of equity will be reclassified as share capital and capital surplus - stock issuance premium. If the right to convert the convertible corporate bonds has not been exercised on the maturity date, the amount recognized in equity will be reclassified as capital surplus - stock issuance premium.

The transaction costs related to the convertible corporate bonds issued are allocated to the components of liabilities (included in the carrying amounts of liabilities) and components of equity (included in equity) of the instruments in proportion to the total price.

(14) Provisions

The amount recognized in provisions is based on the risk and uncertainty of the obligation, and is the best estimate of the expenditure required to settle the obligation on the balance sheet date. The provisions are measured at the discounted value of the estimated cash flows to settle the obligations.

(15) Revenue recognition

After the Group identifies its performance obligations in contracts with clients, it allocates the transaction costs to each obligation in the contracts and recognizes revenue upon completion of performance obligations.

Merchandise sales revenue

The merchandise sales revenue is from the sales of integrated circuits (ICs). As the merchandise arrives at/is delivered to the location designated by a client based on different transaction terms, the client has the right to set the price and use the merchandise and assume the main responsibility for reselling the merchandise, while bearing the risk of obsolescence of the merchandise, upon which the Group recognizes it in revenue and accounts receivable. Advance receipts from the merchandise sales are recognized in contract liabilities before the merchandise is delivered.

(16) Leasing

The Group assesses whether a contract belongs to (or contains) a lease on the date of establishment of the contract.

1. The Group as a lessor

Where almost all the risks and rewards attached to the ownership of an asset are transferred to the lessee in lease terms, such leases are classified as finance leases. All other leases are classified as operating leases.

When the Group subleases the right-of-use assets, the right-of-use assets (not the asset itself) are used to determine the classification of the sublease. However, if the main lease is a short-term lease for which the recognition exemption applies to the Group, the sublease is classified as an operating lease.

Under finance leases, lease payments include fixed payments. The net lease investment is measured at the lease receivables and presented as financial lease receivables. Finance income is allocated to each accounting period to reflect the fixed rate of return on the Group's net investment in a lease that has not expired in each period.

Under operating leases, lease payments, less lease incentives, are recognized in income on a straight-line basis over the relevant lease terms.

2. The Group as a lessee

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

The right-of-use assets are initially measured at cost (including the initially measured amount of the lease liability) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, and the remeasurement of the lease liability is adjusted. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the end of the useful life or the end of the lease term, whichever is earlier.

The lease liability is initially measured at the present value of the lease payment (including fixed payments). If the interest rate implicit in a lease can be easily determined, the lease payment is discounted at such an interest rate. If the interest rate cannot be easily determined, the lessee's incremental borrowing rate applies.

Subsequently, lease liabilities are measured at the amortized cost using the effective interest rate method, and interest expense is amortized over the lease term. If changes during the lease term or the index or rate used to determine lease payments lead to changes in future lease payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets has been reduced to zero, the remaining remeasurement amount is recognized in profit or loss. For lease modifications that are not treated as a separate lease, remeasurement of the lease liabilities due to the reduced scope of the lease is to reduce the right-of-use assets and to account for the profit or loss on the partial or full termination of the lease; the remeasurement of the lease liabilities due to other modifications is to adjust the right-of-use assets. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The variable rent in a lease arrangement that is not dependent on the index or rate is recognized in income in the period, in which it is incurred.

(17) Borrowing costs

Borrowing costs are recognized in profit or loss in the year, in which they are incurred.

(18) Employee benefits

1. Short-term employee benefits

Relevant liabilities for short-term employee benefits are measured by the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

For pension under the defined contribution plan, the amount of pension contributed is recognized in expenses during employees' service period.

The defined benefit cost under the defined benefit pension plan (including service cost, net interest, and remeasurement) is calculated based on the projected unit credit method. Current service costs and net interest on net defined benefit liabilities are recognized in employee benefit expenses when incurred. The remeasurement (including actuarial gains and losses and plan asset remuneration net of interest) is recognized in other comprehensive income and listed in retained earnings when it occurs, and will not be reclassified to profit or loss after the balance sheet date.

The net defined benefit liabilities are the deficit of the defined benefit pension plan.

(19) Share-based payment agreement - employee stock options

Employee stock options and restricted stock awards are recognized in expenses at the fair values of the equity instruments on the grant date and the best estimate of the number of equity instruments that will vest during the vesting period on a straight-line basis, while “capital surplus - employee stock options and other equity” is adjusted accordingly (unearned employee compensation). If it is immediately vested on the grant date, the full amount is recognized in expenses on the grant date. The Group transfers treasury shares to employees, and the date of approval by the Board of Directors is adopted as the grant date.

When the Group issues restricted stock awards, it recognizes them in other equity (unearned employee compensation) on the grant date, while “capital surplus - restricted stock awards” is adjusted accordingly.

On each balance sheet date, the Group revises the estimated number of employee stock options and restricted stock awards that are expected to be vested. In the case of a revision to the original estimated number, the effect is recognized in profit or loss, so that the cumulative expenses can reflect the revised estimate, while “capital surplus - employee stock options” and “capital surplus - restricted stock awards” are adjusted accordingly.

(20) Income tax

Income tax expense is the sum of the current income tax and deferred income tax.

1. Income tax expenses in the current period

The Group determines the current income (loss) in accordance with the laws and regulations formulated by the authority in the jurisdiction to which an income tax turn should be filed and calculates the payable (recoverable) income tax accordingly.

A surtax is imposed on the undistributed earnings pursuant to the Income Tax Act of R.O.C. is recognized via the resolution at the annual shareholders' meeting.

Adjustment to income tax payable from prior years are recognized in the current income tax.

2. Deferred tax

Deferred tax is calculated based on the temporary differences between the carrying amount of assets and liabilities and the corresponding tax bases used in the computation of taxable income.

All taxable temporary differences are generally in deferred tax liabilities, and deferred tax assets are accounted for when there are likely to be taxable income to deduct temporary differences and research and development expenses.

Taxable temporary differences associated with investments in subsidiaries are recognized in deferred liabilities, except where the Group is able to control the reversal of the temporary difference and it is probable that said temporary difference will not be reversed in the foreseeable future. The deductible temporary differences related to said investments are recognized as deferred income tax only if it is probable that there will be sufficient taxable income against which to utilize the benefits of the temporary differences, and they are expected to be reversed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at each balance sheet date, and its carrying amount will be increased as it has become probable that future taxable income will allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates in the period in which the liabilities are expected to be settled or assets realized, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would ensue in a manner expected by the Group at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred tax

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

5. Significant Accounting Judgments and Estimations, and Main Sources of Assumption Uncertainties

When the Group adopts accounting policies, the Group’s management is required to make judgments, estimates and assumptions that are based on historical experience and other factors that are not readily apparent from other sources Actual results may differ from the estimates.

The Group, when developing significant accounting estimates, has included inflation and market interest rate fluctuations in the estimation of cash flows, growth rates, discount rates, and profitability. The management team will continue to review such estimates and underlying assumptions. If a revision of an estimate affects only the current period, it is recognized in the period in which it is revised. If a revision of an accounting estimate affects both the current and future periods, it is recognized in the period in which it is revised and in the future periods.

Key Sources of Uncertainty over Estimation and Assumptions

(1) Impairment of inventory

The net realizable value of inventory is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. Such estimates are made based on the real-time market conditions and historical sales of similar products, and changes in such market conditions may significantly affect the results of such estimates.

(2) Impairment of estimated goodwill

When if goodwill is impaired is determined, it is necessary to estimate the value in use of the CGUs, to which the goodwill is apportioned. To calculate value in use, the management should estimate the future cash flows expected to be generated from the CGUs and determine an appropriate discount rate to calculate the present value. If the cash flow is less than expected, or if a change in the fact and situation causes a downward revision of the future cash flow or upward revision of the discount rate, significant impairment losses may occur.

As of December 31, 2023, the carrying amount of goodwill was NT$447,603 thousand. Please refer to Note 16.

6. Cash and Cash Equivalents

	December 31, 2023	December 31, 2022
Cash on hand and working capital	$ 345	$ 676
Bank checking accounts and demand deposits	397,424	442,670
Cash equivalent		
Bank time deposits	695,273	158,393
Commercial paper	118,333	106,574
Repurchase agreements collateralized by bonds	30,700	-
	$ 1,242,075	$ 708,313

The interest rate ranges of bank deposits at the balance sheet date are as follows:

	December 31, 2023	December 31, 2022
Cash in banks	0.001%~1.450%	0.005%~1.050%
Time deposits	1.155%~5.650%	0.850%~4.800%
Repurchase agreements collateralized by bonds	5.550%	-

7. Financial Instruments Measured at Fair Value Through Profit or Loss

	December 31, 2023	December 31, 2022
Financial assets – current		
Measured at fair values through profit and/or loss		
Non-derivative financial assets		
- Domestic listed stocks	$335,314	$569,131
- Fund beneficiary certificates	174,119	12,485
	$509,433	$581,616

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	December 31, 2023	December 31, 2022
Financial assets – non-current		
Measured at fair values through profit and/or loss		
Non-derivative financial assets		
- Privately offered funds	$ 80,212	$ 71,098
Domestic unlisted stocks	451	-
	$ 80,663	$ 71,098
Financial liabilities-current		
Held for trading		
Derivatives (not designated as hedging)		
- Value of right to redeem convertible corporate bonds (Note 20)	$ 110	$ -

Please refer to Note 35 for information on investments in financial instruments at fair value through profit or loss pledged.

8. Financial assets measured at fair value through other comprehensive income

Equity investment

	December 31, 2023	December 31, 2022
Current		
Domestic Investment		
Listed stocks	$468,486	$442,809
Non-current		
Domestic Investment		
Non-listed stocks	$ 38,189	$ 32,633
Foreign investment		
Non-listed stocks	29,885	29,895
	$ 68,074	$ 62,528

The Group invests in domestic companies' ordinary shares for medium- and long-term strategic purposes and expects to make profits in the long-term. The management of the Group holds that the short-term fluctuation in the fair value of these investments shall be recognized as income or loss and is not congruent with the aforementioned long-term investment plan; therefore, they chose to designate these investments as financial assets measured at fair value through other comprehensive income.

9. Financial assets at amortized cost

	December 31, 2023	December 31, 2022
Current		
Time deposits with the initial duration of more than 3 months	$238,441	$152,030
Commercial paper	38,692	15,442
	$277,133	$167,472
Non-current		
Domestic Investment		
Certificates of deposit pledged	$ 10,401	$ 15,397

(1) As of December 31, 2023 and 2022, the interest rate ranges of time deposits with the initial duration of more than three months, commercial paper, and certificate of deposit pledged are as follows:

	December 31, 2023	December 31, 2022
Time deposits with the initial duration of more than 3 months	1.575%~5.500%	1.070%~4.800%
Commercial paper	5.550%~5.600%	3.200%
Certificates of deposit pledged	1.450%~1.575%	1.025%~1.450%

(2) Please refer to Note 33 for information on credit risk management and impairment assessment related to financial assets measured at amortized cost.

(3) Please refer to Note 35 for information on financial assets measured at amortized cost pledged.

10. Notes receivable, accounts receivable and other receivables

	December 31, 2023	December 31, 2022
Notes receivable		
From operations		
Total book value	$ 13,580	$ 25,519
Less: Allowance for losses	(6)	(9)
	$ 13,574	$ 25,510
Accounts receivable		
Measured at amortized cost		
Total book value	$923,709	$758,317
Less: Allowance for losses	(455)	(272)
	$923,254	$758,045

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	December 31, 2023	December 31, 2022
Other receivables		
Tax refund receivable	$ 3,516	$ 10,723
Stock dividends receivable	90	659
Receivable from disposal of investments	-	3,977
Others	3,200	2,577
	$ 6,806	$ 17,936

The Group’s average credit period for commodity sales is net 15 to 150 days after the end of each month, without interest accrued on accounts receivable. To reduce the credit risk, the Group, before working with each new client, fills out a credit application form through a business unit, and the responsible reviews the form and has the form countersigned by relevant units, while evaluating the potential client’s credit quality to set its credit limit. The client's credit limit and rating are reviewed or updated from time to time every year with reference to its operating performance, transaction amount, time, and other factors. In addition, the Group will review the recoverable amount of receivables on each balance sheet date to ensure that appropriate impairment loss has been appropriated for the uncollectible receivables. Accordingly, the Group’s management believes that the Group’s credit risk is significantly reduced.

The Group recognizes an allowance for losses on accounts receivable based on expected credit loss over the duration of the receivables. Lifetime expected credit losses are calculated using a provision matrix based on each client’s past default record, current financial position, economic situation in the industry, and industry outlook. Since the Group's credit loss history shows that there is no significant difference in the loss patterns of different customer groups, therefore, instead of further differentiating the customer groups, the provision matrix only sets the expected credit loss rate based on the number of days overdue on accounts receivable.

If there is evidence that the counterparty is in serious financial difficulty and the Group cannot reasonably expect to recover the amount, the Group shall directly write off the related accounts receivable but shall engage in recourse activities and recognize the amount recovered in profit or loss as a result of the recourse.

The allowance for losses on notes and accounts receivable measured by the Group as per the provision matrix is as follows:

December 31, 2023

	Not overdue	Past due by 1–30 days	Past due by 31–60 days	Past due by 61–90 days	Past due by 91–120 days	Past due by 121 days or more	Total
Total book value	$ 913,160	$ 15,994	$ 8,124	$ 11	$ -	$ -	$ 937,289
Allowance for loss (expected credit loss of the given duration)	(435)	(25)	(1)	-	-	-	(461)
Measured at amortized cost	$ 912,725	$ 15,969	$ 8,123	$ 11	$ -	$ -	$ 936,828

December 31, 2022

	Not overdue	Past due by 1–30 days	Past due by 31–60 days	Past due by 61–90 days	Past due by 91–120 days	Past due by 121 days or more	Total
Total book value	$ 774,603	$ 5,606	$ 3,619	$ 5	$ 3	$ -	$ 783,836
Allowance for loss (expected credit loss of the given duration)	(260)	(14)	(7)	-	-	-	(281)
Measured at amortized cost	$ 774,343	$ 5,592	$ 3,612	$ 5	$ 3	$ -	$ 783,555

The information on the movement in the allowances for losses on notes and accounts receivable is as follows:

	2023	2022
Opening balance	$ 281	$ 302
Add: Impairment loss recognized (reversed) during this year	180	(646)
Add: Acquisition through business combination during this year	-	625
Ending balance	$ 461	$ 281

11. Inventory

	December 31, 2023	December 31, 2022
Merchandise	$ 223,578	$ 468,640
Finished goods	208,805	292,340
Work in process	257,671	460,260
Raw materials	99,605	368,845
	$ 789,659	$ 1,590,085

The components of operating costs related to inventories are as follows:

	2023	2022
Operating costs	$ 2,103,785	$ 2,044,532
Allowance for inventory write-down	$ 93,252	$ 49,367

12. Subsidiary

(1) Subsidiaries included in the consolidated financial statements

Entities covered by the consolidated financial statements are as follows:

			Shareholding		
Investor name	Subsidiary name	Business nature	December 31, 2023	December 31, 2022	Description
The Company	Weltrend International Co., (BVI) Ltd.	Investment	100%	100%	—
	Yingquan Investment Co., Ltd.	Investment	98%	98%	—
The Company	Sentelic Corporation	Integrated circuit development and design, analog circuit design, digital signal processing, application software development, and import and export of electronic components.	51%	51%	—

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Investor name	Subsidiary name	Business nature	Shareholding December 31, 2023	Shareholding December 31, 2022	Description
Weltrend International Co., (BVI) Ltd.	Dongguan Prosil Electronics Co., Ltd.	Import and export of electronic parts and general import and export	100%	100%	-
Sentelic Corporation	Sentelic Holding Co., Ltd.	General investment business	100%	100%	Note

Note: The Company acquired 51% equity of Sentelic Corporation in August 2022 and therefore gained control over it (Note 31).

(2) Information on subsidiaries with material non-controlling interests

Subsidiary name	Shareholding and percentage of voting rights held by non-controlling interests December 31, 2023	December 31, 2022
Sentelic Corporation	49%	49%

Please refer to Table 3 for the information on the principal places of business and countries of incorporation.

Subsidiary name	Profit or loss allocated to non-controlling interests 2023	2022	Non-controlling interests December 31, 2023	December 31, 2022
Sentelic Corporation	($ 2,808)	($ 38,342)	$ 566,430	$ 606,644

The summarized financial information of the subsidiaries below is prepared based on the transactions between companies before the elimination of the information and is adjusted according to the impacts arising from the acquisition method when the Company made acquisitions:

Sentelic Corporation

	December 31, 2023	December 31, 2022
Current assets	$ 699,828	$ 717,129
Non-current assets	1,100,221	1,197,971
Current liabilities	(74,729)	(82,194)
Non-current liabilities	(125,630)	(148,726)
Equity	$ 1,599,690	$ 1,684,180
Equity attributable to:		
Owners of the parent	$ 1,033,260	$ 1,077,536
Non-controlling interest in Sentelic Corporation	566,430	606,644
	$ 1,599,690	$ 1,684,180

	2023	Acquisition date through December 31, 2022
Operating revenues	$422,135	$106,160
Net loss for the year	($ 5,697)	($ 78,277)
Other comprehensive income	(23)	689
Total comprehensive income	($ 5,720)	($ 77,588)
Net income attributable to:		
Owners of the parent	($ 2,889)	($ 39,935)
Non-controlling interest in Sentelic Corporation	(2,808)	(38,342)
	($ 5,697)	($ 78,277)
Comprehensive income attributable to:		
Owners of the parent	($ 2,901)	($ 39,583)
Non-controlling interest in Sentelic Corporation	(2,819)	(38,005)
	($ 5,720)	($ 77,588)
Cash flows		
Operating activities	$124,945	$ 5,035
Investing activities	(113,122)	62,921
Financing activities	(85,654)	(1,674)
Net cash inflow (outflow)	($ 73,831)	$ 66,282

13. Property, plant, and equipment

	Land	Buildings and equipment	Machinery equipment	Transportation equipment	Leasehold improvements	Miscellaneous equipment	Total
Costs							
Balance at January 1, 2023	$ 94,720	$ 154,585	$ 338,697	$ 30,925	$ 62,073	$ 35,479	$ 716,479
Addition	-	249	16,738	-	-	1,723	18,710
Reclassified as investment property	-	(60,120)	-	-	-	-	(60,120)
Disposal	-	-	(70,786)	-	-	(12,242)	(83,028)
Net exchange differences	-	-	-	-	-	(17)	(17)
Balance at December 31, 2023	$ 94,720	$ 94,714	$ 284,649	$ 30,925	$ 62,073	$ 24,944	$ 592,024
Accumulated depreciation							
Balance at January 1, 2023	$ -	$ 51,931	$ 276,979	$ 16,309	$ 45,174	$ 30,426	$ 420,819
Depreciation expenses	-	4,409	33,717	3,975	5,001	2,089	49,191
Reclassified as investment property	-	(8,851)	-	-	-	-	(8,851)
Disposal	-	-	(70,786)	-	-	(12,242)	(83,028)
Net exchange differences	-	-	-	-	-	(13)	(13)
Balance at December 31, 2023	$ -	$ 47,489	$ 239,910	$ 20,284	$ 50,175	$ 20,261	$ 378,118
Net as of December 31, 2023	$ 94,720	$ 47,224	$ 44,740	$ 10,641	$ 11,898	$ 4,683	$ 213,906
Costs							
Balance at January 1, 2022	$ 94,720	$ 154,585	$ 311,480	$ 30,650	$ 45,896	$ 31,905	$ 669,236
Addition	-	-	33,452	2,037	12,366	816	48,671
Acquisition through business combination (Note 31)	-	-	9,121	-	3,811	2,797	15,729
Disposal	-	-	(15,356)	(1,762)	-	(49)	(17,167)
Net exchange differences	-	-	-	-	-	10	10
Balance at December 31, 2022	$ 94,720	$ 154,585	$ 338,697	$ 30,925	$ 62,073	$ 35,479	$ 716,479

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	Land	Buildings and equipment	Machinery equipment	Transportation equipment	Leasehold improvements	Miscellaneous equipment	Total
Accumulated depreciation							
Balance at January 1, 2022	$ -	$ 46,393	$ 252,840	$ 14,095	$ 37,417	$ 27,225	$ 377,970
Depreciation expenses	-	5,538	35,499	3,976	5,323	1,776	52,112
Acquisition through business combination (Note 29)	-	-	3,996	-	2,434	1,454	7,884
Disposal	-	-	(15,356)	(1,762)	-	(39)	(17,157)
Net exchange differences	-	-	-	-	-	10	10
Balance at December 31, 2022	$ -	$ 51,931	$ 276,979	$ 16,309	$ 45,174	$ 30,426	$ 420,819
Net as of December 31, 2022	$ 94,720	$ 102,654	$ 61,718	$ 14,616	$ 16,899	$ 5,053	$ 295,660

As there was no sign of impairment during the years ended December 31, 2023 and 2022, the Group did not conduct an impairment assessment.

Depreciation expenses are calculated and recognized on a straight-line basis as per the useful lives below:

Buildings and equipment	
Plant main building	35–50 years
Interior design and network engineering	5 years
Machinery equipment	2 to 6 years
Transportation equipment	5 to 6 years
Leasehold improvements	5 to 10 years
Miscellaneous equipment	3 to 6 years

Refer to Note 35 for the amounts of land and buildings pledged as collateral for borrowings.

14. Investment property

	Buildings
Costs	
Balance at January 1, 2023	$ -
From property, plant and equipment	60,120
Balance at December 31, 2023	$ 60,120
Accumulated depreciation	
Balance at January 1, 2023	$ -
From property, plant and equipment	8,851
Depreciation expenses	1,061
Balance at December 31, 2023	$ 9,912
Net as of December 31, 2023	$ 50,208

The lease term for investment property is three years. The lessee does not have the preferential right to purchase the investment property at the end of the lease term.

The total lease payments to be received in the future from leasing out investment property under an operating lease are as follows:

	December 31, 2023
The 1st year	$ 2,640
The 2nd year	2,640
The 3rd year	1,760
	$ 7,040

Investment property are calculated and recognized on a straight-line basis as per the useful lives below:

Buildings and equipment	
Plant main building	5 to 50 years
Interior design and network engineering	5 years

The fair value of investment property is not valuated by an independent valuator and only measured by the Company's management using Level 3 inputswith a valuation model commonly used by market participants. Regarding the valuation, a cash flow approach is adopted, and the important unobservable inputs used include the discount rates; the fair value from the valuation is as follows:

	December 31, 2023
Fair value	$ 83,499

15. Lease agreements

(1) Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying amount of right-of-use assets		
Buildings	$ 48,314	$ 29,442

	2023	2022
Addition of right-of-use assets	$ 39,606	$ 24,242
Depreciation expenses of right-of-use assets		
Buildings	$ 20,750	$ 15,934

Except for the additions and depreciation expenses recognized listed above, the Group did not have any significant sublease or impairment of the right-of-use assets during the years ended December 31, 2023 and 2022.

(2) Lease liability

	December 31, 2023	December 31, 2022
Carrying amount of lease liability		
Current	$ 17,341	$ 12,100

	December 31, 2023	December 31, 2022
Non-current	$ 31,519	$ 17,525

The discount rate range for lease liabilities is as follows:

	December 31, 2023	December 31, 2022
Buildings	1.7576%~2.25%	1.7576%~2.25%

(3) Major lease activities and terms

The Company leased buildings from the Hsinchu Science Park of the Ministry of Science and Technology as plants, and the lease period is from 2022 to 2026. As per the lease agreement of the plants located in the science park, the lessee may have the amount of the rent adjusted at any time at the announced land price of the site where the plants are located or the adjusted rent rate of state-owned land approved by the Executive Yuan. The Company has no bargain purchase option for the leased buildings at the end of the lease term.

(4) Other lease information

	2023	2022
Short-term lease expenses	$ 457	$ 276
Total cash (outflow) from lease	($ 21,922)	($ 16,850)

The Group has elected to apply the recognition exemptions to the leases of buildings that qualify as short-term leases and does not recognize the relevant right-of-use assets and lease liabilities for such leases.

16. Goodwill

	2023	2022
Costs		
Opening balance	$447,603	$ -
Acquisition through business combination during this year (Note 31)	-	447,603
Ending balance	$447,603	$447,603

The Group acquired Sentelic Corporation in August 2022 with 51% of its equity acquired, leading to goodwill of NT$447,603 thousand, mainly due to the benefits brought about by the expected growth of operating income from the product. Please refer to Note 31 for details.

17. Intangible assets

	Computer software	Technology licensing	Patents	Customer relations	Total
Costs					
Balance at January 1, 2023	$ 236,185	$ 75,189	$ 588,467	$ 137,783	$ 1,037,624
Acquired separately	31,187	4,127	-	-	35,314
Disposal	(9,769)	-	-	-	(9,769)
Net exchange differences	(3)	-	-	-	(3)
Balance at December 31, 2023	$ 257,600	$ 79,316	$ 588,467	$ 137,783	$ 1,063,166

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	Computer software	Technology licensing	Patents	Customer relations	Total
Accumulated amortization					
Balance at January 1, 2023	$ 211,092	$ 73,713	$ 29,362	$ 4,714	$ 318,881
Amortization expenses	34,545	4,463	59,430	14,143	112,581
Disposal	(9,769)	-	-	-	(9,769)
Net exchange differences	(3)	-	-	-	(3)
Balance at December 31, 2023	$ 235,865	$ 78,176	$ 88,792	$ 18,857	$ 421,690
Net as of December 31, 2023	$ 21,735	$ 1,140	$ 499,675	$ 118,926	$ 641,476
Costs					
Balance at January 1, 2022	$ 198,603	$ 72,236	$ -	$ -	$ 270,839
Acquired separately	18,401	2,953	-	-	21,354
Acquired through business combination	19,179	-	588,467	137,783	745,429
Net exchange differences	2	-	-	-	2
Balance at December 31, 2022	$ 236,185	$ 75,189	$ 588,467	$ 137,783	$ 1,037,624
Accumulated amortization					
Balance at January 1, 2022	$ 183,554	$ 72,179	$ -	$ -	$ 255,733
Amortization expenses	20,517	1,534	19,810	4,714	46,575
Acquired through business combination	7,020	-	9,552	-	16,572
Net exchange differences	1	-	-	-	1
Balance at December 31, 2022	$ 211,092	$ 73,713	$ 29,362	$ 4,714	$ 318,881
Net amount as of December 31, 2022	$ 25,093	$ 1,476	$ 559,105	$ 133,069	$ 718,743

Except for the amortization expenses recognized, the Group did not have any significant additions to, disposal, or impairment of the intangible assets during the years ended December 31, 2023 and 2022. The patents and customer relations acquired through the business combination are recognized in amortization expenses based on the useful lives identified in the valuation report.

Amortization expense is provided for based on a straight-line method over the following useful lives:

Computer software	1 to 5 years
Technology licensing	1 year
Patents	7 to 10 years
Customer relations	5 to 10 years

18. Prepayments

	December 31, 2023	December 31, 2022
Current		
Prepayments for reticles	$ 26,599	$ 21,646
Tax overpaid retained for offsetting the future tax payable	3,412	7,996
Prepayments for salary and wages	1,370	1,490
Others	2,622	5,170
	$ 34,003	$ 36,302

19. Short-term borrowings

	December 31, 2023	December 31, 2022
Secured borrowings		
Bank loans	$ -	$ 417,120
Unsecured borrowings		
Credit facility borrowings	150,000	1,120,560
	$ 150,000	$ 1,537,680

The interest rates on bank revolving loans were 1.803%–1.86% and 1.39%–2.00% as at December 31, 2023 and 2022, respectively.

Please refer to Note 35 for the Group's collateral for short-term borrowings.

20. Corporate bonds payable

	December 31, 2023
Domestic unsecured convertible corporate bonds	$ 1,099,900
Less: Discount of corporate bonds payable	(58,891)
	$ 1,041,009
Value of redemption right	($ 110)
Value of conversion right	193,676

The Company issued 11,000 NTD-denominated unsecured convertible corporate bonds with a coupon rate of 0% on September 11, 2023, with the total principal amounting to NT$1,100,000 thousand. From the day following the end of three months after the date such bonds were issued (December 12, 2023) to the maturity date (September 11, 2026), the bondholders may request the Company to convert the convertible corporate bonds into ordinary shares of the Company at a price of NT$61.2 per share; or request the Company to redeem the convertible corporate bonds held by them in cash at the face value of the bonds, plus interest compensation [100.500625% of the face value (real return: 0.25%)] at least 40 days before two full years after issuance (September 11, 2025). The Company may redeem all bonds early at the face value of the bonds when the closing price of the Company's common stock exceeds the current conversion price by 30% or above for 30 consecutive business days from the day following the end of three full months after the convertible corporate bonds were issued (December 12, 2023) through 40 days before the end of the issuance period (August 2, 2026). As of December 12, 2023, the conversion price was adjusted to NT$61.2 per share.

The convertible corporate bonds include components of liabilities and equity. The components of equity are recognized in capital surplus- stock options under equity. The effective interest rate for the components of liabilities initially recognized was 2.06322%.

Issuance price (less transaction cost of NT$5,000 thousand)	$ 1,228,652
Value of redemption right (less transaction cost of NT$1 thousand)	(329)
Components of equity (less transaction cost of NT$788 thousand)	(193,693)
Components of liabilities on the issuance date (less transaction cost of NT$4,211 thousand)	1,034,630
Interest calculated at the effective interest rate of 2.06322%	6,473
Conversion of corporate bonds payable into common shares	(94)
Components of liabilities on December 31, 2023	$ 1,041,009

21. Notes payable and accounts payable

	December 31, 2023	December 31, 2022
Notes payable- from operations	$ 629	$ 1,279
Accounts payable	$232,687	$240,640

The Group has a financial risk management policy to ensure that all payables are repaid within the pre-agreed credit period.

22. Other liabilities

	December 31, 2023	December 31, 2022
Current		
Other payables		
Salary and wages and bonuses payable	$ 46,738	$ 52,371
Investment payables	10,253	24,983
Pension payable under new scheme	4,849	4,900
Health insurance premiums payable	2,709	2,808
Labor insurance premiums payable	2,629	2,604
Service fee payable	1,500	1,570
Others	6,386	6,877
	$ 75,064	$ 96,113
Other liabilities		
Collection on behalf of others	$ 4,043	$ 4,138
Contract liabilities	2,854	2,705
	$ 6,897	$ 6,843
Non-current		
Other liabilities		
Guarantee deposits received	$ 440	$ -

23. Provisions

	December 31, 2023	December 31, 2022
Current		
Employee benefits	$ 12,207	$ 8,756

Provision for employee benefit liabilities is an estimate of employees' leave entitlements.

24. Post-employment benefit plans

(1) Defined contribution pension plan

The Group adopted a pension scheme under the Labor Pension Act, which is a government-managed defined contribution plan. Under the act, the Company makes monthly contributions, equal to 6% of their monthly salary and wages, to employees' individual pension accounts under the Bureau of Labor Insurance.

(2) Defined benefit plan

The pension scheme adopted by the Group in accordance with the Labor Standards Act of R.O.C. is a government-managed defined benefit pension plan. The payment for employee pensions is calculated based on the length of service and the average salary in the six months prior to the approved retirement date. The Group makes a contribution, equal to 2% of the total monthly employee salaries, which is deposited by the Supervisory Committee of Labor Retirement Reserve in the pension account with the Bank of Taiwan in the name of the committee. Before the end of each year, if the balance in the pension account is inadequate to pay for the retirement benefits to employees who meet the retirement requirements in the following year, the Group will make a contribution to make up for the difference in a lump sum by the end of March of the following year. The pension account is managed by the Bureau of Labor Funds, Ministry of Labor; the Group has no right to influence its investment management strategy.

The amounts included in the consolidated balance sheets in respect of such defined benefit plans are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$133,444	$134,664
Fair value of plan assets	(81,159)	(79,769)
Net defined benefit liability	$ 52,285	$ 54,895

The movements in the net defined benefit liability are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
January 1, 2023	$ 134,664	($ 79,769)	$ 54,895
Service costs	1,330	-	1,330
Settlement profit or loss	(4,375)	4,323	(52)
Interest expense (income)	1,945	(1,210)	735
Recognized in profit or loss	(1,100)	3,113	2,013

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	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Remeasurement			
Return on plan assets (except for the amount included in the net interest)	$ -	($ 380)	($ 380)
Actuarial loss - changes in financial assumptions	2,273	-	2,273
Actuarial gain - experience adjustments	(1,289)	-	(1,289)
Recognized in other comprehensive income	984	(380)	604
Employer's contributions	-	(5,227)	(5,227)
Benefit payment	(1,104)	1,104	-
December 31, 2023	$ 133,444	($ 81,159)	$ 52,285
January 1, 2022	$ 136,801	($ 63,124)	$ 73,677
Service costs	1,325	-	1,325
Interest expense (income)	690	(339)	351
Recognized in profit or loss	2,015	(339)	1,676
Remeasurement			
Return on plan assets (except for the amount included in the net interest)	-	(5,402)	(5,402)
Actuarial loss - changes in financial assumptions	(8,923)	-	(8,923)
Actuarial gain - experience adjustments	2,633	-	2,633
Recognized in other comprehensive income	(6,290)	(5,402)	(11,692)
Employer's contributions	-	(10,795)	(10,795)
Benefit payment	(3,676)	3,676	-
Business combination	5,814	(3,785)	2,029
December 31, 2022	$ 134,664	($ 79,769)	$ 54,895

1. Investment risk: The Bureau of Labor Funds, Ministry of Labor, invests labor pension funds in domestic (foreign) equity securities, debt securities, and bank deposits on its own use and through agencies entrusted. However, the income from the Group's amount allocated to plan assets is calculated based on the

interest rate not lower than the local bank's interest rate for two-year time deposits.

2. Interest risk: A decrease in the interest rate in the government bonds will increase the present value of the defined benefit obligation; however, the return on the debt investment through the plan assets will also increase, and the increases will partially offset the effect of the net defined benefit liability.

3. Salary risk: The present value of the defined benefit obligation is calculated with reference to the future salaries of the participants in the plan. As such, an increase in the salary of the participants in the plan will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the Company’s defined benefit obligation were carried out by qualified actuaries. The critical assumptions made on the measurement date are as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.125%~1.250%	1.125%~1.500%
Expected salary increase percentage	2.250%~2.750%	2.500%~2.750%

If each of the critical actuarial assumptions is subject to reasonably possible changes, when all other assumptions remain unchanged, the amounts by which the present value of the defined benefit obligation would increase (decrease) are as follows:

	December 31, 2023	December 31, 2022
Discount rate		
Increase by 0.25%	($ 2,483)	($ 2,759)
Decrease by 0.25%	$ 2,560	$ 2,849
Expected salary increase percentage		
Increase by 0.25%	$ 2,479	$ 2,764
Decrease by 0.25%	($ 2,417)	($ 2,690)

As actuarial assumptions may be correlated, it is unlikely that only a single assumption would occur in isolation of one another, so the sensitivity analysis above may not reflect the actual changes in the present value of the defined benefit obligation.

	December 31, 2023	December 31, 2022
The expected contributions to the plan for the following year	$ 1,640	$ 1,781
The weighted average duration of the defined benefit obligations	3.3 years–10.7 years	3.7 years–11.6 years

25. Equity

(1) Common stock

	December 31, 2023	December 31, 2022
Authorized number of shares (in thousands)	330,000	330,000
Authorized capital stock	$ 3,300,000	$ 3,300,000
Number of shares issued and fully paid (in thousands)	178,011	178,010
Capital stock issued	$ 1,780,116	$ 1,780,100

(2) Capital surplus

	December 31, 2023	December 31, 2022
For loss make-up, payment in cash or capitalization as equity (1)		
Stock issuance premium	$ 1,886	$ 1,886
Corporate bond conversion premium	78	-
Donated assets received	81	81
Share premium (restricted stock awards vested)	15,026	15,026
Treasury stock transaction	56,127	51,959
May not be used for any purpose		
Convertible corporate bond options (Note 20)	193,693	-
Recognition of changes in ownership interest in subsidiaries (2)	74	74
	$266,965	$ 69,026

1. Such capital surplus may be used to make up for losses or, when the Company has no losses, to distribute cash or to capitalize equity, provided that the capitalization is limited to a certain percentage of the paid-in capital each year.
2. This type of capital surplus represents the effect of equity transactions recognized for changes in the Company's equity when the Company has not actually acquired or disposed of shares in a subsidiary, or adjustments to the capital surplus for the Company's subsidiaries accounted for using the equity method.

(3) Retained Earnings and Dividend Policy

Under the earnings distribution policy as set forth in the Company’s Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first used for paying taxes, offsetting the cumulative deficit (including the adjusted amount of undistributed earnings), setting aside 10% of the remaining profit as a legal reserve as per law unless it has reached the total amount of the Company’s paid-in capital, setting aside an amount for or reversing a special reserve in accordance with the laws and regulations. Then, any remaining profit, together with any undistributed retained earnings at the beginning of the period (including the adjusted amount of undistributed earnings), shall be adopted by the Company’s Board of Directors as the basis for making a distribution proposal, which shall then be submitted to the shareholders’ meeting for a resolution before distribution of dividends to shareholders. Please refer to Note 27(7) for the policy on the remuneration to employees and directors stipulated the Articles of Incorporation.

In addition, according to the Company's Articles of Incorporation, the Company shall consider the soundness and stability of the financial structure for the distribution of stock dividends and set the ratio of cash dividends to stock dividends for the year as per the Company's growth needs. The ratio of cash dividends shall not be less than 10% of the total dividends.

Unless the legal reserve is appropriated until the balance reaches the paid-in capital of the Company. Legal reserve could be allocated for covering loss carried forward. If there is no loss, the amount of legal reserve in excess of the paid-in capital by 25% could be allocated as capital stock and paid out as cash dividend.

The Company held the general shareholders' meetings on June 2, 2023 and June 23, 2022 to resolve to approve the 2022 and 2021 earnings distribution proposals, respectively. The details are as follows:

	2022	2021
Legal reserve	$ 7,151	$ 86,329
Special reserve	$135,896	$ 21,170
Cash dividends	$212,399	$529,530
Cash dividends per share ($NT)	$ 1.2	$ 3.0

The 2023 earnings distribution proposal made by the Board of Directors on February 26, 2024 is as follows:

	2023
Legal reserve	$ 17,994
Reversal of special reserve	($143,094)
Cash dividends distributed	$212,528
Cash dividends per share ($NT)	$ 1.2

The 2023 earnings distribution proposal is pending a resolution by the shareholders' meeting expected to be held on May 29, 2024.

(4) Special reserve

	2023	2022
Opening balance	$ 32,053	$ 10,883
Special reserve	135,896	21,170
Ending balance	$167,949	$ 32,053

(5) Treasury stock

	Number of Shares (in thousands)	
Reason for repurchase	2023	2022
Opening balance	1,361	2,352
Decrease during this year	(456)	(991)
Ending balance	905	1,361

The Board of Directors resolved, on August 6, 2019, to transfer the repurchased treasury shares to employees to motivate employees and enhance their commitment. Between August 6, 2019 to October 3, 2019, it repurchased the Company's 3,000 thousand shares. Within five years from the date of repurchase, the shares shall be transferred to employees once or in several times, and the average repurchase shall be the transfer price at NT$27.03.

The Board of Directors resolved, on November 5, 2021, to transfer the repurchased treasury shares to employees to motivate employees and enhance their commitment. From November 5, 2021 to December 30, 2021, it repurchased the Company's 1,500 thousand shares. Within five years from the date of repurchase, the shares shall be transferred to employees once or in several times, and the average repurchase shall be the transfer price at NT$92.16.

The Board of Directors, on March 3, 2022, resolved to transfer and repurchase 426 thousand and 426 thousand treasury shares to employees at the transfer prices of NT$27.03 and NT$92.16. The employee stock subscription record date was the resolution date, and the date of delivering all shares to employees was March 28, 2022.

The Board of Directors, on August 9, 2022, resolved to transfer and repurchase 84 thousand and 55 thousand treasury shares to employees at the transfer prices of NT$27.03 and NT$92.16. The employee stock subscription record date was the resolution date, and the date of delivering all shares to employees was September 7, 2022.

The Board of Directors, on February 24, 2023, resolved to transfer and repurchase 280 thousand and 70 thousand treasury shares to employees at the transfer prices of NT$27.07 and NT$92.16. The employee stock subscription record date was the resolution date, and the date of delivering all shares to employees was March 23, 2023.

The Board of Directors, on August 7, 2023, resolved to transfer and repurchase 62 thousand and 44 thousand treasury shares to employees at the transfer prices of NT$27.07 and NT$92.16. The employee stock subscription record date was the resolution date, and the date of delivering all shares to employees was September 5, 2023.

Remuneration costs recognized for the transfer of treasury shares to employees during 2023 and 2022 were NT$4,170 thousand and NT$29,484 thousand respectively.

The treasury shares held by the Company are to be transferred to employees and shall not be pledged in accordance with the Securities and Exchange Act nor shall they be entitled to rights, such as receipt of dividends and voting rights.

(6) Other equity

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

	2023	2022
Opening balance	($ 1,571)	($ 1,943)
Incurred during the year		
Exchange differences on the translation of financial statements of foreign operations	(411)	372
Ending balance	($ 1,982)	($ 1,571)

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

	2023	2022
Opening balance	($166,378)	($ 30,110)
Incurred during the year		
Unrealized gain or loss		
Equity instruments	114,297	(222,711)
Accumulated gains and losses on disposals transferred to retained earnings	29,210	86,443
Ending balance	($ 22,871)	($166,378)

(7) Non-controlling interests

	2023	2022
Opening balance	$611,292	$ 6,414
Share attributable to non-controlling interests		
Net loss for the year	(2,154)	(38,901)
Other comprehensive income for the year		
Unrealized gain or loss on financial assets measured at fair value through other comprehensive income	424	(937)
Remeasurement of defined benefit plans	(11)	337
Treasury stock transaction	2	13
Cash dividends issued by subsidiaries	(39,140)	(284)
Non-controlling interests related to the outstanding vested stock options held by employees of Sentelic Corporation (Note 30)	1,744	1,826
Acquisition of increased non-controlling interests in subsidiaries (Note 3)	-	642,824
Ending balance	$572,157	$611,292

26. Operating revenues

	2023	2022
Sales income - integrated circuits	$ 1,903,585	$ 1,804,147
Trading of integrated circuits	979,205	1,079,206
Design and testing income	2,770	4,800
	$ 2,885,560	$ 2,888,153

(1) Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable (Note 10)	$ 923,254	$ 758,045	$ 1,147,185
Contract liabilities – current (accounted for in other liabilities)			
Merchandise sales	$ 2,854	$ 2,705	$ 810

The change in contract liabilities mainly arises from the difference between the point at which performance obligations are satisfied and the point at which customers pay.

The amounts of the opening balance of contract liabilities and the performance obligations previously fulfilled recognized in revenue are as follows:

	2023	2022
Opening balance of contract liabilities		
Merchandise sales	$ 2,705	$ 810

(2) Details of net operating income

Region	2023	2022
Mainland China	$ 2,099,268	$ 1,809,939
Taiwan	695,612	880,294
Others	90,680	197,920
	$ 2,885,560	$ 2,888,153

27. Net income for the year

(1) Interest income

	2023	2022
Interest income from cash in banks	$ 38,884	$ 4,386
Others	7,376	1,606
	$ 46,260	$ 5,992

(2) Other income

	2023	2022
Income from cash dividends	$ 51,958	$136,950
Other income	2,328	5,515
	$ 54,286	$142,465

(3) Other profits and losses

	2023	2022
Net gain (loss) on financial assets		
Financial assets at fair value through profit or loss (Note 7)	$110,449	($290,568)
Foreign exchange gains (losses) – net	(350)	51,537
Other losses	(685)	(450)
	$109,414	($239,481)

(4) Financial costs

	2023	2022
Interest from bank borrowings	$ 17,726	$ 12,345
Interest of convertible corporate bonds	6,473	-
Interest on lease liabilities	1,105	519
	$ 25,304	$ 12,864

(5) Depreciation and amortization

	2023	2022
Summary of depreciation expenses by function		
Operating costs	$ 35,970	$ 38,942
Operating expenses	35,031	29,104
	$ 71,001	$ 68,046
Summary of amortization expenses by function		
Operating costs	$ 326	$ 256
Operating expenses	112,255	46,319
	$112,581	$ 46,575

(6) Employee benefit expenses

	2023	2022
Short-term employee benefits	$512,413	$425,227
Post-employment benefits (Note 24)		
Defined contribution pension plan	19,016	17,223
Defined benefit plan	2,013	1,676
Share-based payment		
Settlement of equity interests	5,914	31,309
Total employee benefit expenses	$539,356	$475,435
Summary by function		
Operating costs	$ 77,689	$ 73,693
Operating expenses	461,667	401,742
	$539,356	$475,435

(7) Remuneration for employees and directors

The Company, as per the Articles of Incorporation, allocates 11%~15% of net income before tax before the remuneration to employees and directors is deducted for the year as remuneration to employees and no more than 4% as the remuneration to employees and directors, respectively. The 2023 and 2022 remuneration to employees and directors resolved by the Board of Directors on February 26, 2024 and February 24, 2023, respectively, is as follows:

Estimate percentage

	2023	2022
Remuneration for employees	12%	12%
Remuneration for directors	3%	3%

Monetary amount

	2023		2022	
	Cash	Stock	Cash	Stock
Remuneration for employees	$ 33,329	$ -	$ 27,732	$ -
Remuneration for directors	$ 8,332	$ -	$ 6,933	$ -

If there is a change in the amount after the annual consolidated financial statements are approved and released, the change will be accounted for as a change in accounting estimate and will be recorded an adjustment in the following year.

There is no difference between the amounts of remuneration paid out to employees and directors for 2022 and 2021 and the amounts recognized in the 2022 and 2021 consolidated financial statements.

For information on 2023 and 2022 remuneration to employees and directors resolved by the Board of Directors, please visit the Market Observation Post System (MOPS) of Taiwan Stock Exchange.

28. Income tax

(1) Income tax recognized in profit or loss

The major components of income tax expense are as follows.

	2023	2022
Income tax expenses in the current period		
Incurred during this year	$ 47,091	$ 79,989
Surtax on undistributed earnings	17	510
Adjustment to the prior years	(14,559)	(2,072)
	32,549	78,427
Deferred tax		
Incurred during this year	(12,867)	(46,741)
Adjustment to the prior years	(282)	-
Income tax recognized in profit or loss	$ 19,400	$ 31,686

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

	2023	2022
Net profit before taxation	$226,486	$139,556
Income tax expense for net income before tax calculated at the domestic income tax rates that apply to relevant countries	$ 62,575	$ 31,080
Non-deductible expenses for tax	(4,444)	18,408
Tax-free income	(8,177)	(23,378)
Unrecognized (recognized) deductible temporary differences	16,574	31,632
Unrecognized investment tax credit	(15,000)	(8,000)
Surtax on undistributed earnings	17	510
Acquired through business combination	(17,304)	(16,494)
This year's adjustments to income tax expenses from prior years	(14,559)	(2,072)
This year's adjustments to deferred tax expenses from prior years	(282)	-
Income tax recognized in profit or loss	$ 19,400	$ 31,686

(2) Income tax recognized in other comprehensive income

	December 31, 2023	December 31, 2022
Deferred tax		
Incurred during this year		
Remeasurement of defined benefit plans	($ 6)	$ 172

(3) Current tax liabilities

	December 31, 2023	December 31, 2022
Current tax assets		
Tax refund receivable	$ 11,619	$ -
Current tax liabilities		
Income tax payable	$ 844	$ 58,513

(4) Current tax liabilities - deferred tax assets and liabilities

Movements in deferred tax assets and liabilities are as follows:

2023

Deferred tax assets	Opening balance	Recognized in profit or loss	Ending balance
Temporary differences			
Inventory valuation loss	$ 6,955	($ 3,606)	$ 3,349
Paid leave payable	494	(125)	369
	$ 7,449	($ 3,731)	$ 3,718

Deferred tax liabilities	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Financial assets at fair value through profit or loss	$ -	$ 1,741	$ -	$ 1,741
Defined benefit pension plan	368	30	(6)	392
Unrealized exchange gain	3,219	(1,347)	-	1,872
Business combination	139,765	(17,304)	-	122,461
	$ 143,352	($ 16,880)	($ 6)	$ 126,466

2022

Deferred tax assets	Opening balance	Acquired through business combination	Recognized in profit or loss	Ending balance
Temporary differences				
Inventory valuation loss	$ -	$ 2,573	$ 4,382	$ 6,955
Paid leave payable	-	523	(29)	494
	$ -	$ 3,096	$ 4,353	$ 7,449

Deferred tax liabilities	Opening balance	Acquired through business combination	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences					
Financial assets at fair value through profit or loss	$ 24,363	$ -	($ 24,363)	$ -	$ -
Defined benefit pension plan	-	186	10	172	368
Unrealized exchange gain	-	4,760	(1,541)	-	3,219
Business combination	-	156,259	(16,494)	-	139,765
	$ 24,363	$ 161,205	($ 42,388)	$ 172	$ 143,352

(5) Deductible temporary differences not recognized as deferred tax assets in the consolidated balance sheet

	December 31, 2023	December 31, 2022
Deductible temporary differences	$227,036	$129,894

(6) The state of income tax assessment

The Company's profit-seeking enterprise income tax returns filed have been approved by the tax authority up to 2021.

Both Yingquan Investment Co., Ltd.'s and Sentelic Corporation's profit-seeking enterprise income tax returns filed have been approved by the tax authority up to 2021.

29. Earnings per shares

Unit: NTD per share

	2023	2022
Basic earnings per share	$ 1.18	$ 0.83
Diluted earnings per share	$ 1.17	$ 0.83

The earnings and weighted average number of ordinary shares used to calculate the earnings per share are as follows:

Net income for the year

	2023	2022
Net income used to calculate basic earnings (losses) per share	$209,240	$146,771
Impact of potential common stock with dilutive effect:		
After-tax interest of convertible corporate bonds	5,179	-
Net income used to calculate diluted earnings (losses) per share	$214,419	$146,771

Number of Shares

Unit: Thousand shares

	2023	2022
Weighted average number of shares of common stock used to calculate basic earnings per share	176,981	176,404
Impact of potential common stock with dilutive effect:		
Corporate bonds converted	5,466	-
Remuneration for employees	535	905
Weighted average common stock shares used to calculate diluted earnings per share	182,982	177,309

If the Group may elect to pay employee remuneration in stock or cash, when diluted earnings per share are calculated, it is assumed that employee remuneration will be paid out in stock, and when the ordinary shares are potentially dilutive, they will be included in the weighted average number of outstanding shares to calculate diluted earnings per share. The dilution effect of these potential ordinary shares will also continue to be considered when the diluted earnings per share is calculated before the following year's shareholders' meeting resolves a decision on the number of shares distributed for employee remuneration.

30. Share-based payment

Restricted stock awards

The shareholders' meeting of Sentelic Corporation resolved, on May 24, 2019, to issue 800 thousand shares of restricted stock awards in the amount of NT$8,000 thousand free of charge and grant them to employees at the Company who have been employed on the day when the restricted stock awards are granted. The above resolution was filed to the FSC and enforced on October 4, 2019, and the restricted stock awards were issued with the approval of the board of directors on July 31, 2020. The record date for the capital increase through the restricted stock awards was August 10, 2020, and the fair value of the shares on the grant date was NT$39.50 per share. After employees were granted the awards, they could vest 40% of them if they have worked for one full year from the grant date; if they have worked for two full years from the grant date, they could vest another 30% of them; if they have worked for three full years from the grant date, they could vest the remaining 30%. From the grant date to the reporting date, 78 thousand shares of the awards became invalid due to employees' resignation or failure to meet the vesting conditions during the vesting period. The cancellation procedure has been completed after the resolution was adopted by the Board of Directors. In addition, the vesting period for the restricted stock awards issued by the Company has ended, and there are no restricted stock awards in circulation.

The movements in the accounts related to the above restricted stock awards are aggregated as follows:

	Common stock	Capital surplus - restricted stock awards	Capital surplus - stock issuance premium	Other equity - Unearned employee compensation
Balance at January 1, 2022	$ 7,566	$ 9,479	$ 8,956	($ 5,615)
Cost of share-based remuneration recognized	(198)	198	-	6,382
Vested restricted stock awards	-	(6,390)	6,390	-
Adjustment for changes in turnover rate	-	2,268	-	(2,268)
Balance at December 31, 2022	7,368	5,555	15,346	(1,501)
Cost of share-based remuneration recognized	(150)	150	-	1,744
Vested restricted stock awards	-	(5,948)	5,948	-
Adjustment for changes in turnover rate	-	243	-	(243)
Balance at December 31, 2023	$ 7,218	$ -	$ 21,294	$ -

The restricted rights of employees' unvested restricted stock awards are as follows:

(1) Employees shall not sell, transfer, donate, pledge, dispose of the awards or in other means except for inheritance after being granted before vesting them.

(2) The rights to attend, make proposals, speak, and vote at shareholders' meetings shall be handled in accordance with the trust custody agreements.

(3) In addition to the provisions of the trust custody agreements in the preceding paragraph, the rights attached to the restricted stock awards granted to employees according to these rules are the same as ordinary shares issued by the Company except for the right to subscribe for new shares in cash capital increase and the right to receive stock or cash dividends before the vesting conditions are met.

(4) After employees are granted restricted stock awards, they should deliver the awards to the trust immediately and shall not require the trustee to return said awards for any reason or in any method before meeting the vesting conditions.

(5) From the Company's book closure date for stock dividends, book closure date for cash dividends, book closure date for cash capital increase and share subscription, book closure period for the shareholders' meeting stipulated in Article 165, paragraph 3 of the Company Act, or other legal book closure periods that occur as per facts through the record date of rights distribution, employees who meet the vesting conditions during this period still do not have the right to vote, subscribe for shares, receive stock or cash dividends with their vested awards.

31. Business combination

(1) Acquisition of subsidiary

	Principal business	Acquisition date	Ownership interests with voting rights / % acquired	Consideration for transfer
Sentelic Corporation	Integrated circuit development and design, analog circuit design, digital signal processing, application software development, and import and export of electronic components.	August 24, 2022	51	$ 1,117,120

The Group acquired Sentelic Corporation in August 2022 to continue to expand its business scale.

(2) Consideration for transfer

	Sentelic Corporation
Cash	$ 1,117,120

Based on the expert opinion issued by an independent expert in July 2022, the Group purchased 15,324 thousand shares of Sentelic Corporation at a price of NT$72.9 per share. The total purchase price was NT$1,117,120 thousand as a consideration for the acquisition of Sentelic Corporation.

(3) Assets acquired and liabilities assumed on acquisition date

	Sentelic Corporation
Current assets	
Cash and Cash Equivalents	$ 216,730
Financial assets at fair value through profit or loss	13,725
Financial assets at amortized cost	231,011
Accounts receivable and other receivables	132,248
Inventory	226,288
Other current assets	8,675
Non-current assets	
Financial assets at amortized cost	15,298
Property, plant, and equipment	7,845
Right-of-use assets	11,166
Other non-current assets	14,978
Identifiable intangible assets	728,857
Current liabilities	
Contract liabilities	(69)
Accounts payable and other payables	(95,549)
Lease liability	(4,232)
Other current liabilities	(24,559)
Non-current liabilities	
Lease liability	(6,933)
Deferred tax liabilities	(161,205)
Other non-current liabilities	(1,933)
	$ 1,312,341

For taxation purposes, the initial accounting treatment of the acquisition of Sentelic Corporation should be re-determined based on the market value of such assets on the balance sheet date. Before the release date of these consolidated financial statements, the market value and other calculations required for the issuance of a valuation report have been completed, so it is accounted for at fair value as the taxable value.

(4) Non-controlling interests

The non-controlling interest in Sentelic Corporation (49% of ownership interest) is measured in proportion to its share of the identifiable net assets on the acquisition date. In addition, the restricted stock awards granted by Sentelic Corporation to its employees are the unearned remuneration of the unvested shares, so they are all recognized in non-controlling interests. Please refer to Note 28 Share-based payment for details.

(5) Goodwill arising from the acquisition

	Sentelic Corporation
Consideration for transfer	$ 1,117,120
Add: Non-controlling interests (Sentelic Corporation's 49% ownership interests)	642,824
Less: Fair value of identifiable net assets acquired	(1,312,341)
Goodwill arising from the acquisition	$ 447,603

The goodwill arising from the acquisition of Sentelic Corporation mainly comes from the control premium. In addition, the consideration paid for the business combination includes the expected synergy of the combination, revenue growth, future market development, and values of Sentelic Corporation's employees. However, such benefits do not meet the criteria for being recognized in identifiable intangible assets, so they are not recognized separately.

Goodwill arising from the business combination is expected not to be tax deductible.

(6) Net cash outflow from the acquisition of the subsidiary

	Sentelic Corporation
A consideration paid in cash	$ 1,117,120
Less: Balance of cash and cash equivalents received	(216,730)
	$ 900,390

32. Capital Risk Management

The Group engages in capital management to ensure that the Group's enterprises can maximize shareholder returns by optimizing debt and equity balances while continuing to operate. There has been no change in the Group's overall strategy.

The Group's capital structure consists of the Group's equity attributable to the owners of the Company (i.e. share capital, capital surplus, retained earnings, and other equity).

33. Financial instruments

(1) Fair value information – Financial instruments that are not measured at fair value

December 31, 2023

	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities at amortized cost - convertible corporate bonds	$ 1,041,009	$ 1,347,830	$ -	$ -	$ 1,347,830

(2) Fair value information - financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Domestic listed stocks	$ 335,314	$ -	$ -	$ 335,314
Domestic unlisted stocks	-	-	451	451
Fund beneficiary certificates	174,119	-	-	174,119
Privately offered funds	-	-	80,212	80,212
	$ 509,433	$ -	$ 80,663	$ 590,096
Financial assets measured at fair value through other comprehensive income				
Equity investment				
-- Domestic listed stocks	$ 468,486	$ -	$ -	$ 468,486
- Domestic non-listed stocks	-	-	38,189	38,189
- Foreign non-listed stocks	-	-	29,885	29,885
	$ 468,486	$ -	$ 68,074	$ 536,560
Financial liabilities Measured at Fair Value Through Profit or Loss				
Derivatives	$ -	$ 110	$ -	$ 110

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Domestic listed stocks	$ 569,131	$ -	$ -	$ 569,131
Fund beneficiary certificates	12,485	-	-	12,485
Privately offered funds	-	-	71,098	71,098
	$ 581,616	$ -	$ 71,098	$ 652,714
Financial assets measured at fair value through other comprehensive income				
Equity investment				
- Domestic listed stocks	$ 442,809	$ -	$ -	$ 442,809
- Domestic non-listed stocks	-	-	32,633	32,633
- Foreign non-listed stocks	-	-	29,895	29,895
	$ 442,809	$ -	$ 62,528	$ 505,337

There were no transfers between Level 1 and Level 2 fair values during the years ended December 31, 2023 and 2022.

2. Reconciliation of financial instruments measured at fair value in Level 3

2023

Financial assets	Equity instruments: Financial assets at fair value through profit or loss	Equity instruments: Financial assets measured at fair value through other comprehensive income	Total
Opening balance	$ 71,098	$ 62,528	$ 133,626
Purchase	22,593	-	22,593
Allocation of income	(2,245)	-	(2,245)
Recognized in profit or loss (other gains and losses)	(10,783)	-	(10,783)
Recognized in other comprehensive income (unrealized valuation gains or losses on financial assets measured at fair value through other comprehensive income)	-	5,546	5,546
Ending balance	$ 80,663	$ 68,074	$ 148,737

2022

Financial assets	Equity instruments: Financial assets at fair value through profit or loss	Equity instruments: Financial assets measured at fair value through other comprehensive income	Total
Opening balance	$ -	$ 70,717	$ 70,717
Purchase	67,530	-	67,530
Recognized in profit or loss (other gains and losses)	3,568	-	3,568
Recognized in other comprehensive income (unrealized valuation gains or losses on financial assets measured at fair value through other comprehensive income)	-	(3,754)	(3,754)
Disposal	-	(4,435)	(4,435)
Ending balance	$ 71,098	$ 62,528	$ 133,626

3. Valuation techniques and input values for Level 3 fair value measurement

The aggregate value of the individual assets and individual liabilities in the investments in domestic unlisted equity was evaluated in the asset method to reflect the overall value of an enterprise or business.

(3) Types of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
Measured at fair values through profit and/or loss		
Mandatorily at fair value through profit	$ 590,096	$ 652,714
Financial assets at amortized cost (Note 1)	2,479,808	1,699,215
Financial assets at fair value through other comprehensive income - investments in equity instruments	536,560	505,337
Financial liabilities		
Measured at fair values through profit and/or loss		
Mandatorily at fair value through profit	110	-
Measured at amortize cost (Note 2)	1,499,829	1,875,712

Note 1: The balance includes financial assets at amortized cost, including cash and cash equivalents, notes receivable, accounts receivable, other receivables, and guarantee deposits paid.

Note 2: The balance includes financial liabilities at amortized cost, including short-term borrowings, notes payable, accounts payable, other payables, corporate bonds payable, and guarantee deposits received.

(4) Purpose and policy of financial risk management

The Group's main financial instruments include equity investments, accounts receivable, accounts payable, borrowings, and lease liabilities. The Group's financial management department provides services to each business unit, coordinates the operations of investments in the domestic and international financial markets, and supervises and manages the financial risks related to the Group's operations by analyzing the internal risk reports on the exposure as per the breadth and depth of risks. These risks include market risk (including exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

The financial management department regularly reports to the Group's Board of Directors.

1. Market Risk

The main financial risks to the Group's operating activities are the risk of foreign exchange rate fluctuations (see (1) below) and the risk of changes in interest rates (see (2) below).

There have been no changes in the Group's exposure to financial instrument market risks and its method to managing and measuring such exposure.

(1) Exchange rate risk

Some of the Group's cash inflows and outflows are in foreign currencies with the effect of natural hedging; the Group's management of the exchange rate risk aims to hedge rather than making profits.

Refer to Note 36 for the carrying amounts of the Group's monetary assets and monetary liabilities denominated in non-functional currencies (including monetary items in non-functional currencies that have been eliminated in the consolidated financial statements) on the balance sheet date.

Sensitivity analysis

The Group is mainly affected by the fluctuations in the exchange rates of USD.

The table below details the Group's sensitivity analysis when the NTD (functional currency) increases and decreases by 1% against each relevant foreign currency. In the sensitivity analysis, the outstanding monetary items in foreign currencies were taken into account, and the translation of such items at the end of the year was adjusted as per 1% change in exchange rates. The positive numbers in the following table represent the increase in net profits before tax if the New Taiwan dollar weakens by 1% against the respective currencies, and the negative numbers for the same amount represent the decrease in net profits before tax if the NT dollar strengthens by 1% against the respective currencies.

	Impact of USD	
	2023	2022
Profit or loss	$ 17,239	$ 9,020

The Group's sensitivity to the USD increased in this year, mainly due to the increase in its foreign currency assets.

The management believes that the sensitivity analysis cannot represent the inherent exchange rate risk as foreign currency exposures on the balance sheet date cannot reflect the interim exposures.

(2) Interest rate risk

Interest rate exposures arise as entities under the Group hold assets and liabilities at both fixed and floating rates.

The carrying amount of financial assets and liabilities of the Group under interest rate exposure on balance sheet date is as follows:

	December 31, 2023	December 31, 2022
With fair value interest rate risk		
– Financial assets	$ 1,116,840	$ 432,836
– Financial liabilities	1,089,869	29,625
With cash flow interest rate risk		
– Financial assets	411,864	457,209
– Financial liabilities	150,000	1,537,680

Sensitivity analysis

The following sensitivity analyses are based on the interest rate risk exposure of the non-derivative instruments on the balance sheet date. The analysis of assets at floating rates is based on the assumption that the amount of assets outstanding at the balance sheet date was outstanding throughout the reporting period.

If the annual rate of interest increased/decreased by 1%, with all other variables remaining unchanged, the Group's net income before tax for 2023 and 2022 would have decreased/increased by NT$2,619 thousand and NT$10,805 thousand, respectively, mainly due to the Group's exposure to the risk of the net assets at floating interest rates.

The Group's sensitivity to interest rates decreased in this year, mainly due to the increase in the financial liabilities at floating interest rates.

(3) Other price risks

The Group is exposed to the equity price risk due to the listed equity securities held. The equity investments are not held for trading and are strategic investments. The Group is not actively trading these equity securities. The Group's equity price risk is mainly concentrated in the equity instruments in the electronic industry traded in stock exchanges and over-the-counter markets in Taiwan.

Sensitivity analysis

The sensitivity analysis below was performed based on the equity price exposure on the balance sheet date.

If the securities price increased/decreased by 1%, the profit or loss before tax for 2023 and 2022 would have increased/decreased by NT$5,901 thousand and NT$6,527 thousand respectively, mainly due to increase/decrease in the Group’s financial assets at fair value through profit or loss.

If the securities price increased/decreased by 1%, the other comprehensive income before tax for 2023 and 2022 would have increased/decreased by NT$5,366 thousand and NT$5,053 thousand respectively, mainly due to increase/decrease in the Group’s financial assets at fair value through other comprehensive income.

The Group’s sensitivity to price risk decreased in this period, mainly due to the decrease in the Group’s investment in financial assets at fair value through profit or loss and the financial assets at fair value through other comprehensive income.

2. Credit Risk

Credit risk refers to the risk that a counterparty defaults on its contractual obligations, resulting in a financial loss to the Group. As of the balance sheet date, the Group's maximum exposure to credit risk of financial loss due to non-performance by counter-parties is mainly from the carrying amount of financial assets recognized in consolidated balance sheets.

To mitigate credit risk, the Group has formulated credit and accounts receivable management measures to ensure that appropriate actions have been taken to recover overdue receivables. In addition, the Group will review the recoverable amount of receivables on each balance sheet date to ensure that appropriate impairment loss has been appropriated for the uncollectible receivables. Accordingly, the Group’s management believes that the Group’s credit risk is significantly reduced.

The Group has a wide range of clients across different industries and geographical regions for accounts receivables. The Group continuously evaluates the financial position of clients with accounts receivable.

The Group does not have significant credit risk exposure to any single counterparty or any group of counterparties with similar characteristics. When the transaction counterparties are affiliates, the Group defines them as transaction counterparties with similar characteristics.

3. Liquidity Risk

The Group manages and maintains sufficient cash and cash equivalents to support the Group’s operations and mitigate the impact of cash flow fluctuations. The Group's management monitors the use of bank financing facilities and ensures compliance with the terms of the borrowing agreements.

Bank loans are a source of liquidity for the Group. Please refer to the description of (2) financing facilities below for the Group’s bank financing facilities undrawn as of December 31, 2023 and 2022.

(1) Table of liquidity and interest rate risk of non-derivative financial liabilities

The analysis of the remaining contractual maturities of non-derivative financial liabilities has been prepared based on the undiscounted cash flows (including principal and estimated interest) of the financial liabilities based on the earliest possible date on which the Group can be required to make repayment. Therefore, bank borrowings that the Group may be required to repay immediately are shown in the table below for the earliest period, without regard to the probability that the bank will enforce the right immediately; the maturity analysis of other non-derivative financial liabilities is prepared based on the contractual repayment dates.

December 31, 2023

	Repayment on demand or less than 1 month	1–3 months	3 months to 1 year	Over 1 year	Total
Non-derivative financial assets					
No interest-bearing liabilities	$ 197,407	$ 103,066	$ 7,903	$ 4	$ 308,380
Floating rate instruments	100,000	50,000	-	-	150,000
Fixed rate instruments	-	-	-	1,041,009	1,041,009
Lease liability	1,632	3,264	13,248	32,434	50,578
	$ 299,039	$ 156,330	$ 21,151	$ 1,073,447	$ 1,549,967

Further information on maturity analysis of lease liabilities is as follows:

	Less than 1 year	1–2 years	2–3 years	Over 3 years
Fixed rate instruments	$ -	$ -	$ 1,041,009	$ -
Lease liability	$ 18,144	$ 12,930	$ 11,616	$ 7,888

December 31, 2022

	Repayment on demand or less than 1 month	1–3 months	3 months to 1 year	Over 1 year	Total
Non-derivative financial assets					
No interest-bearing liabilities	$ 193,474	$ 141,926	$ 2,628	$ 4	$ 338,032
Floating rate instruments	70,000	206,060	677,120	-	953,180
Fixed rate instruments	150,000	434,500	-	-	584,500
Lease liability	1,077	2,155	9,321	17,993	30,546
	$ 414,551	$ 784,641	$ 689,069	$ 17,997	$ 1,906,258

Further information on maturity analysis of lease liabilities is as follows:

	Less than 1 year	1–2 years	2–3 years	Over 3 years
Lease liability	$ 12,553	$ 9,243	$ 4,398	$ 4,352

(2) Financing facilities

	December 31, 2023	December 31, 2022
Unsecured bank overdraft facility		
- Borrowing facilities used	$ 150,000	$ 1,120,560
- Borrowing facilities unused	750,000	213,940
	$ 900,000	$ 1,334,500
Secured bank overdraft facility		
- Borrowing facilities used	$ -	$ 417,120
- Borrowing facilities unused	1,688,120	1,554,180
	$ 1,688,120	$ 1,971,300

34. Related Party Transactions

Transactions, account balances, income and expenses between the Company and its subsidiaries (which are the Company's related parties) were all eliminated upon consolidation, so they are not disclosed in this note. Except for those disclosed in other notes, transactions between the Group and other related parties are as follows.

(1) Remuneration for key management

	2023	2022
Short-term employee benefits	$ 51,830	$ 39,147
Share-based payment	1,304	12,392
Post-employment benefits	565	749
	$ 53,699	$ 52,288

The remuneration for directors and other key management is determined by the Board of Directors based on individual performance and market trends.

35. Pledged Assets

The assets below have been pledged as collateral for borrowings from banks and to customs:

	December 31, 2023	December 31, 2022
Certificates of deposit pledged (under financial assets at amortized cost - non-current)	$ 10,401	$ 15,397
Securities pledged (under financial assets at fair value through profit or loss - current)	-	177,168
Property, plant, and equipment	141,420	143,503
	$151,821	$336,068

36. Information on foreign currency assets and liabilities with significant effect:

The information below is aggregated and presented in foreign currencies other than the functional currencies of the entities under the Group. The exchange rates disclosed refer to the rates at which these foreign currencies are converted to the functional currency. The information on foreign currency assets and liabilities with significant effect is as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	Carrying amount	Foreign currency	Exchange rate	Carrying amount
Financial assets						
Monetary items						
USD	$ 63,179	30.70 (USD: NTD)	$ 1,939,595	$ 36,530	30.71 (USD: NTD)	$ 1,121,836
Non-monetary items						
USD	973	30.70 (USD: NTD)	$ 29,877	973	30.71 (USD: NTD)	$ 29,881
Financial liabilities						
Monetary items						
USD	6,066	30.70 (USD: NTD)	$ 186,226	6,815	30.71 (USD: NTD)	$ 209,289
USD	959	7.09 (USD: RMB)	29,441	342	6.97 (USD: RMB)	10,503
			$ 215,667			$ 219,792

The Group is mainly exposed to the foreign currency exchange rate risk of USD and RMB. The following information is presented in aggregate for the functional currencies of the individual entity holding the foreign currencies, and the exchange rates disclosed are the rates at which those functional currencies are translated into the presenting currency. Foreign currency translation gains and losses (realized and unrealized) with significant effect are as follows:

	2023		2022	
Functional currency	Functional currency exchanged to presenting currency	Net exchange gain or loss	Functional currency exchanged to presenting currency	Net exchange gain or loss
NTD	1 (NTD: NTD)	$ 747	1 (NTD: NTD)	$ 53,934
RMB	4.40 (RMB: NTD)	(1,097)	4.43 (RMB: NTD)	(2,397)
		($ 350)		$ 51,537

37. Additional Disclosures

(1) Information on Significant Transactions:

1. The Loaning of Funds: None.
2. Endorsements and guarantees for others: None.
3. Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Associates, and Joint Ventures): Table 1.
4. Marketable Securities Acquired or Sold at Costs or Prices at Least NT$300 million or 20% of the Paid-in Capital: None.
5. Acquisition of Individual Property at Costs of at Least NT$300 million or 20% of the Paid-in Capital: None.
6. Disposal of Individual Property at Costs of at Least NT$300 million or 20% of the Paid-in Capital: None.

7. Total Purchases from or Sales to Related Parties Amounting to at Least NT$100 million or 20% of the Paid-in Capital: None.

8. Receivables from Related Parties Amounting to at Least NT$100 million or 20% of the Paid-in Capital: None.

9. Trading in Derivative Instruments: None.

10. Business Relations and Important Transactions between Parent Company and Subsidiaries and Among Subsidiaries and Amounts: Table 2.

(2) Information on Investees: Table 3.

(3) Information on investment in Mainland China:

1. Information on investees in Mainland China, including the name, main business and products, paid-in capital, method of investment, inward and outward remittance of funds, percentage of ownership, investment income or loss, carrying amount of the investment at the end of the period, repatriation of investment income, and limit on the amount of investment in the Mainland China area: Table 4.

2. The following significant transactions with investees in Mainland China, directly or indirectly through third regions, and their prices, payment terms, and unrealized gains or losses: Table 5.

(1) The amount and percentage of purchases and the related ending balance and percentage of payables.

(2) The amount and percentage of sales and the related ending balance and percentage of receivables.

(3) The amount of property transactions and the amount of resulting gains or losses.

(4) The ending balance of endorsement guarantee of bills or the provision of collateral and its purpose.

(5) The maximum balance, ending balance, interest rate range and total current interest amount of financial accommodation

(6) Other transactions that have a significant effect on the current profit or loss or financial position, such as the provision or receipt of services.

(4) Information on Major Shareholders: The name of shareholders with a shareholding ratio of 5% or more, and the number and percentage of shares held: Table 6.

38. Segment Information

The Group's information reported to the chief operating decision-maker for resource allocation and segment performance assessment focuses on types of goods or services delivered or provided. The financial reporting information is measured on the same basis as that for these consolidated financial statements. The Group's reportable segments are its self-owned product segment and product agency segment.

(1) Revenue and operating results of segments

	Segment revenues			
	2023		2022	
	External revenue	Inter-segment revenues	External revenue	Inter-segment revenues
Self-owned product segment	$ 1,906,355	$ 156	$ 1,808,947	$ -
Product agency segment	979,205	83,713	1,079,206	81,830
	$ 2,885,560	$ 83,869	$ 2,888,153	$ 81,830

	Segment profits or losses	
	2023	2022
Self-owned product segment	$ 40,773	$184,277
Product agency segment	1,068	59,178
Total reportable segments' profit	41,841	243,455
Inter-segment profit eliminated	(11)	(11)
	41,830	243,444
Unallocated amount:		
Non-operating income and expenses	184,656	(103,888)
Net profit before taxation	$226,486	$139,556

Segments' profit refers to the profit earned by each segment, excluding non-operating income and expenses that should be allocated. This measure is provided to the chief operating decision maker to allocate resources to segments and to measure their performance.

(2) Segments' total assets

Segments' assets	December 31, 2023	December 31, 2022
Self-owned product segment	$ 5,571,450	$ 5,570,437
Product agency segment	280,513	421,178
Total segment assets	5,851,963	5,991,615
Unallocated assets	-	-
Total consolidated assets	$ 5,851,963	$ 5,991,615

All assets are allocated to reportable segments. Assets shared by reportable segments are allocated based on income earned by each reportable segment.

(3) Revenue from main products and services

The analysis of the revenue from the Group's main products and services is as follows:

	2023	2022
Sales income - integrated circuits	$ 1,903,585	$ 1,804,147
Trading of integrated circuits	979,205	1,079,206
Design and testing income	2,770	4,800
	$ 2,885,560	$ 2,888,153

(4) Information by region

The Group mainly operates business in Taiwan, mainland China, and other regions.

The Group's revenue from external clients classified by region where business is operated and the information on non-current assets classified by locations of the assets are stated below:

	Revenue from external clients		Non-current assets	
	2023	2022	December 31, 2023	December 31, 2022
Taiwan	$ 695,612	$ 880,294	$ 1,404,056	$ 1,499,775
Mainland China	2,099,268	1,809,939	2,444	738
Others	90,680	197,920	-	-
	$ 2,885,560	$ 2,888,153	$ 1,406,500	$ 1,500,513

Non-current assets exclude financial instruments and deferred tax assets

(5) Information on main clients

Single customers contributing 10% or more of the Group’s total revenue are as follows:

	2023		2022	
Name of client	Monetary amount	Percentage %	Monetary amount	Percentage %
Customer A	$ 303,293	10.51	$ 308,797	10.69

Note: The amount of revenue did not reach 10% of the Group’s total revenue.

Weltrend Semiconductor, Inc. and Its Subsidiaries

Marketable securities held at the end of the period

December 31, 2023

Table 1

Unit: In thousand NTD and thousand shares, unless otherwise specified

Companies held	Types and names of marketable securities	Relations with the securities issuer	Account in the book	Ending Balance				Amount pledged (Note 1)
				Number of shares/Unit	Carrying amount	Shareholdings ratio	Fair value	
The Company	Stock							
	Greatek Electronics Inc.	—	Financial assets at fair value through profit or loss - current	4,385	$ 268,361	-	$ 268,361	$ -
	China Metal Products Co., Ltd.	—	Financial assets at fair value through other comprehensive income - current	1,542	64,687	-	64,687	-
	AU Optronics Corporation	—	Financial assets at fair value through other comprehensive income - current	1,900	34,485	-	34,485	-
	United Microelectronics Corporation	—	Financial assets at fair value through other comprehensive income - current	1,750	92,050	-	92,050	-
	Tong Hsing Electronic.	—	Financial assets at fair value through other comprehensive income - current	19.50	3,071	-	3,071	-
	Delta Electronics, Inc.	—	Financial assets at fair value through other comprehensive income - current	40	12,540	-	12,540	-
	Co-Tech Development Corp.	—	Financial assets at fair value through other comprehensive income - current	157	9,514	-	9,514	-
	Chroma ATE Inc.	—	Financial assets at fair value through other comprehensive income - current	45	9,585	-	9,585	-
	Elite Material Co., Ltd.	—	Financial assets at fair value through other comprehensive income - current	15	5,730	-	5,730	-
	Chung Hsin Electric & Machinery Manufacturing Corporation	—	Financial assets at fair value through other comprehensive income - current	50	5,825	-	5,825	-
	Compeq Manufacturing Company Limited	—	Financial assets at fair value through other comprehensive income - current	50	3,535	-	3,535	-
	Faraday Technology Corporation	—	Financial assets at fair value through other comprehensive income - current	10	3,570	-	3,570	-
	Luxnet Corporation	—	Financial assets at fair value through other comprehensive income - current	40	5,760	-	5,760	-
	Unimicron Technology Corp.	—	Financial assets at fair value through other comprehensive income - current	200	35,200	-	35,200	-
	Primax Electronics Ltd.	—	Financial assets at fair value through other comprehensive income - current	40	2,708	-	2,708	-
	Arcadyan Technology Corporation	—	Financial assets at fair value through other comprehensive income - current	40	6,820	-	6,820	-

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Companies held	Types and names of marketable securities	Relations with the securities issuer	Account in the book	Ending Balance				Amount pledged (Note 1)
				Number of shares/Unit	Carrying amount	Shareholdings ratio	Fair value	
The Company	Coremate Technical Co., Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	161	$ -	2%	$ -	$ -
	Silicongear Corporation	—	Financial assets at fair value through other comprehensive income - non-current	1	-	-	-	-
	AETAS TECHNOLOGY INC.	—	Financial assets at fair value through other comprehensive income - non-current	36	-	Preferred Series B	-	-
	AETAS TECHNOLOGY INC.	—	Financial assets at fair value through other comprehensive income - non-current	7	-	Preferred Series C	-	-
	AETAS TECHNOLOGY INC.	—	Financial assets at fair value through other comprehensive income - non-current	3	-	Preferred Series D	-	-
	Privately offered funds							
	Zoyi Venture Capital Co., Ltd.	—	Financial assets at fair value through profit or loss – non-current	-	80,212	-	80,212	-
Weltrend International Co., (BVI) Ltd.	Stock							
	Greatek Electronics Inc.	—	Financial assets at fair value through profit or loss - current	220	13,464	-	13,464	-
	Delta Electronics, Inc.	—	Financial assets at fair value through other comprehensive income - current	170	53,295	-	53,295	-
	China Metal Products Co., Ltd.	—	Financial assets at fair value through other comprehensive income - current	369	15,480	-	15,480	-
	Keron Holding Corpratin	—	Financial assets at fair value through other comprehensive income - non-current	201	29,885	Preferred Series A-2	29,885	-
	IDILL INTERNATIONAL., INC.	—	Financial assets at fair value through other comprehensive income - non-current	250	-	-	-	-
	Funds							
	BNY MELLON GLOBAL CREDIT FUND	—	Financial assets at fair value through profit or loss - current	512	16,807	-	16,807	-
	JPM INCOME UAS ACC	—	Financial assets at fair value through profit or loss - current	6	24,254	-	24,254	-
	LOAD ABBETT SHORT DUR USD ACC	—	Financial assets at fair value through profit or loss - current	65	23,699	-	23,699	-
	MFS GLB OPPORTUNISTIC USD ACC	—	Financial assets at fair value through profit or loss - current	47	16,894	-	16,894	-
	JPM USD LIQUIDITY LVNAV ACC	—	Financial assets at fair value through profit or loss - current	2,511	77,073	-	77,073	-
Yingquan Investment Co., Ltd.	Greatek Electronics Inc.	—	Financial assets at fair value through profit or loss - current	874	53,489	-	53,489	-
	Merry Electronics Co., Ltd.	—	Financial assets at fair value through other comprehensive income - current	260	28,470	-	28,470	-

(Continued on next page)

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Companies held	Types and names of marketable securities	Relations with the securities issuer	Account in the book	Ending Balance				Amount pledged (Note 1)
				Number of shares/Unit	Carrying amount	Shareholdings ratio	Fair value	
Yingquan Investment Co., Ltd.	United Microelectronics Corporation	—	Financial assets at fair value through other comprehensive income - current	350	$ 18,410	-	$ 18,410	$ -
	Wistron Corporation	—	Financial assets at fair value through other comprehensive income - current	300	29,580	-	29,580	-
	Delta Electronics, Inc.	—	Financial assets at fair value through other comprehensive income - current	20	6,270	-	6,270	-
	Taiwan Semiconductor Manufacturing Co., Ltd.	—	Financial assets at fair value through other comprehensive income - current	30	17,790	-	17,790	-
	China Metal Products Co., Ltd.	—	Financial assets at fair value through other comprehensive income - current	98	4,111	-	4,111	-
	U.S.A. GOTRUSTID Inc. Taiwan Branch	—	Financial assets at fair value through profit or loss – non-current	500	451	3%	451	-
	Anqing Innovation Investment Co., Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	3,114	18,565	6%	18,565	-
	Chongyou Investment Co., Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	655	15,288	9%	15,288	-
	Baycom Opto-Electronics Technology Co., Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	401	4,336	1%	4,336	-
Sentelic Corporation	<u>Stock</u>							
	Lavod Corporation	—	Financial assets at fair value through profit or loss – non-current	252	-	8.48%	-	Note 2
	<u>Beneficiary certificates</u>							
	Cathay Taiwan 5G Plus ETF	—	Financial assets at fair value through profit or loss - current	500	9,260	-	9,260	-
	SinoPac Taiwan Electric Vehicle Supply Chain ETF	—	Financial assets at fair value through profit or loss - current	400	6,132	-	6,132	-

Note 1: The securities listed are restricted for use as they are pledged for borrowings.

Note 2: Lavod Corporation's shares held have all been recognized in impairment.

Weltrend Semiconductor, Inc. and Its Subsidiaries

Business relationships, significant transactions and amounts between parent company and subsidiaries and among subsidiaries.

For the Year Ended December 31, 2023

Table 2 Unit: NT$ thousand

No.	Trader name	Counterparty	Relations with trader (Note 4)	Transactions			
				Account	Amount	Trading conditions	As a percentage of consolidated total revenue or total assets
0	The Company	Dongguan Prosil Electronics Co., Ltd.	1	Net operating income	$ 83,713	Note 1	3%
				Accounts receivable	29,429	Note 2	1%
		Yingquan Investment Co., Ltd.	1	Rental incomes	11	Note 1	-
		Sentelic Corporation	1	Sales revenue	514	Note 1	-
				Accounts receivable	156	Note 3	-
				Other income	1,080	Note 1	-
				Other receivables	95	Note 3	-
1	Dongguan Prosil Electronics Co., Ltd.	Sentelic Corporation	2	Other income	3,079	Note 1	-
				Other receivables	313	Note 3	-

Note 1: It is based on the terms negotiated by both parties without other suitable transaction counterparties for comparison.

Note 2: It is mainly net 90 days at the end of each month for collection (payment).

Note 3: It is mainly net 30 days at the end of each month for collection (payment).

Note 4: 1 represents the transactions from parent company to subsidiary.

2 represents the transactions from sub-subsidiary to subsidiary.

Weltrend Semiconductor, Inc. and Its Subsidiaries

Information on the investee, location, etc. (excluding investees in China)

For the Year Ended December 31, 2023

Table 3

Unit: NT$ thousand

Investor name	Investee	Location	Principal business	Original investment amount		Holding, end of period			Profits (losses) of the investee for the period	Investment incomes (losses) recognized in the period	Remarks
				End of the period	End of last year	Number of Shares (in thousands)	Percentage (%)	Carrying amount			
The Company	Weltrend International Co., (BVI) Ltd.	British Virgin Islands	Investment	$ 265,000	$ 265,000	8,164	100	$ 554,199	$ 57,558	$ 57,558	Note 1
	Yingquan Investment Co., Ltd.	Taiwan	Investment	241,486	241,486	32,416	98	327,221	38,044	37,390	Note 1
	Sentelic Corporation	Taiwan	Integrated circuit development and design, analog circuit design, digital signal processing, application software development, and import and export of electronic components.	1,117,120	1,117,120	15,324	51	1,033,260	63,517	(2,889)	Note 1 and 3
Sentelic Corporation	Sentelic Holding Co., Ltd.	Republic of Mauritius.	Investment	18,782	18,782	625	100	22	-	-	Note 1

Note 1: It was calculated based on the financial reports for the same periods audited by CPAs.

Note 2: Please refer to Table 4 for the relevant information on the investees in Mainland China.

Note 3: Investment income (losses) recognized in this period is based on financial information before inter-company transactions were eliminated and recognized after adjustments based on the effect of the acquisition method.

Weltrend Semiconductor, Inc. and Its Subsidiaries

Information on investment in Mainland China

For the Year Ended December 31, 2023

Table 4

Unit: In thousand NTD, unless otherwise specified

Names of investees in Mainland China	Principal business	Paid-in capital	Type of investment method	Accumulated investment amount remitted from Taiwan at the beginning of the period	Amount of investment remitted or recovered during the period		Accumulated investment amount remitted from Taiwan at the end of the period	Profit or loss of the investee for the period (Note 2)	Shareholding in direct or indirect investment	Investment income (loss) recognized in this period (Note 2)	Book value of investments at the end of the period	Investment income remitted back as of the end of the period
					Outward remittance	Recover						
Dongguan Prosil Electronics Co., Ltd.	Import and export of electronic components and general import and export	RMB 8,048 thousand (USD 1,200 thousand)	Note 1	USD 1,200 thousand ($ 36,840)	$ -	$ -	USD 1,200 thousand ($ 36,840)	($ 3,341)	100%	($ 3,341)	$ 27,104	$ -

Accumulated amount of investment from Taiwan to Mainland China at the end of the period	Amount of investment approved by the Investment Commission, MOEA	Investment quota for Mainland China as stipulated by the Investment Commission, MOEA
US$1,200 thousand ($36,840)	US$1,200 thousand ($36,840)	$2,088,733

Note 1: The Company invests in Weltrend International Co., (BVI) Ltd. and then invests in companies through Mainland China through said company. The investments have been approved by the Investment Commission, Ministry of Economic Affairs. The investment amount approved is US$1,200 thousand.

Note 2: It was calculated based on the financial report for the same period audited by a CPA.

Note 3: The amounts were converted at an exchange rate of USD to NTD on December 31, 2023.

Weltrend Semiconductor, Inc. and Its Subsidiaries

Major Transactions with Investees in Mainland China Through Direct or Indirect Investment Through a Third Region, and the Prices, Payment Terms, Unrealized Gains or Losses, and Other Relevant Information

For the Year Ended December 31, 2023

Table 5

Unit: NT$ thousand

Names of investees in Mainland China	Type of transaction	Purchase or sale		Transaction conditions (Note)	Notes and accounts receivable (payable)		Unrealized gain or loss	Remarks
		Amount	Percentage		Amount	Percentage		
Dongguan Prosil Electronics Co., Ltd.	Operating revenues	$ 83,713	3%	—	$ 29,429	3%	$ -	—

Note: Sales with related parties are determined based on the terms negotiated by both parties without other suitable transaction counterparties for comparison.

Weltrend Semiconductor, Inc. and Its Subsidiaries

Information on major shareholders

December 31, 2023

Table 6

Information on major shareholders	Shares	
	Number of shares held (shares)	Shareholding percentage
The Group has no shareholders holding more than 5% of the shares individually.	-	-

Note: The information on major shareholders in this Exhibit is compiled by Taiwan Depository & Clearing Corporation based on the last business day of the quarter in which the shareholders held 5% or more of the Company's common shares and preferred shares whose registration and delivery have been completed in non-physical form (including treasury shares). The number of shares recorded in the Company's consolidated financial statements and the actual number of shares registered and delivered in non-physical form may differ depending on the basis of preparation of the calculations.

V. Parent Company-Only Financial Statement for the Most Recent Fiscal Year, Certified by the CPA

Independent Auditor's Report

To Weltrend Semiconductor, Inc. and Its Subsidiaries,

Audit opinion

We have reviewed the accompanying parent company only balance sheets of Weltrend Semiconductor, Inc. (the "Company") for the years ended December 31, 2023 and 2022 and the relevant parent company only statements of comprehensive income, changes in equity, and cash flows for the years then ended, and relevant notes, including a summary of significant accounting policies (collectively referred to as the "parent company only financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the standalone financial position of the Company as of December 31, 2023 and 2022 and for the years then ended, and its standalone financial performance and standalone cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of audit opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the parent company only financial statements" paragraph of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We are convinced that we have acquired enough and appropriate audit evidence to serve as the basis of audit opinion.

Key audit matters

Key audit matters refer to the most vital matters in our audit of the Company's parent company only financial statements for the year ended December 31, 2023 based on our professional judgment. These matters were addressed in our audit of the parent company only financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters.

V. Parent Company-Only Financial Statement for the Most Recent Fiscal Year, Certified by the CPA

Key audit matters of the Company's parent company only financial statements for the year ended December 31, 2023, are stated as follows

Sales revenue recognition

The Company's standalone operating revenue for 2023 amounted to NT$2,456,755 thousand. Please Notes 4 and 25 to the parent company only financial statements for accounting policies and information on revenue recognition. The Company's operating revenue mainly includes research, development, production, and sales of integrated circuits and sales of foreign brands' integrated circuits as an agent. Due to the large number of sales clients located at home and abroad, we listed the sales revenue which grew compared with the last year and that from specific counterparties as one of the key audit matters.

The main audit procedures we performed for the above matters are as follows

1. Learned about and tested the effectiveness of the main internal control design and implementation for sales revenue.
2. Sampled and checked the receipts and invoices related to sales revenue and the payment status, checked if transaction counterparties existed to verify if the sales really happened, and checked if there is any anomaly in the sales clients and the payment recipients.

Responsibilities of the management and the governing bodies for the parent company only financial statements

The management's responsibilities are to prepare the parent company only financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and to maintain necessary internal control associated with the preparation in order to ensure that the parent company only financial statements are free from material misstatement arising from fraud or error.

In preparing the parent company only financial statements, the management is responsible for assessing the ability of the Company in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Company or cease the operations without other viable alternatives.

The Company's governing bodies (including the Audit Committee) are responsible for supervising the financial reporting process.

Auditor's responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance on whether the parent company only financial statements as a whole are free from material misstatement arising from fraud or error and to issue an independent auditors' report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatement may arise from frauds or errors. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the parent company only financial statements, they are considered material.

V. Parent Company-Only Financial Statement for the Most Recent Fiscal Year, Certified by the CPA

We have utilized our professional judgment and maintained professional doubt when performing the audit work in accordance with the auditing standards generally accepted in the Republic of China. We also performed the following tasks:

1. Identify and assess the risks of material misstatement arising from fraud or error within the parent company only financial statements; designed and executed countermeasures in response to said risks, and obtained sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error.
2. Obtain an understanding of the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Conclude on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt over the Company’s ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the parent company only financial statements to pay attention to relevant disclosures in said statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's 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 relevant notes), and whether the parent company only financial statements adequately present the relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within the Company, to express an opinion on the parent company only financial statements. We were responsible for guiding, supervising, and performing the audit and forming an audit opinion on the Company.

The matters communicated between us and the governing bodies included the planned scope and times of the audit and material audit findings (including any Significant deficiencies in internal control that we identify during the audit).

V. Parent Company-Only Financial Statement for the Most Recent Fiscal Year, Certified by the CPA

We also provide the governing bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence and communicated with them all relations and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governing bodies, we determined the key audit matters for the audit of the Company’s parent company only financial statements for the year ended December 31, 2023. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the public disclosure of specific matters, or in extremely rare cases, where we decided not to communicate over specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

The engagement partners on the audits resulting in this independent auditors’ report are Cheng-Chih, Lin and Pan-fa, Wang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 26, 2024

Weltrend Semiconductor Incorporated

Parent Company Only Balance Sheet

December 31, 2023 and 2022

Unit: NT$ thousand

Code	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4, 6 and 30)	$ 629,083	12	$ 169,047	3
1110	Financial assets at fair value through profit or loss - current (Notes 4, 7, 30, and 32)	268,362	5	268,698	5
1120	Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 30)	295,080	6	306,807	6
1150	Notes receivable (Notes 4, 10 and 30)	12,426	-	23,778	1
1170	Accounts receivable (Notes 4, 10, 25 and 30)	798,416	16	683,865	14
1180	Accounts receivable - related party (Notes 4, 30, and 31)	29,584	1	10,514	-
1190	Other accounts receivable - related party (Notes 4, 30, 31, and 33)	95	-	1,226	-
1200	Other receivables (Notes 4, 10 and 30)	1,921	-	13,732	-
1220	Current tax assets (Notes 4 and 27)	7,674	-	-	-
130X	Inventory (Notes 4 and 11)	687,877	14	1,390,584	27
1410	Prepayments (Note 17)	25,765	-	29,172	1
11XX	Total current assets	2,756,283	54	2,897,423	57
	Non-current assets				
	Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 30)	80,212	2	71,098	1
1535	Financial assets at amortized cost - non-current (Notes 4, 9, 30, and 32)	100	-	100	-
1550	Investments using the equity method (Notes 4 and 12)	1,914,679	38	1,826,335	36
1600	Property, plant and equipment (Notes 4, 13 and 32)	206,074	4	284,813	6
1755	Right-of-use assets (Notes 4 and 15)	41,842	1	19,433	-
1760	Investment property (Notes 4 and 14)	50,208	1	-	-
1780	Intangible assets (Notes 4 and 16)	18,365	-	18,198	-
1920	Guarantee deposits paid (Note 30)	5,590	-	5,565	-
15XX	Total non-current assets	2,317,070	46	2,225,542	43
1XXX	Total assets	$ 5,073,353	100	$ 5,122,965	100

Code	Liabilities and equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities				
2100	Short-term borrowings (Notes 4, 18, 30 and 32)	$ 150,000	3	$ 1,537,680	30
2120	Financial liabilities at fair value through profit or loss - current (Notes 7, 19, and 30)	110	-	-	-
2150	Notes payable (Notes 4, 20 and 30)	629	-	1,279	-
2170	Accounts payable (Notes 4, 20 and 30)	191,980	4	220,622	4
2206	Remuneration payable to employees and directors and supervisors (Note 26)	41,661	1	34,665	1
2209	Other payables (Notes 4, 21 and 30)	54,877	1	48,829	1
2230	Current tax liabilities (Notes 4 and 27)	-	-	42,576	1
2250	Liabilities - current (Notes 4 and 22)	10,360	-	6,283	-
2280	Lease liabilities - current (Notes 4, 15 and 30)	11,853	-	6,574	-
2300	Other current liabilities (Notes 4, 21 and 25)	5,639	-	4,226	-
21XX	Total current liabilities	467,109	9	1,902,734	37
	Non-current liabilities				
2530	Corporate bonds payable (Notes 19 and 30)	1,041,009	20	-	-
2570	Deferred tax liabilities (Note 4 and 27)	1,741	-	-	-
2580	Lease liabilities - non-current (Notes 4, 15 and 30)	30,453	1	12,995	-
2640	Net defined benefit liability - non-current (Notes 4 and 23)	51,379	1	53,873	1
2600	Other non-current liabilities (Notes 21 and 30)	440	-	-	-
25XX	Total non-current liabilities	1,125,022	22	66,868	1
2XXX	Total liabilities	1,592,131	31	1,969,602	38
	Equity (Notes 4, 24, and 30)				
3110	Common stock	1,780,116	35	1,780,100	35
3200	Capital surplus	266,965	5	69,026	1
	Retained earnings				
3310	Legal reserve	640,592	13	633,441	12
3320	Special reserve	167,949	3	32,053	1
3350	Unappropriated earnings	733,853	15	909,856	18
3300	Total retained earnings	1,542,394	31	1,575,350	31
3400	Other equity	(24,853)	-	(167,949)	(3)
3500	Treasury stock	(83,400)	(2)	(103,164)	(2)
3XXX	Total equity	3,481,222	69	3,153,363	62
	Total liabilities and equity	$ 5,073,353	100	$ 5,122,965	100

The accompanying notes are an integral part of the parent company only financial statements.

V. Parent Company-Only Financial Statement for the Most Recent Fiscal Year, Certified by the CPA

Weltrend Semiconductor Incorporated

Parent Company Only Statement of Comprehensive Income

For the Years Ended December 31, 2023 and 2022

Unit: Thousands of NTD; except for earnings per share in NTD

		2023		2022	
Code		Amount	%	Amount	%
4000	Operating revenue, net (Notes 4, 25 and 31)	$ 2,456,755	100	$ 2,771,368	100
5000	Operating costs (Notes 4, 11 and 26)	1,850,864	76	1,904,143	69
5900	Operating gross margins	605,891	25	867,225	31
	Operating expenses (Note 26)				
6100	Selling expenses	134,803	5	145,001	5
6200	Administrative expenses	75,991	3	81,034	3
6300	Research and Development expenses	308,034	13	291,653	10
6450	Expected credit reversal gain (Note 10)	-	-	(301)	-
6000	Total operating expenses	518,828	21	517,387	18
6900	Net operating profits	87,063	4	349,838	13
	Non-operating income and expenses				
7100	Interest income (Notes 4 and 26)	7,983	-	1,219	-
7010	Other income (Notes 4, 26 and 31)	38,764	2	114,262	4
7020	Other profits and losses (Note 26)	35,333	1	(144,817)	(5)
7050	Financial costs (Note 26)	(25,125)	(1)	(11,169)	(1)
7070	Share of profit on subsidiaries using the equity method (Notes 4 and 12)	92,059	4	(112,899)	(4)
7000	Non-operating income and expenses, net	149,014	6	(153,404)	(6)

(Continued on next page)

(Continued from previous page)

Code		2023 Amount	2023 %	2022 Amount	2022 %
7900	Net profit before taxation	$ 236,077	10	$ 196,434	7
7950	Income tax expense (Notes 4 and 27)	26,837	1	49,663	2
8200	Net income for the year	209,240	9	146,771	5
	Other comprehensive income				
8310	Items not reclassified to profit or loss:				
8311	Remeasurement of defined benefit plans	(575)	-	10,832	1
8316	Unrealized gains or losses on investment in equity instruments at fair value through other comprehensive income	76,296	3	(158,254)	(6)
8330	Share of other comprehensive income of subsidiaries using the equity method	37,989	2	(64,106)	(2)
8360	Items that may subsequently be reclassified to profit or loss:				
8361	Exchange differences on the translation of financial statements of foreign operations	(411)	-	372	-
8300	Other comprehensive income for the year	113,299	5	(211,156)	(7)
8500	Total comprehensive income for the year	$ 322,539	14	($ 64,385)	(2)
	Earnings per share (Note 28)				
9750	Basic	$ 1.18		$ 0.83	
9850	Diluted	$ 1.17		$ 0.83	

The accompanying notes are an integral part of the parent company only financial statements.

V. Parent Company-Only Financial Statement for the Most Recent Fiscal Year, Certified by the CPA

Weltrend Semiconductor Incorporated

Parent Company Only Statement of Changes in Equity

For the Years Ended December 31, 2023 and 2022

Unit: NT$ thousand

		Common stock			Retained earnings			Other equity			
Code		Number of shares (in thousands)	Amount	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on the translation of financial statements of foreign operations	Unrealized gain or loss on measured at fair value through other comprehensive income	Treasury stock	Total equity
A1	Balance at January 1, 2022	178,010	$ 1,780,100	$ 39,555	$ 547,112	$ 10,883	$ 1,475,374	($ 1,943)	($ 30,110)	($ 161,278)	$ 3,659,693
	Earnings distribution for 2021										
B1	Legal reserve	-	-	-	86,329	-	(86,329)	-	-	-	-
B3	Special reserve	-	-	-	-	21,170	(21,170)	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	-	(529,530)	-	-	-	(529,530)
D1	Net income for 2022	-	-	-	-	-	146,771	-	-	-	146,771
D3	Other comprehensive income for 2022	-	-	-	-	-	11,183	372	(222,711)	-	(211,156)
D5	Total comprehensive income for 2022	-	-	-	-	-	157,954	372	(222,711)	-	(64,385)
F3	Transfer of treasury shares	-	-	29,471	-	-	-	-	-	58,114	87,585
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(86,443)	-	86,443	-	-
Z1	Balance at December 31, 2022	178,010	1,780,100	69,026	633,441	32,053	909,856	(1,571)	(166,378)	(103,164)	3,153,363
	Earnings distribution for 2022										
B1	Legal reserve	-	-	-	7,151	-	(7,151)	-	-	-	-
B3	Special reserve	-	-	-	-	135,896	(135,896)	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	-	(212,399)	-	-	-	(212,399)
	Other changes in capital surplus:										
C5	Convertible corporate bonds issued and recognized in components of equity	-	-	193,693	-	-	-	-	-	-	193,693
D1	Net income for 2023	-	-	-	-	-	209,240	-	-	-	209,240
D3	Other comprehensive income for 2023	-	-	-	-	-	(587)	(411)	114,297	-	113,299
D5	Total comprehensive income for 2023	-	-	-	-	-	208,653	(411)	114,297	-	322,539
F3	Transfer of treasury shares	-	-	4,168	-	-	-	-	-	19,764	23,932
I1	Convertible corporate bond conversion	1	16	78	-	-	-	-	-	-	94
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(29,210)	-	29,210	-	-
Z1	Balance at December 31, 2023	178,011	$ 1,780,116	$ 266,965	$ 640,592	$ 167,949	$ 733,853	($ 1,982)	($ 22,871)	($ 83,400)	$ 3,481,222

The accompanying notes are an integral part of the parent company only financial statements.

V. Parent Company-Only Financial Statement for the Most Recent Fiscal Year, Certified by the CPA

Weltrend Semiconductor Incorporated

Parent Company Only Statement of Cash Flows

For the Years Ended December 31, 2023 and 2022

Unit: NT$ thousand

Code		2023	2022
	Cash flows from operating activities		
A10000	Net income before tax for 2023	$ 236,077	$ 196,434
A20010	Income and expense items that do not affect cash flow:		
A20100	Depreciation expenses	61,173	64,286
A20200	Amortization expenses	24,563	18,034
A20300	Expected credit reversal gain	-	(301)
A20400	Net loss (gain) on financial assets at fair value through profit or loss	(51,253)	210,928
A20900	Financial costs	25,125	11,169
A21200	Interest income	(7,983)	(1,219)
A21300	Dividend income	(35,474)	(108,181)
A21900	Cost of remuneration for employee stock options	4,085	28,722
A22400	Share of loss (profit) on subsidiaries using the equity method	(92,059)	112,899
A22500	Gain on disposal of property, plant and equipment	-	(95)
A23700	Losses for market price decline and obsolete inventory	112,689	27,456
A24100	Foreign exchange gains (losses), net	8,600	(93,316)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	11,352	1,500
A31150	Accounts receivable	(116,314)	539,036
A31160	Accounts receivable - related party	(19,351)	8,005
A31170	Other receivables	7,779	6,415
A31180	Other receivable - related party	1,131	(1,226)
A31200	Inventory	590,018	(665,714)
A31230	Prepayments	3,407	(5,679)
A32130	Notes payable	(650)	559
A32150	Accounts payable	(29,136)	(381,337)
A32990	Remuneration payable to employees and directors and supervisors	6,996	(119,922)
A32180	Other payables	(3,183)	11,894
A32200	Provisions	4,077	(300)
A32230	Other current liabilities	1,413	106
A32240	Net defined benefit liability	(3,068)	(8,973)
A33000	Cash inflow (outflow) from operations	740,014	(148,820)
A33100	Interest received	7,983	1,219
A33300	Interests paid	(18,651)	(11,169)
A33500	Income tax paid	(75,346)	(101,793)
AAAA	Net cash inflow (outflow) from operating activities	654,000	(260,563)

(Continued on next page)

V. Parent Company-Only Financial Statement for the Most Recent Fiscal Year, Certified by the CPA

(Continued from previous page)

Code		2023	2022
	Cash flows from investing activities		
B00010	Acquisition of financial assets measured at fair value through other comprehensive income	($ 335,647)	($ 711,230)
B00020	Sale of financial assets at fair value through other comprehensive income	436,879	612,465
B00100	Acquisition of financial assets at fair value through profit or loss	(120,798)	(366,974)
B00200	Sale of financial assets at fair value through profit or loss	163,053	566,097
B02200	Acquisition of subsidiaries	-	(1,117,120)
B02700	Purchase of property, plant, and equipment	(18,334)	(33,322)
B02800	Proceeds from disposal of property, plant and equipment	-	95
B03700	Increase in refundable deposits	(25)	(183)
B04500	Acquisition of intangible assets	(24,730)	(21,198)
B07600	Other dividends received	35,529	108,195
B09900	Dividends from subsidiaries received	41,375	16,208
BBBB	Net cash inflow (outflow) from investing activities	177,302	(946,967)
	Cash flows from financing activities		
C00100	Increase (decrease) in short-term borrowings	(1,387,680)	1,002,680
C01200	Convertible corporate bonds issued	1,228,652	-
C03000	Increase in guarantee deposits received	440	-
C04200	Principal repayment of lease liabilities	(13,978)	(13,993)
C04500	Cash dividends paid	(212,399)	(529,530)
C04900	Purchase of treasury shares	-	(36,735)
C05000	Price of disposal of treasury shares	19,764	58,114
CCCC	Net cash inflow (outflow) from financing activities	(365,201)	480,536
DDDD	Impact of changes in exchange rate on cash and cash equivalents	(6,065)	29,892
EEEE	Net (decrease) increase in cash and cash equivalents for 2023	460,036	(697,102)
E00100	Opening balance of cash and cash equivalents	169,047	866,149
E00200	Ending balance of cash and cash equivalents	$ 629,083	$ 169,047

The accompanying notes are an integral part of the parent company only financial statements.

Weltrend Semiconductor Incorporated

Notes to Parent Company Only Financial Statements

For the Years Ended December 31, 2023 and 2022

(In thousand NTD, unless otherwise specified)

1. Company History

Weltrend Semiconductor, Inc. (the "Company") was incorporated in Hsinchu Science Park in July 1989 and entered operations in September of the same year, mainly engaging in research, development, production, testing, and sales of digital and analog hybrid special application integrated circuits, as well as digital and analog integrated circuits.

The Company's stock has been listed on the Taiwan Stock Exchange Corporation (TWSE) since September 2000.

The parent company only financial statements are presented in the Company's functional currency, New Taiwan dollar (NTD).

2. Date and Procedures for Approval of Financial Statements

The parent company only financial statements were approved by the Board of Directors on February 26, 2024.

3. Application of New and Revised Standards and Interpretation

(1) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The application of the IFRSs endorsed and issued into effect by the FSC does not have material impact on the accounting policies of the Company.

(2) Application of IFRSs endorsed by FSC in 2024

The new/amended/revised standards or interpretation	Effective date issued by the International Accounting Standards Board (IASB) (Note 1)
Amendments to IFRS 16, "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS7 and IFRS7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless otherwise stated, the aforementioned new/amended/revised standards or interpretations are effective for annual reporting periods beginning after the respective dates.

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

Note 3: When the amendments apply for the first time, some requirements for disclosure are exempted.

By the time the parent company only financial statements were approved to be released, the Company confirmed that the amendments to other standards and interpretations would not cause a material impact on its financial position and financial performance.

(3) The IFRSs released by the IASB but not yet endorsed and issued into effect by the FSC

The new/amended/revised standards or interpretation	Effective date of IASB publication (Note 1)
Amendment to IFRS 10 and IAS 28, “Sale or Contribution of Assets between an Investor and its Affiliate or Joint Venture.”	Undecided
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless otherwise stated, the aforementioned new/amended/revised standards or interpretations are effective for annual reporting periods beginning after the respective dates.

Note 2: The amendments apply to the annual reporting periods beginning on or after January 1, 2025. When the amendments apply for the first time, the effects will be recognized in retained earnings on the first application date. When the Company adopts a non-functional currency as the presentation currency, the effects will be reclassified as the exchange differences arising from the translation of the financial statements of foreign operations under equity on the first-time application date.

As of the date of approving the parent company only financial statements for release, the Company had continued to evaluate the effect of the amendments to above standards and interpretations on its financial position and financial performance, and the relevant effects will be disclosed when the evaluation is completed.

4. <u>Summary of Significant Accounting Policies</u>

(1) Compliance Statement

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

The parent company only financial statements were prepared on the historical cost basis, except for financial instruments measured at fair value and net defined benefit liabilities recognized at the present value of defined benefit obligation less the fair value of plan assets.

The evaluation of fair value could be classified into Level 1 to Level 3 by the observable intensity and importance of the related input value:

1. Level 1 input value: refers to the quotation of the same asset or liability in an active market as of the evaluation (before adjustment).
2. Level 2 input value: refers to the direct (the price) or indirect (inference of price) observable input value of asset or liability further to the quotation of Level 1.
3. Level 3 input value: the unobservable input value of asset or liability.

When the Company prepared the parent company only financial statements, it adopted the equity method to account for the investments in its subsidiaries. To enable the amounts of this year's profit or loss, other comprehensive income, and equity in the parent company only financial statements to be the same as the ones attributable to the owners of the Company, other comprehensive income, and equity in the consolidated financial statements, regarding the differences arising from accounting treatments between the parent company only basis and the consolidation basis, adjustments were made to the investments accounted for using the equity method, the share of profit or loss of subsidiaries using the equity method, the share of other comprehensive income of subsidiaries using the equity method, as well as relevant equity items, as appropriate.

(3) Criteria for classification of current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities due to be settled within 12 months after the balance sheet date; and
3. Liabilities with a repayment deadline that cannot be unconditionally deferred for at least 12 months after the balance sheet date.

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

(4) Business combination

Business combination is handled in an acquisition method. Acquisition-related costs are recognized in expenses in the period in which the costs are incurred and the services are obtained.

Goodwill is measured with the sum of the fair value of the consideration for the transfer and the fair value of the equity in the acquiree previously held by the acquirer at the acquisition date, less the net amount of identifiable assets acquired and liabilities assumed at the acquisition date.

(5) Foreign currency

When the Company prepares the parent company only financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are converted into the functional currency at the exchange rate prevailing on the transaction date.

On each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the rates of exchange prevailing on the transaction dates and are not retranslated.

(6) Inventory

Inventory includes raw materials, work in process, finished goods, and merchandise. The value of inventory shall be determined based on the cost or net realizable value, whichever is lower. The comparison of the cost and net realizable value is based on individual items except for inventory of the same category. The net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. The cost of inventories is calculated using the weighted average method.

(7) Investment in subsidiaries

The Company adopts the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, investments are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss, other comprehensive income, and profit margins of the subsidiaries. Moreover, the Company recognizes the movements in its share of other equity of subsidiaries based on the shareholding ratio.

Movements in the Company's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. Any difference between the amount of investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company assesses the impairment, it considers the cash-generating unit as a whole in the financial statements and compares its recoverable amount with the carrying amount. If the recoverable amount of an asset increases subsequently, the reversal of the impairment loss shall be recognized in gains, but the carrying amount of the asset after the reversal of the impairment loss shall not exceed the carrying amount of the asset less amortization without impairment loss recognized.

The unrealized profit or loss on downstream transactions between the Company and its subsidiaries are eliminated in the standalone financial statements. Profit or loss on downstream and lateral transactions between the Company and its subsidiaries is recognized in the parent company only financial statements only to the extent that it does not affect the Company's interests in the subsidiaries.

(8) Property, plant, and equipment

Property, plant and equipment are recognized at cost and subsequently measured at cost, less accumulated depreciation.

Except for self-owned land, property, plant and equipment are depreciated on a straight-line basis over their useful lives. Each significant part is depreciated separately. The Company conducts at least an annual review at the end of each year to assess the estimated useful life, residual value, and depreciation methods, and apply the effects of changes in accounting estimates prospectively.

When property, plant and equipment are derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(9) Investment property

Investment property is held to earn rentals or for capital appreciation or both, and it also includes land held for which the future use has not yet been determined.

Self-owned investment property is initially measured at cost (including transaction cost) and subsequently measured at fair value. Changes in fair value are recognized in profit or loss in the period in which they occur.

When property, plant and equipment is reclassified as investment property, the difference between the original book value and fair value is recognized in other comprehensive income and accumulated under the revaluation increase in equity, and is directly transferred to retained earnings when the asset is derecognized.

When investment property is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(10) Intangible assets

1. Acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost, less accumulated amortization. Intangible assets are amortized using straight-line method over the useful lives. The Company conducts at least one annual review at the end of each year to assess the estimated useful life, residual value, and amortization methods, while applying the effects of changes in accounting estimates prospectively.

2. Derecognition

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

(11) Impairment of property, plant and equipment, right-of-use assets, and intangible assets

The Company assesses if there are any signs of possible impairment of property, plant, and equipment as well as right-of-use assets, and intangible assets at each balance sheet date. If there is any sign of impairment, an estimate is made of its recoverable amount. If it is not possible to determine the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit (CGU) to which the asset belongs.

The recoverable amount is the fair value less cost of sales or its value in use, whichever is higher. If the recoverable amount of an individual asset or a CGU is lower than its carrying amount, the carrying amount is reduced to the recoverable amount, and the impairment loss is recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or the CGU is increased to the revised recoverable amount, provided that the increased carrying amount shall not exceed the carrying amount (less amortization or depreciation) of the asset or the CGU, which was not recognized in impairment loss in prior years. The reversal of the impairment loss is recognized in profit or loss.

(12) Financial instruments

Financial assets and financial liabilities are recognized in the parent company only balance sheet when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities not at fair value through profit or loss are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss is immediately recognized in profit or loss.

1. Financial assets

Regular trading of financial assets is recognized and derecognized in accordance with trade date accounting.

(1) Measurement types

Financial assets held by the Company are those measured at fair value through profit or loss, financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive income.

A. Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss are those mandatorily measured at fair value through profit or loss and those designated as at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include investments in equity instruments that are not designated by the Company to be measured at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are measured at fair value, and the dividend, interest income, and gains or losses arising from remeasurement are recognized in profit or loss. Please refer to Note 30 for the method of determining fair values.

B. Financial assets at amortized cost

If the Company invests in financial assets in alignment with both of the following two criteria, such assets are classified as financial assets measured by amortized cost:

a. Held under a certain business model, of which the objective is to collect contractual cash flows by holding the financial assets; and
b. The cash flows on specific dates specified in the contractual terms are solely payments of the principal and interest on the principal amount outstanding.

Such assets (including cash and cash equivalents, notes receivable at amortized cost, accounts receivable, other receivables, and pledged time deposits) are measured at the amortized cost of the total carrying amount determined by the effective interest method less any impairment loss after initial recognition; and any foreign currency exchange gains or losses are recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of financial assets:

Cash equivalents include time deposits, highly liquid and readily convertible into a fixed amount of cash at any time while featuring little risk of value changes, which are used to meet short-term cash commitments.

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

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

Investments in equity instruments at fair value through other comprehensive income are measured at fair value with the subsequent movements in the fair value recognized in other comprehensive income and accumulated in other equity. Upon the disposal of an investment, the cumulative profit or loss is directly reclassified to retained earnings and is not reclassified to profit or loss.

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

(2) Impairment of financial assets

The Company assesses the impairment loss of financial assets at amortized cost (including accounts receivable) based on the expected credit loss at each balance sheet date.

An allowance for losses on accounts receivable is recognized based on expected credit loss over the duration of the receivables. Other financial assets are first assessed based on whether the credit risk has increased significantly since the initial recognition. If there is no significant increase in the risk, the impairment is recognized in allowance for losses in an amount equal to 12-month expected credit loss. If the risks have increased significantly, the impairment is recognized in allowance for losses at an amount equal to lifetime expected credit loss.

The expected credit loss refers to the weighted average credit loss with the risk of default as the weight. The 12-month expected credit loss represents the expected credit loss from possible defaults of a financial instrument within 12 months after the reporting date. The lifetime expected credit loss represents the expected credit loss from all possible defaults in a financial instrument over the expected life of a financial instrument.

All impairment losses on financial assets are reduced to their carrying amounts through an allowance account for losses.

(3) Derecognition of financial assets

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

Upon derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the consideration received is recognized in profit or loss. When an investment in equity instruments at fair value through other comprehensive income is derecognized in its entirety, the cumulative profit or loss is transferred directly to retained earnings and not reclassified to profit or loss.

2. Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or equity as per the substance of the contractual arrangements and the definitions of financial liabilities and equity instruments.

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

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. The purchase, sale, issuance, or cancellation of the Company's own equity instruments is not recognized in profit or loss.

3. Financial liabilities

(1) Subsequent measurement

All the Company's financial liabilities are measured at amortized cost in the effective interest method.

(2) Derecognition of financial liabilities

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

4. Convertible corporate bonds

The components of the compound financial instruments (convertible corporate bonds) issued by the Company are classified as financial liabilities and equity, respectively, at the time of initial recognition based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

At the time of initial recognition, the fair value of a liability component is estimated at the real-time market interest rate for similar non-convertible instruments and measured at amortized cost using the effective interest method before conversion or the maturity date. Liability components that are embedded non-equity derivatives are measured at fair value.

The right to convert bonds classified as equity is equal to the remaining amount of the total fair value of the compound instruments, less the separately determined fair value of each liability component, which is recognized as equity after the effect of income tax is deducted and is not subsequently measured. When the right to convert bonds is exercised, its components of liabilities and the amount of equity will be reclassified as share capital and capital surplus - stock issuance premium. If the right to convert the convertible corporate bonds has not been exercised on the maturity date, the amount recognized in equity will be reclassified as capital surplus - stock issuance premium.

The transaction costs related to the convertible corporate bonds issued are allocated to the components of liabilities (included in the carrying amounts of liabilities) and components of equity (included in equity) of the instruments in proportion to the total price.

(13) Provisions

The amount recognized in provisions is based on the risk and uncertainty of the obligation, and is the best estimate of the expenditure required to settle the obligation on the balance sheet date. The provisions are measured at the discounted value of the estimated cash flows to settle the obligations.

(14) Revenue recognition

After the Company identifies its performance obligations in contracts with clients, it allocates the transaction costs to each obligation in the contracts and recognizes revenue upon completion of performance obligations.

<u>Merchandise sales revenue</u>

The merchandise sales revenue is from the sales of integrated circuits (ICs). As the merchandise arrives at/is delivered to the location designated by a client based on different transaction terms, the client has the right to set the price and use the merchandise and assume the main responsibility for reselling the merchandise, while bearing the risk of obsolescence of the merchandise, upon which the Company recognizes it in revenue and accounts receivable. Advance receipts from the merchandise sales are recognized in contract liabilities before the merchandise is delivered.

(15) Leasing

The Company assesses whether a contract belongs to (or contains) a lease on the date of establishment of the contract.

1. The Company as a lessor

Where almost all the risks and rewards attached to the ownership of an asset are transferred to the lessee in lease terms, such leases are classified as finance leases. All other leases are classified as operating leases.

When the Company subleases the right-of-use assets, the right-of-use assets (not the asset itself) are used to determine the classification of the sublease. However, if the main lease is a short-term lease for which the recognition exemption applies to the Company, the sublease is classified as an operating lease.

Under finance leases, lease payments include fixed payments. The net lease investment is measured at the lease receivables and presented as financial lease receivables. Finance income is allocated to each accounting period to reflect the fixed rate of return on the Company's net investment in a lease that has not expired in each period.

Under operating leases, lease payments, less lease incentives, are recognized in income on a straight-line basis over the relevant lease terms.

2. The Company as a lessee

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

The right-of-use assets are initially measured at cost (including the initially measured amount of the lease liability) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, and the remeasurement of the lease liability is adjusted. Right-of-use assets are presented on a separate line in the parent company only balance sheets.

Right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the end of the useful life or the end of the lease term, whichever is earlier.

The lease liability is initially measured at the present value of the lease payment (including fixed payments). If the interest rate implicit in a lease can be easily determined, the lease payment is discounted at such an interest rate. If the interest rate cannot be easily determined, the lessee's incremental borrowing rate applies.

Subsequently, lease liabilities are measured at the amortized cost using the effective interest rate method, and interest expense is amortized over the lease term. If changes during the lease term or the index or rate used to determine lease payments lead to changes in future lease payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets has been reduced to zero, the remaining remeasurement amount is recognized in profit or loss. For lease modifications that are not treated as a separate lease, remeasurement of the lease liabilities due to the reduced scope of the lease is to reduce the right-of-use assets and to account for the profit or loss on the partial or full termination of the lease; the remeasurement of the lease liabilities due to other modifications is to adjust the right-of-use assets. Lease liabilities are presented on a separate line in the parent company only balance sheets.

The variable rent in a lease arrangement that is not dependent on the index or rate is recognized in income in the period, in which it is incurred.

(16) Borrowing costs

Borrowing costs are recognized in profit or loss in the year, in which they are incurred.

(17) Employee benefits

1. Short-term employee benefits

Relevant liabilities for short-term employee benefits are measured by the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

For pension under the defined contribution plan, the amount of pension contributed is recognized in expenses during employees' service period.

The defined benefit cost under the defined benefit pension plan (including service cost, net interest, and remeasurement) is calculated based on the projected unit credit method. Current service costs and net interest on net defined benefit liabilities are recognized in employee benefit expenses when incurred. The remeasurement (including actuarial gains and losses and plan asset remuneration net of interest) is recognized in other comprehensive income and listed in retained earnings when it occurs, and will not be reclassified to profit or loss after the balance sheet date.

The net defined benefit liabilities are the deficit of the defined benefit pension plan.

(18) Share-based payment agreement - employee stock options

<u>Employee stock options for employees and others who provide similar services</u>

Employee stock options are recognized in expenses at the fair values of the equity instruments on the grant date and the best estimate of the number of equity instruments that will vest during the vesting period on a straight-line basis, while "capital surplus - employee stock options" is adjusted accordingly. If it is immediately vested on the grant date, the full amount is recognized in expenses on the grant date. The Company transfers treasury shares to employees, and the date of approval by the Board of Directors is adopted as the grant date.

On each balance sheet date, the Company revises the estimated number of employee stock options that are expected to be vested. In the case of a revision to the original estimated number, the effect is recognized in profit or loss, so that the cumulative expenses can reflect the revised estimate, while “capital surplus - employee stock options” is adjusted accordingly.

(19) Income tax

Income tax expense is the sum of the current income tax and deferred income tax.

1. Income tax expenses in the current period

The Company determines the current income (loss) in accordance with the laws and regulations formulated by the authority in the jurisdiction to which an income tax turn should be filed and calculates the payable (recoverable) income tax accordingly.

A surtax is imposed on the undistributed earnings pursuant to the Income Tax Act of R.O.C. is recognized via the resolution at the annual shareholders' meeting.

Adjustment to income tax payable from prior years are recognized in the current income tax.

2. Deferred tax

Deferred tax is calculated based on the temporary differences between the carrying amount of assets and liabilities and the corresponding tax bases used in the computation of taxable income.

All taxable temporary differences are generally in deferred tax liabilities, and deferred tax assets are accounted for when there are likely to be taxable income to deduct temporary differences and research and development expenses.

Taxable temporary differences associated with investments in subsidiaries are recognized in deferred liabilities, except where the Company is able to control the reversal of the temporary difference and it is probable that said temporary difference will not be reversed in the foreseeable future. The deductible temporary differences related to said investments are recognized as deferred income tax only if it is probable that there will be sufficient taxable income against which to utilize the benefits of the temporary differences, and they are expected to be reversed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at each balance sheet date, and its carrying amount will be increased as it has become probable that future taxable income will allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates in the period in which the liabilities are expected to be settled or assets realized, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would ensue in a manner expected by the Company at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred tax

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

5. Significant Accounting Judgments and Estimations, and Main Sources of Assumption Uncertainties

When the Company adopts accounting policies, the management is required to make judgments, estimates and assumptions that are based on historical experience and other factors that are not readily apparent from other sources Actual results may differ from the estimates.

The Company has included inflation and market interest rate fluctuations in the estimation of cash flows, growth rates, discount rates, and profitability. The management team will continue to review such estimates and underlying assumptions.

Key Sources of Uncertainty over Estimation and Assumptions

(1) Impairment of inventory

The net realizable value of inventory is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. Such estimates are made based on the real-time market conditions and historical sales of similar products, and changes in such market conditions may significantly affect the results of such estimates.

(2) Impairment of goodwill included in investment subsidiaries

When if the goodwill included in the investment in subsidiaries is impaired is determined, the goodwill acquired from business combination is apportioned to the Company's CGUs that are expected to benefit from the synergy of the combination and the value in use of the CGUs, to which the goodwill is apportioned, is estimated on the acquisition date. To calculate value in use, the management should estimate the future cash flows expected to be generated from the CGUs, to which the goodwill is apportioned, and determine an appropriate discount rate to calculate the present value. If the cash flow is less than expected, or if a change in the fact and situation causes a downward revision of the future cash flow or upward revision of the discount rate, significant impairment losses may occur.

6. Cash and Cash Equivalents

	December 31, 2023	December 31, 2022
Cash on hand and working capital	$ 94	$ 337
Bank checking accounts and demand deposits	260,589	168,710
Cash equivalent		
Bank time deposits	337,700	-
Repurchase agreements collateralized by bonds	30,700	-
	$629,083	$169,047

The interest rate ranges of bank deposits at the balance sheet date are as follows:

	December 31, 2023	December 31, 2022
Cash in banks	0.001%~1.450%	0.001%~1.050%
Time deposits	1.450%~5.640%	-
Repurchase agreements collateralized by bonds	5.550%	-

7. Financial Instruments Measured at Fair Value Through Profit or Loss

	December 31, 2023	December 31, 2022
Financial assets – current		
Measured at fair values through profit and/or loss		
Non-derivative financial assets		
- Domestic listed stocks	$268,362	$268,698
Financial assets – non-current		
Measured at fair values through profit and/or loss		
Non-derivative financial assets		
- Privately offered funds	$ 80,212	$ 71,098
Financial liabilities-current		
Held for trading		
Derivatives (not designated as hedging)		
- Value of right to redeem convertible corporate bonds (Note 19)	$ 110	$ -

Please refer to Note 30 for information on investments in financial instruments at fair value through profit or loss pledged.

8. Financial assets measured at fair value through other comprehensive income

Equity investment

	December 31, 2023	December 31, 2022
Current		
Domestic Investment		
Listed stocks	$295,080	$306,807

The Company invests in domestic companies' ordinary shares for medium- and long-term strategic purposes and expects to make profits in the long-term. The management of the Company holds that the short-term fluctuation in the fair value of these investments shall be recognized as income or loss and is not congruent with the aforementioned long-term investment plan; therefore, they chose to designate these investments as financial assets measured at fair value through other comprehensive income.

9. Financial assets at amortized cost

	December 31, 2023	December 31, 2022
Non-current		
Domestic Investment		
Certificates of deposit pledged	$ 100	$ 100

(1) As of December 31, 2023 and 2022, the interest rate ranges of time deposits with the initial duration of more than three months are 1.575% and 1.45%, respectively.

(2) Please refer to Note 30 for information on credit risk management and impairment assessment related to financial assets measured at amortized cost.

(3) Please refer to Note 32 for information on financial assets measured at amortized cost pledged.

10. Notes receivable, accounts receivable and other receivables

	December 31, 2023	December 31, 2022
Notes receivable		
Measured at amortized cost		
Total book value	$ 12,426	$ 23,778
Accounts receivable		
Measured at amortized cost		
Total book value	$798,417	$683,866
Less: Allowance for losses	(1)	(1)
	$798,416	$683,865

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	December 31, 2023	December 31, 2022
Other receivables		
Tax refund receivable	$ 1,742	$ 9,522
Receivable from disposal of investments	-	3,977
Dividend income receivable	-	55
Others	179	178
	$ 1,921	$ 13,732

The Company's average credit period for commodity sales is net 15 to 150 days after the end of each month, without interest accrued on accounts receivable. To reduce the credit risk, the Company, before working with each new client, fills out a credit application form through a business unit, and the responsible reviews the form and has the form countersigned by relevant units, while evaluating the potential client's credit quality to set its credit limit. The client's credit limit and rating are reviewed or updated from time to time every year with reference to its operating performance, transaction amount, time, and other factors. In addition, the Company will review the recoverable amount of receivables on each balance sheet date to ensure that appropriate impairment loss has been appropriated for the uncollectible receivables. As such, the Company's management believes that the Company's credit risk has been significantly reduced.

The Company recognizes an allowance for losses on accounts receivable based on expected credit loss over the duration of the receivables. Lifetime expected credit losses are calculated using a provision matrix based on each client's past default record, current financial position, economic situation in the industry, and industry outlook. Since the Company's credit loss history shows that there is no significant difference in the loss patterns of different customer groups, therefore, instead of further differentiating the customer groups, the provision matrix only sets the expected credit loss rate based on the number of days overdue on accounts receivable.

If there is evidence that the counterparty is in serious financial difficulty and the Company cannot reasonably expect to recover the amount, the Company shall directly write off the related accounts receivable but shall engage in recourse activities and recognize the amount recovered in profit or loss as a result of the recourse.

The allowance for losses on notes and accounts receivable measured by the Company as per the provision matrix is as follows:

December 31, 2023

	Not overdue	Past due by 1–30 days	Past due by 31–60 days	Past due by 61–90 days	Past due by 91–120 days	Past due by 121 days or more	Total
Total book value	$ 794,601	$ 8,217	$ 8,014	$ 11	$ -	$ -	$ 810,843
Allowance for loss (expected credit loss of the given duration)	-	-	(1)	-	-	-	(1)
Measured at amortized cost	$ 794,601	$ 8,217	$ 8,013	$ 11	$ -	$ -	$ 810,842

December 31, 2022

	Not overdue	Past due by 1–30 days	Past due by 31–60 days	Past due by 61–90 days	Past due by 91–120 days	Past due by 121 days or more	Total
Total book value	$ 702,574	$ 2,752	$ 2,310	$ 5	$ 3	$ -	$ 707,644
Allowance for loss (expected credit loss of the given duration)	(1)	-	-	-	-	-	(1)
Measured at amortized cost	$ 702,573	$ 2,752	$ 2,310	$ 5	$ 3	$ -	$ 707,643

The information on the movement in the allowances for losses on notes and accounts receivable is as follows:

	2023	2022
Opening balance	$ 1	$ 302
Less: Reversal of impairment losses for the year	-	(301)
Ending balance	$ 1	$ 1

11. Inventory

	December 31, 2023	December 31, 2022
Merchandise	$ 210,419	$ 451,122
Finished goods	164,544	231,846
Work in process	219,806	413,844
Raw materials	93,108	293,772
	$ 687,877	$ 1,390,584

The components of operating costs related to inventories are as follows:

	2023	2022
Operating costs	$ 1,850,864	$ 1,904,143
Allowance for inventory write-down	$ 112,689	$ 27,456

12. Subsidiary

	December 31, 2023	December 31, 2022
Investment in subsidiaries		
Weltrend International Co., (BVI) Ltd.	$ 554,199	$ 483,269
Yingquan Investment Co., Ltd.	327,220	265,530
Sentelic Corporation	1,033,260	1,077,536
	$ 1,914,679	$ 1,826,335

	Ownership interest and voting rights (%)	
	December 31, 2023	December 31, 2022
Yingquan Investment Co., Ltd.	98%	98%
Weltrend International Co., (BVI) Ltd.	100%	100%
Sentelic Corporation (Note)	51%	51%

Note: The Company acquired Sentelic Corporation in August 2022 with 51% equity in it and gained control over it. Please refer to Note 31 to the Company's 2023 consolidated financial statements for the details of the acquisition of Sentelic Corporation.

Please refer to Note 34 for the details of the investments in the subsidiaries indirectly owned by the Company.

The shares of profit and loss and other comprehensive income of subsidiaries using the equity method for 2023 and 2022 were recognized based on the subsidiaries' financial statements for the same periods audited by CPAs.

13. Property, plant, and equipment

	Self-owned land	Buildings	Machinery equipment	Transportation equipment	Leasehold improvements	Miscellaneous equipment	Total
Costs							
Balance at January 1, 2023	$ 94,720	$ 154,585	$ 328,771	$ 24,417	$ 58,262	$ 31,888	$ 692,643
Addition	-	249	16,509	-	-	1,576	18,334
Reclassified as investment property	-	(60,120)	-	-	-	-	(60,120)
Disposal	-	-	(70,376)	-	-	(12,242)	(82,618)
Balance at December 31, 2023	$ 94,720	$ 94,714	$ 274,904	$ 24,417	$ 58,262	$ 21,222	$ 568,239
Accumulated depreciation							
Balance at January 1, 2023	$ -	$ 51,931	$ 272,463	$ 12,767	$ 42,530	$ 28,139	$ 407,830
Depreciation expenses	-	4,409	32,192	3,234	4,366	1,603	45,804
Reclassified as investment property	-	(8,851)	-	-	-	-	(8,851)
Disposal	-	-	(70,376)	-	-	(12,242)	(82,618)
Balance at December 31, 2023	$ -	$ 47,489	$ 234,279	$ 16,001	$ 46,896	$ 17,500	$ 362,165
Net as of December 31, 2023	$ 94,720	$ 47,225	$ 40,625	$ 8,416	$ 11,366	$ 3,722	$ 206,074
Costs							
Balance at January 1, 2022	$ 94,720	$ 154,585	$ 311,480	$ 24,142	$ 45,896	$ 31,081	$ 661,904
Addition	-	-	32,647	2,037	12,366	807	47,857
Disposal	-	-	(15,356)	(1,762)	-	-	(17,118)
Balance at December 31, 2022	$ 94,720	$ 154,585	$ 328,771	$ 24,417	$ 58,262	$ 31,888	$ 692,643
Accumulated depreciation							
Balance at January 1, 2022	$ -	$ 46,393	$ 252,839	$ 11,295	$ 37,419	$ 26,542	$ 374,488
Depreciation expenses	-	5,538	34,980	3,234	5,111	1,597	50,460
Disposal	-	-	(15,356)	(1,762)	-	-	(17,118)
Balance at December 31, 2022	$ -	$ 51,931	$ 272,463	$ 12,767	$ 42,530	$ 28,139	$ 407,830
Net amount as of December 31, 2022	$ 94,720	$ 102,654	$ 56,308	$ 11,650	$ 15,732	$ 3,749	$ 284,813

As there was no sign of impairment during the years ended December 31, 2023 and 2022, the Company did not conduct an impairment assessment.

Depreciation expenses are calculated and recognized on a straight-line basis as per the useful lives below:

Buildings and equipment	
Plant main building	35–50 years
Interior design and network engineering	5 years
Machinery equipment	2–4 years
Transportation equipment	5 to 6 years
Leasehold improvements	5 to 10 years
Miscellaneous equipment	3–5 years

Refer to Note 32 for the amounts of land and buildings pledged as collateral for borrowings.

14. Investment property

	Buildings
Costs	
Balance at January 1, 2023	$ -
From property, plant and equipment	60,120
Balance at December 31, 2023	$ 60,120
Accumulated depreciation	
Balance at January 1, 2023	$ -
From property, plant and equipment	8,851
Depreciation expenses	1,061
Balance at December 31, 2023	$ 9,912
Net as of December 31, 2023	$ 50,208

The lease term for investment property is three years. The lessee does not have the preferential right to purchase the investment property at the end of the lease term.

The total lease payments to be received in the future from leasing out investment property under an operating lease are as follows:

	December 31, 2023
The 1st year	$ 2,640
The 2nd year	2,640
The 3rd year	1,760
	$ 7,040

Investment property are calculated and recognized on a straight-line basis as per the useful lives below:

Buildings and equipment	
Plant main building	5 to 50 years
Interior design and network engineering	5 years

The fair value of investment property is not valuated by an independent valuator and only measured by the Company's management using Level 3 inputswith a valuation model commonly used by market participants. Regarding the valuation, a cash flow approach is adopted, and the important unobservable inputs used include the discount rates; the fair value from the valuation is as follows:

	December 31, 2023
Fair value	$ 83,499

15. Lease agreements

(1) Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying amount of right-of-use assets		
Buildings	$ 41,842	$ 19,433

	2023	2022
Addition of right-of-use assets	$ 36,717	$ 23,468
Depreciation expenses of right-of-use assets		
Buildings	$ 14,308	$ 13,826

Except for the additions and depreciation expenses recognized listed above, the Company did not have any significant sublease or impairment of the right-of-use assets during the years ended December 31, 2023 and 2022.

(2) Lease liability

	December 31, 2023	December 31, 2022
Carrying amount of lease liability		
Current	$ 11,853	$ 6,574
Non-current	$ 30,453	$ 12,995

The discount rate range for lease liabilities is as follows:

	December 31, 2023	December 31, 2022
Buildings	2.00%	2.00%

(3) Major lease activities and terms

The Company leased buildings from the Hsinchu Science Park of the Ministry of Science and Technology as plants, and the lease period is from 2022 to 2026. As per the lease agreement of the plants located in the science park, the lessee may have the amount of the rent adjusted at any time at the announced land price of the site where the plants are located or the adjusted rent rate of state-owned land approved by the Executive Yuan. The Company has no bargain purchase option for the leased buildings at the end of the lease term.

(4) Other lease information

	2023	2022
Short-term lease expenses	$ 107	$ 99
Total cash (outflow) from lease	($ 15,011)	($ 14,544)

The Company has elected to apply the recognition exemptions to the leases of buildings that qualify as short-term leases and does not recognize the relevant right-of-use assets and lease liabilities for such leases.

16. Intangible assets

	Computer software	Technology licensing	Total
Costs			
Balance at January 1, 2023	$ 216,692	$ 75,189	$ 291,881
Acquired separately	20,604	4,126	24,730
Balance at December 31, 2023	$ 237,296	$ 79,315	$ 316,611
Accumulated amortization			
Balance at January 1, 2023	$ 199,971	$ 73,712	$ 273,683
Amortization expenses	20,100	4,463	24,563
Balance at December 31, 2023	$ 220,071	$ 78,175	$ 298,246
Net as of December 31, 2023	$ 17,225	$ 1,140	$ 18,365
Costs			
Balance at January 1, 2022	$ 198,447	$ 72,236	$ 270,683
Acquired separately	18,245	2,953	21,198
Balance at December 31, 2022	$ 216,692	$ 75,189	$ 291,881
Accumulated amortization			
Balance at January 1, 2022	$ 183,470	$ 72,179	$ 255,649
Amortization expenses	16,501	1,533	18,034
Balance at December 31, 2022	$ 199,971	$ 73,712	$ 273,683
Net amount as of December 31, 2022	$ 16,721	$ 1,477	$ 18,198

Except for the amortization expenses recognized, the Company did not have any significant additions to, disposal, or impairment of the intangible assets during the years ended December 31, 2023 and 2022. Amortization expense is provided for based on a straight-line method over the following useful lives:

Computer software	1 to 5 years
Technology licensing	1 year

17. Prepayments

	December 31, 2023	December 31, 2022
Current		
Prepayments for reticles	$ 19,996	$ 18,329
Tax overpaid retained for offsetting the future tax payable	3,412	6,267
Prepayments for salary and wages	1,370	1,490
Prepayments to suppliers	241	2,236
Others	746	850
	$ 25,765	$ 29,172

18. Short-term borrowings

	December 31, 2023	December 31, 2022
Secured borrowings		
Bank loans	$ -	$ 417,120
Unsecured borrowings		
Credit facility borrowings	$ 150,000	$ 1,120,560

The interest rates on bank revolving loans were 1.803%–1.86% and 1.39%–2.00% as at December 31, 2023 and 2022, respectively.

Please refer to Note 32 for the Company’s collateral for short-term borrowings.

19. Corporate bonds payable

	December 31, 2023
Domestic unsecured convertible corporate bonds	$ 1,099,900
Less: Discount of corporate bonds payable	(58,891)
	$ 1,041,009
Value of redemption right	($ 110)
Value of conversion right	193,676

The Company issued 11,000 NTD-denominated unsecured convertible corporate bonds with a coupon rate of 0% on September 11, 2023, with the total principal amounting to NT$1,100,000 thousand. From the day following the end of three months after the date such bonds were issued (December 12, 2023) to the maturity date (September 11, 2026), the bondholders may request the Company to convert the convertible corporate bonds into ordinary shares of the Company at a price of NT$61.2 per share; or request the Company to redeem the convertible corporate bonds held by them in cash at the face value of the bonds, plus interest compensation [100.500625% of the face value (real return: 0.25%)] at least 40 days before two full years after issuance (September 11, 2025). The Company may redeem all bonds early at the face value of the bonds when the closing price of the Company's common stock exceeds the current conversion price by 30% or above for 30 consecutive business days from the day following the end of three full months after the convertible corporate bonds were issued (December 12, 2023) through 40 days before the end of the issuance period (August 2, 2026). As of December 12, 2023, the conversion price was adjusted to NT$61.2 per share.

The convertible corporate bonds include components of liabilities and equity. The components of equity are recognized in capital surplus- stock options under equity. The effective interest rate for the components of liabilities initially recognized was 2.06322%.

Issuance price (less transaction cost of NT$5,000 thousand)	$ 1,228,652
Value of redemption right (less transaction cost of NT$1 thousand)	(329)
Components of equity (less transaction cost of NT$788 thousand)	(193,693)
Components of liabilities on the issuance date (less transaction cost of NT$4,211 thousand)	1,034,630
Interest calculated at the effective interest rate of 2.06322%	6,473
Conversion of common stock	(94)
Components of liabilities on December 31, 2023	$ 1,041,009

20. Notes payable and accounts payable

	December 31, 2023	December 31, 2022
Notes payable- from operations	$ 629	$ 1,279
Accounts payable	$191,980	$220,622

The Company has a financial risk management policy to ensure that all payables are repaid within the pre-agreed credit period.

21. Other liabilities

	December 31, 2023	December 31, 2022
Current		
Other payables		
Salary and wages and bonuses payable	$ 30,684	$ 33,060
Investment payables	10,253	1,020
Pension payable under new scheme	3,935	4,040
Health insurance premiums payable	2,245	2,320
Labor insurance premiums payable	2,190	2,185
Others	5,570	6,204
	$ 54,877	$ 48,829
Other liabilities		
Collection on behalf of others	$ 3,611	$ 3,643
Contract liabilities	2,028	583
	$ 5,639	$ 4,226
Non-current		
Other liabilities		
Guarantee deposits received	$ 440	$ -

22. Provisions

	December 31, 2023	December 31, 2022
Current		
Employee benefits	$ 10,360	$ 6,283

Provision for employee benefit liabilities is an estimate of employees' leave entitlements.

23. Post-employment benefit plans

(1) Defined contribution pension plan

The Company adopted a pension scheme under the Labor Pension Act, which is a government-managed defined contribution plan. Under the act, the Company makes monthly contributions, equal to 6% of their monthly salary and wages, to employees' individual pension accounts under the Bureau of Labor Insurance.

(2) Defined benefit plan

The pension scheme adopted by the Company in accordance with the Labor Standards Act of R.O.C. is a government-managed defined benefit pension plan. The payment for employee pensions is calculated based on the length of service and the average salary in the six months prior to the approved retirement date. The Company makes a contribution, equal to 2% of the total monthly employee salaries, which is deposited by the Supervisory Committee of Labor Retirement Reserve in the pension account with the Bank of Taiwan in the name of the committee. Before the end of each year, if the balance in the pension account is inadequate to pay for the retirement benefits to employees who meet the retirement requirements in the following year, the Group will make a contribution to make up for the difference in a lump sum by the end of March of the following year. The pension account is managed by the Bureau of Labor Funds, Ministry of Labor; the Company has no right to influence its investment management strategy.

The amounts included in the parent company only balance sheets in respect of such defined benefit plans are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$128,062	$129,396
Fair value of plan assets	(76,683)	(75,523)
Net defined benefit liability	$ 51,379	$ 53,873

The movements in the net defined benefit liability are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
January 1, 2023	$ 129,396	($ 75,523)	$ 53,873
Service costs	1,330	-	1,330
Settlement profit or loss	(4,375)	4,323	(52)
Interest expense (income)	1,866	(1,145)	721
Recognized in profit or loss	(1,179)	3,178	1,999

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	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Remeasurement			
Return on plan assets (except for the amount included in the net interest)	$ -	($ 374)	($ 374)
Actuarial loss - changes in financial assumptions	2,269	-	2,269
Actuarial gain - experience adjustments	(1,320)	-	(1,320)
Recognized in other comprehensive income	949	(374)	575
Employer's contributions	-	(5,068)	(5,068)
Benefit payment	(1,104)	1,104	-
December 31, 2023	$ 128,062	($ 76,683)	$ 51,379
January 1, 2022	$ 136,801	($ 63,124)	$ 73,677
Service costs	1,325	-	1,325
Interest expense (income)	661	(320)	341
Recognized in profit or loss	1,986	(320)	1,666
Remeasurement			
Return on plan assets (except for the amount included in the net interest)	-	(5,117)	(5,117)
Actuarial loss - experience adjustments	2,545	-	2,545
Actuarial gain - changes in financial assumptions	(8,260)	-	(8,260)
Recognized in other comprehensive income	(5,715)	(5,117)	(10,832)
Employer's contributions	-	(10,638)	(10,638)
Benefit payment	(3,676)	3,676	-
December 31, 2022	$ 129,396	($ 75,523)	$ 53,873

The Company is exposed to the risks below due to the pension system under the Labor Standards Act:

1. Investment risk: The Bureau of Labor Funds, Ministry of Labor, invests labor pension funds in domestic (foreign) equity securities, debt securities, and bank

deposits on its own use and through agencies entrusted. However, the income from the Company's amount allocated to plan assets is calculated based on the interest rate not lower than the local bank's interest rate for two-year time deposits.

2. Interest risk: A decrease in the interest rate in the government bonds will increase the present value of the defined benefit obligation; however, the return on the debt investment through the plan assets will also increase, and the increases will partially offset the effect of the net defined benefit liability.

3. Salary risk: The present value of the defined benefit obligation is calculated with reference to the future salaries of the participants in the plan. As such, an increase in the salary of the participants in the plan will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the Company's defined benefit obligation were carried out by qualified actuaries. The critical assumptions made on the measurement date are as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.125%~1.250%	1.125%~1.500%
Expected salary increase percentage	2.750%	2.750%

If each of the critical actuarial assumptions is subject to reasonably possible changes, when all other assumptions remain unchanged, the amounts by which the present value of the defined benefit obligation would increase (decrease) are as follows:

	December 31, 2023	December 31, 2022
Discount rate		
Increase by 0.25%	($ 2,340)	($ 2,608)
Decrease by 0.25%	$ 2,413	$ 2,693
Expected salary increase percentage		
Increase by 0.25%	$ 2,336	$ 2,612
Decrease by 0.25%	($ 2,278)	($ 2,543)

As actuarial assumptions may be correlated, it is unlikely that only a single assumption would occur in isolation of one another, so the sensitivity analysis above may not reflect the actual changes in the present value of the defined benefit obligation.

	December 31, 2023	December 31, 2022
The expected contributions to the plan for the following year	$ 1,481	$ 1,625
The weighted average duration of the defined benefit obligations	3.3 years–8.2 years	3.7 years–9 years

24. Equity

(1) Common stock

	December 31, 2023	December 31, 2022
Authorized number of shares (in thousands)	330,000	330,000
Authorized capital stock	$ 3,300,000	$ 3,300,000
Number of shares issued and fully paid (in thousands)	178,011	178,010
Capital stock issued	$ 1,780,116	$ 1,780,100

(2) Capital surplus

	December 31, 2023	December 31, 2022
For loss make-up, payment in cash or capitalization as equity (1)		
Stock issuance premium	$ 1,886	$ 1,886
Corporate bond conversion premium	78	-
Donated assets received	81	81
Share premium (restricted stock awards vested)	15,026	15,026
Treasury stock transaction	56,127	51,959
May not be used for any purpose		
Convertible corporate bond options (Note 19)	193,693	-
Recognition of changes in ownership interest in subsidiaries (2)	74	74
	$266,965	$ 69,026

1. Such capital surplus may be used to make up for losses or, when the Company has no losses, to distribute cash or to capitalize equity, provided that the capitalization is limited to a certain percentage of the paid-in capital each year.

2. This type of capital surplus represents the effect of equity transactions recognized for changes in the Company's equity when the Company has not actually acquired or disposed of shares in a subsidiary, or adjustments to the capital surplus for the Company's subsidiaries accounted for using the equity method.

(3) Retained Earnings and Dividend Policy

Under the earnings distribution policy as set forth in the Company’s Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first used for paying taxes, offsetting the cumulative deficit (including the adjusted amount of undistributed earnings), setting aside 10% of the remaining profit as a legal reserve as per law unless it has reached the total amount of the Company’s paid-in capital, setting aside an amount for or reversing a special reserve in accordance with the laws and regulations. Then, any remaining profit, together with any undistributed retained earnings at the beginning of the period (including the adjusted amount of undistributed earnings), shall be adopted by the Company’s Board of Directors as the basis for making a distribution proposal, which shall then be submitted to the shareholders' meeting for a resolution before distribution of dividends to shareholders. Please refer to Note 26(7) for the policy on the remuneration to employees and directors and supervisors stipulated the Articles of Incorporation.

In addition, according to the Company's Articles of Incorporation, the Company shall consider the soundness and stability of the financial structure for the distribution of stock dividends and set the ratio of cash dividends to stock dividends for the year as per the Company's growth needs. The ratio of cash dividends shall not be less than 10% of the total dividends.

Unless the legal reserve is appropriated until the balance reaches the paid-in capital of the Company. Legal reserve could be allocated for covering loss carried forward. If there is no loss, the amount of legal reserve in excess of the paid-in capital by 25% could be allocated as capital stock and paid out as cash dividend.

The Company held the general shareholders' meetings on June 2, 2023 and June 23, 2022 to resolve to approve the 2022 and 2021 earnings distribution proposals, respectively. The details are as follows:

	2022	2021
Legal reserve	$ 7,151	$ 86,329
Special reserve	$135,896	$ 21,170
Cash dividends	$212,399	$529,530
Cash dividends per share (NT$)	$ 1.2	$ 3.0

The 2023 earnings distribution proposal made by the Board of Directors on February 26, 2024 is as follows:

	2023
Legal reserve	$ 17,944
Reversal of special reserve	($143,094)
Cash dividends distributed	$212,528
Cash dividends per share (NT$)	$ 1.2

The 2023 earnings distribution proposal is pending a resolution by the shareholders' meeting expected to be held on May 29, 2024.

(4) Special reserve

	2023	2022
Opening balance	$ 32,053	$ 10,883
Special reserve	135,896	21,170
Ending balance	$167,949	$ 32,053

(5) Treasury stock

	Number of Shares (in thousands)	
Reason for repurchase	2023	2022
Opening balance	1,361	2,352
Decrease during this year	(456)	(991)
Ending balance	905	1,361

The Board of Directors resolved, on August 6, 2019, to transfer the repurchased treasury shares to employees to motivate employees and enhance their commitment.

Between August 6, 2019 to October 3, 2019, it repurchased the Company's 3,000 thousand shares. Within five years from the date of repurchase, the shares shall be transferred to employees once or in several times, and the average repurchase shall be the transfer price at NT$27.03.

The Board of Directors resolved, on November 5, 2021, to transfer the repurchased treasury shares to employees to motivate employees and enhance their commitment. From November 5, 2021 to December 30, 2021, it repurchased the Company's 1,500 thousand shares. Within five years from the date of repurchase, the shares shall be transferred to employees once or in several times, and the average repurchase shall be the transfer price at NT$92.16.

The Board of Directors, on March 3, 2022, resolved to transfer and repurchase 426 thousand and 426 thousand treasury shares to employees at the transfer prices of NT$27.03 and NT$92.16. The employee stock subscription record date was the resolution date, and the date of delivering all shares to employees was March 28, 2022.

The Board of Directors, on August 9, 2022, resolved to transfer and repurchase 84 thousand and 55 thousand treasury shares to employees at the transfer prices of NT$27.03 and NT$92.16. The employee stock subscription record date was the resolution date, and the date of delivering all shares to employees was September 7, 2022.

The Board of Directors, on February 24, 2023, resolved to transfer and repurchase 280 thousand and 70 thousand treasury shares to employees at the transfer prices of NT$27.07 and NT$92.16. The employee stock subscription record date was the resolution date, and the date of delivering all shares to employees was March 23, 2023.

The Board of Directors, on August 7, 2023, resolved to transfer and repurchase 62 thousand and 44 thousand treasury shares to employees at the transfer prices of NT$27.07 and NT$92.16. The employee stock subscription record date was the resolution date, and the date of delivering all shares to employees was September 5, 2023.

Remuneration costs recognized for the transfer of treasury shares to employees during 2023 and 2022 were NT$4,085 thousand and NT$28,722 thousand respectively.

The treasury shares held by the Company are to be transferred to employees and shall not be pledged in accordance with the Securities and Exchange Act nor shall they be entitled to rights, such as receipt of dividends and voting rights.

(6) Other equity

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

	2023	2022
Opening balance	($ 1,571)	($ 1,943)
Exchange differences on the translation of financial statements of foreign operations	(411)	372
Ending balance	($ 1,982)	($ 1,571)

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

	2023	2022
Opening balance	($166,378)	($ 30,110)
Incurred during the year		
Unrealized gain or loss		
Equity instruments	76,296	(158,254)
Shares of affiliates using the equity method	38,001	(64,457)
	114,297	(222,711)
The cumulative gain/loss from the disposal of equity instruments transferred to retained earnings	29,210	86,443
Ending balance	($ 22,871)	($166,378)

25. Operating revenues

	2023	2022
Sales income - integrated circuits	$ 1,527,680	$ 1,722,447
Trading of integrated circuits	926,305	1,044,121
Design and testing income	2,770	4,800
	$ 2,456,755	$ 2,771,368

(1) Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable (Note 10)	$ 798,416	$ 683,865	$ 1,121,290
Contract liabilities – current (accounted for in other liabilities)			
Merchandise sales	$ 2,028	$ 583	$ 788

The change in contract liabilities mainly arises from the difference between the point at which performance obligations are satisfied and the point at which customers pay.

The amounts of the opening balance of contract liabilities and the performance obligations previously fulfilled recognized in revenue are as follows:

Opening balance of contract liabilities	2023	2022
Merchandise sales	$ 583	$ 788

(2) Details of net operating income

Region	2023	2022
Mainland China	$ 1,816,336	$ 1,728,755
Taiwan	580,194	848,342
Others	60,225	194,271
	$ 2,456,755	$ 2,771,368

26. Net income for the year

(1) Interest income

	2023	2022
Interest income from cash in banks	$ 7,983	$ 1,219

(2) Other income

	2023	2022
Income from cash dividends	$ 35,474	$108,181
Other income	3,290	6,081
	$ 38,764	$114,262

(3) Other profits and losses

	2023	2022
Net gain (loss) on financial assets		
Financial assets at fair value through profit or loss (Note 7)	$ 51,253	($210,928)
Foreign exchange gains (losses) – net	(15,246)	66,540
Other losses	(674)	(429)
	$ 35,333	($144,817)

(4) Financial costs

	2023	2022
Interest from bank borrowings	$ 17,726	$ 10,728
Interest of convertible corporate bonds	6,473	-
Interest on lease liabilities	926	441
	$ 25,125	$ 11,169

(5) Depreciation and amortization

	2023	2022
Summary of depreciation expenses by function		
Operating costs	$ 34,721	$ 38,513
Operating expenses	26,452	25,773
	$ 61,173	$ 64,286
Summary of amortization expenses by function		
Operating costs	$ 220	$ 220
Operating expenses	24,343	17,814
	$ 24,563	$ 18,034

(6) Employee benefit expenses

	2023	2022
Short-term employee benefits	$418,222	$401,734
Post-employment benefits (Note 23)		
Defined contribution pension plan	15,821	16,135
Defined benefit plan	1,999	1,666
Share-based payment		
Settlement of equity interests	4,085	28,722
Total employee benefit expenses	$440,127	$448,257
Summary by function		
Operating costs	$ 70,764	$ 71,809
Operating expenses	369,363	376,448
	$440,127	$448,257

(7) Remuneration for employees and directors

The Company, as per the Articles of Incorporation, allocates 11%~15% of net income before tax before the remuneration to employees and directors is deducted for the year as remuneration to employees and no more than 4% as the remuneration to employees and directors, respectively. The 2023 and 2022 remuneration to employees and directors resolved by the Board of Directors on February 26, 2024 and February 24, 2023, respectively, is as follows:

Estimate percentage

	2023	2022
Remuneration for employees	12%	12%
Remuneration for directors	3%	3%

Amount

	2023		2022	
	Cash	Stock	Cash	Stock
Remuneration for employees	$ 33,329	$ -	$ 27,732	$ -
Remuneration for directors	$ 8,332	$ -	$ 6,933	$ -

If there is a change in the amount after the annual parent company only financial statements are approved and released, the change will be accounted for as a change in accounting estimate and will be recorded an adjustment in the following year.

There is no difference between the amounts of remuneration paid out to employees and directors for 2022 and 2021 and the amounts recognized in the 2022 and 2021 parent company only financial statements.

For information on 2023 and 2022 remuneration to employees and directors resolved by the Board of Directors, please visit the Market Observation Post System (MOPS) of Taiwan Stock Exchange.

27. Income tax

(1) Income tax recognized in profit or loss

The major components of income tax expense are as follows.

	2023	2022
Income tax expenses in the current period		
Incurred during this year	$ 35,509	$ 76,100
Adjustment to the prior years	(10,413)	(2,074)
	25,096	74,026
Deferred tax		
Incurred during this year	1,741	(24,363)
Income tax recognized in profit or loss	$ 26,837	$ 49,663

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

	2023	2022
Net profit before taxation	$ 236,077	$ 196,434
Income tax expense calculated based on statutory tax rate for pre-tax income	$ 47,215	$ 39,287
Non-deductible expenses for tax	(4,444)	18,408
Tax-free income	(7,095)	(21,637)
Unrecognized (recognized) deductible temporary differences	16,574	23,679
Unrecognized investment tax credit	(15,000)	(8,000)
This year's adjustments to income tax expenses from prior years	(10,413)	(2,074)
Income tax recognized in profit or loss	$ 26,837	$ 49,663

(2) Current tax liabilities

	December 31, 2023	December 31, 2022
Current tax assets		
Tax refund receivable	$ 7,674	$ -
Current tax liabilities		
Income tax payable	$ -	$ 42,576

(3) Deferred tax assets and liabilities

Movements in deferred tax assets and liabilities are as follows:

2023

Deferred tax liabilities	Opening balance	Recognized in profit or loss	Ending balance
Temporary differences			
Financial assets at fair value through profit or loss	$ -	$ 1,741	$ 1,741

2022

Deferred tax liabilities	Opening balance	Recognized in profit or loss	Ending balance
Temporary differences			
Financial assets at fair value through profit or loss	$ 24,363	($ 24,363)	$ -

(4) Deductible temporary differences not recognized as deferred tax assets in the balance sheet

	December 31, 2023	December 31, 2022
Deductible temporary differences	$211,937	$114,795

(5) The state of income tax assessment

The Company's profit-seeking enterprise income tax returns filed have been approved by the tax authority up to 2021.

28. Earnings per shares

Unit: NTD per share

	2023	2022
Basic earnings per share	$ 1.18	$ 0.83
Diluted earnings per share	$ 1.17	$ 0.83

The earnings and weighted average number of ordinary shares used to calculate the earnings per share are as follows:

Net income for the year

	2023	2022
Net income used to calculate basic earnings per share	$ 209,240	$ 146,771
Impact of potential common stock with dilutive effect:		
After-tax interest of convertible corporate bonds	5,179	-
Net income used to calculate diluted earnings per share	$ 214,419	$ 146,771

Number of Shares

Unit: Thousand shares

	2023	2022
Weighted average number of shares of common stock used to calculate basic earnings per share	176,981	176,404
Impact of potential common stock with dilutive effect:		
Corporate bonds converted	5,466	-
Remuneration for employees	535	905
Weighted average common stock shares used to calculate diluted earnings per share	182,982	177,309

If the Company may elect to pay employee remuneration in stock or cash, when diluted earnings per share are calculated, it is assumed that employee remuneration will be paid out in stock, and when the ordinary shares are potentially dilutive, they will be included in the weighted average number of outstanding shares to calculate diluted earnings per share. The dilution effect of these potential ordinary shares will also continue to be considered when the diluted earnings per share is calculated before the following year's shareholders' meeting resolves a decision on the number of shares distributed for employee remuneration.

29. Capital Risk Management

The Company engages in capital management to ensure that it can maximize shareholder returns by optimizing debt and equity balances while continuing to operate. There has been no change in the Company's overall strategy.

The Company's capital structure consists of the equity (i.e. share capital, capital surplus, retained earnings, and other equity items).

30. Financial instruments

(1) Fair value information – Financial instruments that are not measured at fair value

December 31, 2023

	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities at amortized cost - convertible corporate bonds	$ 1,041,009	$ 1,347,830	$ -	$ -	$ 1,347,830

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

(2) Fair value information - financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Domestic listed stocks	$ 268,362	$ -	$ -	$ 268,362
Privately offered funds	-	-	80,212	80,212
	$ 268,362	$ -	$ 80,212	$ 348,574

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	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income				
Equity investment				
- Domestic listed stocks	$ 295,080	$ -	$ -	$ 295,080
Financial liabilities Measured at Fair Value Through Profit or Loss				
Derivatives	$ -	$ 110	$ -	$ 110

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Domestic listed stocks	$ 268,698	$ -	$ -	$ 268,698
Privately offered funds	-	-	71,098	71,098
	$ 268,698	$ -	$ 71,098	$ 339,796
Financial assets measured at fair value through other comprehensive income				
Equity investment				
- Domestic listed stocks	$ 306,807	$ -	$ -	$ 306,807

There were no transfers between Level 1 and Level 2 fair values during the years ended December 31, 2023 and 2022.

2. Reconciliation of financial instruments measured at fair value in Level 3

2023

	Equity instruments	
Financial assets	Financial assets at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income
Opening balance	$ 71,098	$ -
Acquisition	22,593	-
Recognized in profit or loss (other gains and losses)	(11,234)	-
Allocation of income	(2,245)	-
Ending balance	$ 80,212	$ -

2022

Financial assets	Equity instruments: Financial assets at fair value through profit or loss	Equity instruments: Financial assets measured at fair value through other comprehensive income
Opening balance	$ -	$ 1,201
Acquisition	67,530	-
Recognized in profit or loss (other gains and losses)	3,568	-
Disposal	-	(1,201)
Ending balance	$ 71,098	$ -

3. Valuation techniques and input values for Level 3 fair value measurement

The aggregate value of the individual assets and individual liabilities in the investments in domestic unlisted equity was evaluated in the asset method to reflect the overall value of an enterprise or business.

(3) Types of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
Measured at fair values through profit and/or loss		
Mandatorily at fair value through profit	$ 348,574	$ 339,796
Financial assets at amortized cost (Note 1)	1,477,215	907,827
Financial assets at fair value through other comprehensive income - investments in equity instruments	295,080	306,807
Financial liabilities		
Measured at fair values through profit and/or loss		
Mandatorily at fair value through profit	110	-
Measured at amortize cost (Note 2)	1,438,935	1,808,410

Note 1: The balance includes financial assets at amortized cost, including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), and guarantee deposits paid.

Note 2: The balance includes financial liabilities at amortized cost, including short-term borrowings, notes payable, accounts payable, other payables, corporate bonds payable, and guarantee deposits received.

(4) Purpose and policy of financial risk management

The Company’s main financial instruments include equity investments, accounts receivable, accounts payable, borrowings, and lease liabilities. The Company’s financial management department provides services to each business unit, coordinates the operations of investments in the domestic and international financial markets, and supervises and manages the financial risks related to the Company’s operations by analyzing the internal risk reports on the exposure as per the breadth and depth of risks. These risks include market risk (including exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

The financial management department regularly reports to the Company’s Board of Directors.

1. Market Risk

The main financial risks to the Company’s operating activities are the risk of foreign exchange rate fluctuations (see (1) below) and the risk of changes in interest rates (see (2) below).

There have been no changes in the Company’s exposure to financial instrument market risks and its method to managing and measuring such exposure.

(1) Exchange rate risk

Some of the Company’s cash inflows and outflows are in foreign currencies with the effect of natural hedging; the Company’s management of the exchange rate risk aims to hedge rather than making profits.

Please refer to Note 33 for the carrying amounts of the Company’s monetary assets and monetary liabilities denominated in non-functional currencies on the balance sheet date.

Sensitivity analysis

The Company is mainly affected by the fluctuations in the exchange rates of USD.

The table below details the Company’s sensitivity analysis when the NTD (functional currency) increases and decreases by 1% against each relevant foreign currency. In the sensitivity analysis, the outstanding monetary items in foreign currencies were taken into account, and the translation of such items at the end of the year was adjusted as per 1% change in exchange rates. The positive numbers in the following table represent the increase in net profits before tax if the New Taiwan dollar weakens by 1% against the respective currencies, and the negative numbers for the same amount represent the decrease in net profits before tax if the NT dollar strengthens by 1% against the respective currencies.

	Impact of USD	
	2023	2022
Profit or loss	$ 11,014	$ 5,263

The Company's sensitivity to the USD increased in this year, mainly due to the increase in its foreign currency assets.

The management believes that the sensitivity analysis cannot represent the inherent exchange rate risk as foreign currency exposures on the balance sheet date cannot reflect the interim exposures.

(2) Interest rate risk

Interest rate exposures arise as the Company hold assets and liabilities at both fixed and floating rates.

The carrying amount of financial assets and liabilities of the Company under interest rate exposure on balance sheet date is as follows:

	December 31, 2023	December 31, 2022
With fair value interest rate risk		
– Financial assets	$ 368,500	$ 100
– Financial liabilities	1,083,315	19,569
With cash flow interest rate risk		
– Financial assets	260,458	168,679
– Financial liabilities	150,000	1,537,680

Sensitivity analysis

The following sensitivity analyses are based on the interest rate risk exposure of the non-derivative instruments on the balance sheet date. The analysis of assets at floating rates is based on the assumption that the amount of assets outstanding at the balance sheet date was outstanding throughout the reporting period.

If the annual rate of interest increased/decreased by 1%, with all other variables remaining unchanged, the Company's net income before tax for 2023 and 2022 would have decreased/increased by NT$1,105 thousand and NT$13,690 thousand, respectively, mainly due to the Company's exposure to the risk of the net assets at floating interest rates.

The Company's sensitivity to interest rates decreased in this year, mainly due to the increase in the financial assets at floating interest rates.

(3) Other price risks

The Company is exposed to the equity price risk due to the investments in listed equity securities. The equity investments are not held for trading and are strategic investments. The Company is not actively trading these equity securities. The Company's equity price risk is mainly concentrated in the equity instruments in the electronic industry traded in stock exchanges and over-the-counter markets in Taiwan.

Sensitivity analysis

The sensitivity analysis below was performed based on the equity price exposure on the balance sheet date.

If the securities price increased/decreased by 1%, the profit or loss before tax for 2023 and 2022 would have decreased/increased by NT$3,486 thousand and NT$3,398 thousand respectively, mainly due to increase/decrease in the Company's financial assets at fair value through profit or loss.

The Company's sensitivity to price risk decreased in this year, mainly due to the decrease in the Company's investment in financial assets at fair value through profit or loss.

If the securities price increased/decreased by 1%, the other comprehensive income before tax for 2023 and 2022 would have increased/decreased by NT$2,951 thousand and NT$3,068 thousand respectively, mainly due to increase/decrease in the Group's financial assets at fair value through other comprehensive income.

The Company's sensitivity to price risk decreased in this year, mainly due to the decrease in the Company's investment in financial assets at fair value through other comprehensive income.

2. Credit Risk

Credit risk refers to the risk that a counterparty defaults on its contractual obligations, resulting in a financial loss to the Group. As of the balance sheet date, the Company's maximum exposure to credit risk of financial loss due to non-performance by counter-parties is mainly from the carrying amount of financial assets recognized in parent company only balance sheets.

To mitigate credit risk, the Company has formulated credit and accounts receivable management measures to ensure that appropriate actions have been taken to recover overdue receivables. In addition, the Company will review the recoverable amount of receivables on each balance sheet date to ensure that appropriate impairment loss has been appropriated for the uncollectible receivables. As such, the Company's management believes that the Company's credit risk has been significantly reduced.

The Group has a wide range of clients across different industries and geographical regions for accounts receivables. The Company continuously evaluates the financial position of clients with accounts receivable.

The Company does not have significant credit risk exposure to any single counterparty or any group of counterparties with similar characteristics. When the transaction counterparties are affiliates, the Company defines them as transaction counterparties with similar characteristics.

3. Liquidity Risk

The Company manages and maintains sufficient cash and cash equivalents to support the Group's operations and mitigate the impact of cash flow fluctuations. The Company's management monitors the use of bank financing facilities and ensures compliance with the terms of the borrowing agreements.

Bank loans are a source of liquidity for the Company. Please refer to the description of (2) financing facilities below for the Company's bank financing facilities undrawn as of December 31, 2023 and 2022.

(1) Table of liquidity and interest rate risk of non-derivative financial liabilities

The analysis of the remaining contractual maturities of non-derivative financial liabilities has been prepared based on the undiscounted cash flows (including principal and estimated interest) of the financial liabilities based on the earliest possible date on which the Company can be required to make repayment. Therefore, bank borrowings that the Company may be required to repay immediately are shown in the table below for the earliest period, without regard to the probability that the bank will enforce the right immediately; the maturity analysis of other non-derivative financial liabilities is prepared based on the contractual repayment dates.

December 31, 2023

	Repayment on demand or less than 1 month	1–3 months	3 months to 1 year	Over 1 year	Total
Non-derivative financial assets					
No interest-bearing liabilities	$ 147,929	$ 91,842	$ 7,711	$ 4	$ 247,486
Floating rate instruments	100,000	50,000	-	-	150,000
Fixed rate instruments	-	-	-	1,041,009	1,041,009
Lease liability	1,078	2,157	9,356	31,354	43,945
	$ 249,007	$ 143,999	$ 17,067	$ 1,072,367	$ 1,482,440

Further information on maturity analysis of lease liabilities is as follows:

	Less than 1 year	1–2 years	2–3 years	Over 3 years
Fixed rate instruments	$ -	$ -	$ 1,041,009	$ -
Lease liability	$ 12,591	$ 11,933	$ 11,533	$ 7,888

December 31, 2022

	Repayment on demand or less than 1 month	1–3 months	3 months to 1 year	Over 1 year	Total
Non-derivative financial assets					
No interest-bearing liabilities	$ 138,115	$ 130,025	$ 2,586	$ 4	$ 270,730
Floating rate instruments	70,000	206,060	677,120	-	953,180
Fixed rate instruments	150,000	434,500	-	-	584,500
Lease liability	606	1,213	5,082	13,433	20,334
	$ 358,721	$ 771,798	$ 684,788	$ 13,437	$ 1,828,744

Further information on maturity analysis of lease liabilities is as follows:

	Less than 1 year	1–2 years	2–3 years	Over 3 years
Lease liability	$ 6,901	$ 4,684	$ 4,398	$ 4,351

(2) Financing facilities

	December 31, 2023	December 31, 2022
Unsecured bank overdraft facility		
- Borrowing facilities used	$ 150,000	$ 1,120,560
- Borrowing facilities unused	750,000	213,940
	$ 900,000	$ 1,334,500
Secured bank overdraft facility		
- Borrowing facilities used	$ -	$ 417,120
- Borrowing facilities unused	767,120	632,880
	$ 767,120	$ 1,050,000

31. Related Party Transactions

Except for those disclosed in other notes, transactions between the Company and related parties are as follows.

(1) Name of related party and relations therewith

Name of related party	Relations with the Group
Yingquan Investment Co., Ltd.	Subsidiary
Weltrend International Co., (BVI) Ltd.	Subsidiary
Sentelic Holding Co., Ltd.	Sub-subsidiary
Dongguan Prosil Electronics Co., Ltd.	Sub-subsidiary
Sentelic Corporation	Subsidiary

(2) Operating revenues

Category of related party	2023	2022
Sub-subsidiary	$ 83,713	$ 81,830
Subsidiary	514	-
	$ 84,227	$ 81,830

The sales between the Company and related parties are determined based on the terms negotiated by both parties without other suitable transaction counterparties for comparison.

(3) Rental incomes

Category of related party	2023	2022
Subsidiary	$ 11	$ 11

The Company's rental income (recognized in other income) from related parties is negotiated and determined in accordance with the lease agreements between both parties, and there is no other suitable transaction counterparty for comparison.

(4) Other income

Category of related party	2023	2022
Sentelic Corporation	$ 1,367	$ 640
Yingquan Investment Co., Ltd.	-	585
	$ 1,367	$ 1,225

The Company's other income from related parties refers to directors' and supervisors' remuneration and service income.

(5) Receivables from related parties

Category of related party	December 31, 2023	December 31, 2022
Sub-subsidiary	$ 29,428	$ 10,511
Subsidiary	156	3
	$ 29,584	$ 10,514

The Company did not request collateral for outstanding receivables from related parties. The Company did not recognize the receivables from related parties in bad debts for 2023 and 2022.

(6) Other receivables from related parties

Category of related party	2023	2022
Subsidiary	$ 95	$ 1,226

The Company did not request collateral for outstanding other receivables from related parties.

(7) Remuneration for key management

	2023	2022
Short-term employee benefits	$ 37,041	$ 34,656
Share-based payment	1,015	12,181
Post-employment benefits	789	638
	$ 38,845	$ 47,475

The remuneration for directors and other key management is determined by the Board of Directors based on individual performance and market trends.

32. Pledged Assets

The assets below have been pledged as collateral for borrowings from banks and to customs:

	2023	2022
Certificates of deposit pledged (under financial assets at amortized cost - non-current)	$ 100	$ 100
Securities pledged (under financial assets at fair value through profit or loss - current)	-	177,168
Pledge of property, plant and equipment	141,420	143,503
	$141,520	$320,771

33. Information on foreign currency assets and liabilities with significant effect:

The information below is aggregated and presented in foreign currencies other than the Company's functional currency. The exchange rates disclosed refer to the rates at which these foreign currencies are converted to the functional currency. The information on foreign currency assets and liabilities with significant effect is as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	Carrying amount	Foreign currency	Exchange rate	Carrying amount
Financial assets						
Monetary items						
USD	$ 40,891	30.70 (USD: NTD)	$ 1,255,354	$ 23,386	30.71 (USD: NTD)	$ 718,184
Financial liabilities						
Monetary items						
USD	5,016	30.70 (USD: NTD)	$ 153,991	6,249	30.71 (USD: NTD)	$ 191,907

Foreign currency translation gains and losses (unrealized) with significant effect are as follows:

	2023		2022	
Functional currency	Functional currency exchanged to presenting currency	Net exchange gain (loss)	Functional currency exchanged to presenting currency	Net exchange gain (loss)
USD	30.70 (USD: NTD)	($ 33,054)	30.71 (USD: NTD)	($ 2,284)

34. Additional Disclosures

(1) Information on Significant Transactions:

1. The Loaning of Funds: None.
2. Endorsements and guarantees for others: None.
3. Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Associates, and Joint Ventures): Table 1.
4. Marketable Securities Acquired or Sold at Costs or Prices at Least NT$300 million or 20% of the Paid-in Capital: None.
5. Acquisition of Individual Property at Costs of at Least NT$300 million or 20% of the Paid-in Capital: None.
6. Disposal of Individual Property at Costs of at Least NT$300 million or 20% of the Paid-in Capital: None.
7. Total Purchases from or Sales to Related Parties Amounting to at Least NT$100 million or 20% of the Paid-in Capital: None.
8. Receivables from Related Parties Amounting to at Least NT$100 million or 20% of the Paid-in Capital: None.
9. Trading in Derivative Instruments: None.

(2) Information on Investees: Table 2.

(3) Information on investment in Mainland China:

1. Information on investees in Mainland China, including the name, main business and products, paid-in capital, method of investment, inward and outward remittance of funds, percentage of ownership, profit or loss for this period, recognized investment income or loss, carrying amount of the investment at the end of the period, repatriation of investment income, and limit on the amount of investment in the Mainland China area: Table 3.
2. The following significant transactions with investees in Mainland China, directly or indirectly through third regions, and their prices, payment terms, and unrealized gains or losses: Table 4.
   (1) The amount and percentage of purchases and the related ending balance and percentage of payables.
   (2) The amount and percentage of sales and the related ending balance and percentage of receivables.
   (3) The amount of property transactions and the amount of resulting gains or losses.
   (4) The ending balance of endorsement guarantee of bills or the provision of collateral and its purpose.
   (5) The maximum balance, ending balance, interest rate range and total current interest amount of financial accommodation
   (6) Other transactions that have a significant effect on the current profit or loss or financial position, such as the provision or receipt of services.

(4) Information on Major Shareholders: The name of shareholders with a shareholding ratio of 5% or more, and the number and percentage of shares held: Table 5.

Weltrend Semiconductor Incorporated

Marketable securities held at the end of the period

December 31, 2023

Table 1

Unit: In thousand NTD and thousand shares, unless otherwise specified

Companies held	Types and names of marketable securities	Relations with the securities issuer	Account in the book	Ending Balance				Amount pledged (Note 1)
				Number of shares/Unit	Carrying amount	Shareholdings ratio	Fair value	
The Company	Stock							
	Greatek Electronics Inc.	—	Financial assets at fair value through profit or loss - current	4,385	$ 268,361	-	$ 268,361	$ -
	China Metal Products Co., Ltd.	—	Financial assets at fair value through other comprehensive income - current	1,542	64,687	-	64,687	-
	AU Optronics Corporation	—	Financial assets at fair value through other comprehensive income - current	1,900	34,485	-	34,485	-
	United Microelectronics Corporation	—	Financial assets at fair value through other comprehensive income - current	1,750	92,050	-	92,050	-
	Tong Hsing Electronic.	—	Financial assets at fair value through other comprehensive income - current	19.50	3,071	-	3,071	-
	Delta Electronics, Inc.	—	Financial assets at fair value through other comprehensive income - current	40	12,540	-	12,540	-
	Co-Tech Development Corp.	—	Financial assets at fair value through other comprehensive income - current	157	9,514	-	9,514	-
	Chroma ATE Inc.	—	Financial assets at fair value through other comprehensive income - current	45	9,585	-	9,585	-
	Elite Material Co., Ltd.	—	Financial assets at fair value through other comprehensive income - current	15	5,730	-	5,730	-
	Chung Hsin Electric & Machinery Manufacturing Corporation	—	Financial assets at fair value through other comprehensive income - current	50	5,825	-	5,825	-
	Compeq Manufacturing Company Limited	—	Financial assets at fair value through other comprehensive income - current	50	3,535	-	3,535	-
	Faraday Technology Corporation	—	Financial assets at fair value through other comprehensive income - current	10	3,570	-	3,570	-
	Luxnet Corporation	—	Financial assets at fair value through other comprehensive income - current	40	5,760	-	5,760	-
	Unimicron Technology Corp.	—	Financial assets at fair value through other comprehensive income - current	200	35,200	-	35,200	-
	Primax Electronics Ltd.	—	Financial assets at fair value through other comprehensive income - current	40	2,708	-	2,708	-
	Arcadyan Technology Corporation	—	Financial assets at fair value through other comprehensive income - current	40	6,820	-	6,820	-

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Companies held	Types and names of marketable securities	Relations with the securities issuer	Account in the book	Ending Balance				Amount pledged (Note 1)
				Number of shares/Unit	Carrying amount	Shareholdings ratio	Fair value	
The Company	Coremate Technical Co., Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	161	$ -	2%	$ -	$ -
	Silicongear Corporation	—	Financial assets at fair value through other comprehensive income - non-current	1	-	-	-	-
	AETAS TECHNOLOGY INC.	—	Financial assets at fair value through other comprehensive income - non-current	36	-	Preferred Series B	-	-
	AETAS TECHNOLOGY INC.	—	Financial assets at fair value through other comprehensive income - non-current	7	-	Preferred Series C	-	-
	AETAS TECHNOLOGY INC.	—	Financial assets at fair value through other comprehensive income - non-current	3	-	Preferred Series D	-	-
	Privately offered funds Zoyi Venture Capital Co., Ltd.	—	Financial assets at fair value through profit or loss – non-current	-	80,212	-	80,212	-

Note: The listed marketable securities are not restricted users due to the provision of pledged loans.

Weltrend Semiconductor Incorporated

Information on the investee, location, etc.

For the Year Ended December 31, 2023

Table 2

Unit: NT$ thousand

Investor name	Investee	Location	Principal business	Original investment amount		Holding, end of period			Profits (losses) of the investee for the period	Investment incomes (losses) recognized in the period	Remarks
				End of the period	End of last year	Number of Shares (in thousands)	Percentage (%)	Carrying amount			
The Company	Weltrend International Co., (BVI) Ltd.	British Virgin Islands	Investment	$ 265,000	$ 265,000	8,164	100	$ 554,199	$ 57,558	$ 57,558	Note 1
	Yingquan Investment Co., Ltd.	Taiwan	Investment	241,486	241,486	32,416	98	327,220	38,044	37,390	Note 1
	Sentelic Corporation	Taiwan	Integrated circuit development and design, analog circuit design, digital signal processing, application software development, and import and export of electronic components.	1,117,120	1,117,120	15,324	51	1,033,260	63,517	(2,889)	Note 1 and 3
Sentelic Corporation	Sentelic Holding Co., Ltd.	Republic of Mauritius.	Investment	18,782	18,782	625	100	22	-	-	Note 1

Note 1: It was calculated based on the financial reports for the same periods audited by CPAs.

Note 2: Please refer to Table 3 for the relevant information on the investees in Mainland China.

Note 3: Investment income (losses) recognized in this period is based on financial information before inter-company transactions were eliminated and recognized after adjustments based on the effect of the acquisition method.

Weltrend Semiconductor Incorporated

Information on investment in Mainland China

For the Year Ended December 31, 2023

Table 3

Unit: In thousand NTD, unless otherwise specified

Names of investees in Mainland China	Principal business	Paid-in capital	Type of investment method	Accumulated investment amount remitted from Taiwan at the beginning of the period	Amount of investment remitted or recovered during the period		Accumulated investment amount remitted from Taiwan at the end of the period	Profit or loss of the investee for the period (Note 2)	Shareholding in direct or indirect investment	Investment income (loss) recognized in this period (Note 2)	Book value of investments at the end of the period	Investment income remitted back as of the end of the period
					Outward remittance	Recover						
Dongguan Prosil Electronics Co., Ltd.	Import and export of electronic components and general import and export	RMB 8,048 thousand (USD 1,200 thousand)	Note 1	USD 1,200 thousand ($ 36,840)	$ -	$ -	USD 1,200 thousand ($ 36,840)	($ 3,341)	100%	($ 3,341)	$ 27,104	$ -

Accumulated amount of investment from Taiwan to Mainland China at the end of the period	Amount of investment approved by the Investment Commission, MOEA	Investment quota for Mainland China as stipulated by the Investment Commission, MOEA
US$1,200 thousand ($36,840)	US$1,200 thousand ($36,840)	$2,088,733

Note 1: The Company invests in Weltrend International Co., (BVI) Ltd. and then invests in companies through Mainland China through said company. The investments have been approved by the Investment Commission, Ministry of Economic Affairs. The investment amount approved is US$1,200 thousand.

Note 2: It was calculated based on the financial report for the same period audited by a CPA.

Note 3: The amounts in foreign currencies were converted at USD exchange rate on December 31, 2023.

Weltrend Semiconductor Incorporated

Major Transactions with Investees in Mainland China Through Direct or Indirect Investment Through a Third Region, and the Prices, Payment Terms, Unrealized Gains or Losses, and Other Relevant Information

For the Year Ended December 31, 2023

Table 4

Unit: In NT$ thousand unless otherwise specified

Names of investees in Mainland China	Type of transaction	Purchase or sale		Transaction conditions (Note)	Notes and accounts receivable (payable)		Unrealized gain or loss	Remarks
		Amount	Percentage		Amount	Percentage		
Dongguan Prosil Electronics Co., Ltd.	Operating revenues	$ 83,713	3%	—	$ 29,429	3%	$ -	—

Note: Sales with related parties are determined based on the terms negotiated by both parties without other suitable transaction counterparties for comparison.

Weltrend Semiconductor Incorporated

Information on major shareholders

December 31, 2023

Table 5

Information on major shareholders	Shares	
	Number of shares held (shares)	Shareholding percentage
The Group has no shareholders holding more than 5% of the shares individually.	-	-

Note: The information on major shareholders in this Exhibit is compiled by Taiwan Depository & Clearing Corporation based on the last business day of the quarter in which the shareholders held 5% or more of the Company's common shares and preferred shares whose registration and delivery have been completed in non-physical form (including treasury shares). The number of shares recorded in the Company's parent company only financial statements and the actual number of shares registered and delivered in non-physical form may differ depending on the basis of preparation of the calculations.

VI. Financial Difficulties Suffered by the Company and Subsidiaries in the Most Recent Fiscal Year and the Current Fiscal Year Up to the Publication Date of this Annual Report: None.

Chapter 7 Review and Analysis of Financial Position and Financial Performance and Risk Events

I. Financial status: The major causes and impacts of material changes in assets, liabilities and equity in the last two years. If the impact is significant, the future response plan shall be proposed.

Unit: NT$ thousand

Item/Year	2023	2022	Change, by amount	
			Amount	%
Current assets	4,276,042	4,328,088	(52,046)	(1.20)
Non-current assets	1,575,921	1,663,527	(87,606)	(5.27)
Total assets	5,851,963	5,991,615	(139,652)	(2.33)
Current liabilities	546,865	2,011,188	(1,464,323)	(72.81)
Non-current liabilities	1,251,719	215,772	1,035,947	480.11
Total liabilities	1,798,584	2,226,960	(428,376)	(19.23)
Share capital	1,780,116	1,780,100	16	-
Capital reserve	266,965	69,026	197,939	286.76
Retained earnings	1,542,394	1,575,350	(32,956)	(2.09)
Other equity	(24,853)	(167,949)	143,096	(85.2)
Treasury stock	(83,400)	(103,164)	19,764	(19.15)
Non-controlling interests	572,157	611,292	(39,135)	(6.40)
Total equity	4,053,379	3,764,655	288,724	7.67

Explanation of the main reasons and impacts of 20% changes in assets, liabilities and shareholders' equity in the last two years:

1. The decrease in current liabilities was due to the issuance of convertible corporate bonds by the Company in 2023 to repay short-term borrowings, resulting in the reduction of current liabilities.
2. The increase in non-current assets was due to the issuance of convertible corporate bonds by the Company in 2023 to repay short-term borrowings, resulting in the increase of non-current liabilities.
3. The increase in capital surplus as due to the issuance of convertible corporate bonds by the Company in 2023, resulting in the generation of share premium from the exercise of subscription rights.
4. The decrease in the negative value of other equity was due to the increase in unrealized gains from other comprehensive income in 2023.

II. Financial performance: The main reasons for the significant changes in the operating revenue, net operating profit and net profit before tax in the recent two years, the expected sales volume and their basis, the possible impact on the Company's future financial business and the corresponding countermeasures.

Unit: NT$ thousand

Item/Year	2023	2022	Increase (decrease) in amount	Percentage (%)
Net operating income	2,885,560	2,888,153	(2,593)	(0.09)
Operating costs	2,103,785	2,044,532	59,253	2.90
Operating gross profit	781,775	843,621	(61,846)	(7.33)
Operating expenses	739,945	600,177	139,768	23.29
Net operating income	41,830	243,444	(201,614)	(82.82)
Non-operating income and expenses	184,656	(103,888)	288,544	277.75
Net Profit Before Tax	226,486	139,556	86,930	62.29
Income tax expenses	19,400	31,686	(12,286)	(38.77)
Net profit for the current year	207,086	107,870	99,216	91.98
Other comprehensive gains and losses	113,712	(211,756)	325,468	153.70
Total comprehensive gains and losses for the current year	320,798	(103,886)	424,684	408.80
Net profit attributable to owners of parent company	209,240	146,771	62,469	42.56
Total comprehensive gains and losses attributable to owners of the parent company	322,539	(64,385)	386,924	600.95

I. The reasons for the 20% change in operating income, net operating income and net income before tax:

1. The increase in operating expenses primarily due to an increase in research and development expenses.
2. The decrease in operating net profit mainly due to the increase in operating expenses.
3. The increase in non-operating income was mainly due to the increase in net loss on financial assets measured at fair value through profit and loss.
4. The increase in net income before tax and net income for the current year was mainly due to the increase in non-operating income.
5. The decrease in income tax expense was mainly due to the decrease in net profit before tax.
6. The increase in other comprehensive gains and losses was mainly due to the increase in unrealized gains or losses from equity investments measured at fair value through other comprehensive income.
7. The increase in the total comprehensive gains and losses for the current year was mainly due to the increase in net profit and other comprehensive gains and losses for the current year.
8. The increase in the total net profit and comprehensive gains and losses attributable to the owner of the parent company for the current year was mainly due to the increase in net profit and other comprehensive gains and losses for the current year.

II. The expected sales volume and their basis, the possible impact on the Company's future financial business and the corresponding countermeasures：

The expected sales volume is based on the estimated volume of products developed and distributed in the past year and the expected shipment volume of clients in the market. The impact on the Company's future financial operations can be found in the Report to Shareholders.

III. Cash flow: Analysis of the changes in cash flow for the most recent year, plans to improve liquidity and analysis of cash flow for the coming year.

Unit: NT$ thousand

Cash amount at the beginning of the year	Net cash flow from operating activities	Cash inflow (outflow) throughout the year	Cash balance (deficit)	Remedial measures for cash inadequacy	
				Investment plan	Wealth management plan
708,313	813,228	(279,466)	1,242,075	-	-

Analysis of cash flow changes in 2023:
1. The net cash inflow from operating activities was mainly due to the decrease in inventory and the increase in net income before tax in 2023.
2. The net cash inflow from investment activities primarily resulted from the sale of securities and receipt of dividends in 2023.
3. The net cash outflow from financing activities primarily resulted from the payment of cash dividends amounting to NT$212,399,000 in 2023.

Cash flow for the coming year

Unit: NT$ thousand

Cash amount at the beginning of the year	Net cash flow from operating activities	Cash inflow (outflow) throughout the year	Cash balance (deficit)	Remedial measures for cash inadequacy	
				Investment plan	Wealth management plan
1,242,075	715,463	(385,979)	1,571,559	-	-

I. Analysis of cash flow changes in 2024:
   1. The net cash inflow from operating activities will be mainly due to the estimated net income for 2024.
   2. The net cash inflow from investing activities is mainly expected to result from receiving dividends from investments and selling investments for 2024.
   3. The net cash outflow from financing activities will be mainly due to the payment of cash dividends of NT$272,572,000 from earnings distribution.

II. Remedial measures and liquidity analysis of estimated cash deficiency: None.

IV. Impact of Major Capital Expenditure on Financial Operations for the Most Recent Year:

The Company's major capital expenditures in 2023 mainly include investments in production, R&D equipment, and intangible assets, which were purchased with its fund, an amount of NT$50,150,000. It was mainly used for the Company's future business expansion, which has little impact on financial business.

V. The most recent year's reinvestment policy, the main reasons for profit or loss, improvement plans and investment plans for the coming year:

1. In 2023, Weltrend International Co., (BVI) Ltd. And Yingquan Investment Co., Ltd. experienced profit from investments due to the market rebound and increased interest income from USD fixed deposits. Due to the adverse impact of the poor economic conditions in China, Dongguan Prosil Electronics experienced a decline in revenue and incurred a net loss after tax. Sentelic Corporation experienced a decline in revenue and reduced profitability due to the inventory clearance in the electronics industry. For the fiscal year 2024, the Company anticipates an improvement in economic conditions, leading to a recovery in both revenue and profitability. Sentelic Holding Co., Ltd is a small-scale company and reported neither profit nor loss.
2. The Company has no major investment plans in the coming year.

VI. Risk assessment for the most recent year and up to the publication date of the Annual Report:

1. Impact of interest rate, exchange rate fluctuation and inflation on the Company's profit and loss and future countermeasures:

   a. Impact of interest income and expenditure and exchange gains and losses on the Company's profits and losses:

Item/Year	2023 (NT$ thousand)
Interest income	46,420
Interest expenditure	25,304
Net foreign currency gain	350

   In 2023, due to the depreciation of Taiwan dollar against the U.S. dollars, the Company generated a net foreign currency gain of NT$350,000.

   b. Impact of inflation on the Company's profit and loss and future countermeasures:

   The increase in demand for raw materials in the recent year had no material impact on the Company's profit or loss.

   c. Measures to cope with changes in interest rate and exchange rate:

      A. The Company's product sales are partially denominated in U.S. dollars, and raw materials are partially denominated in U.S. dollars, thus reducing the impact of changes in exchange rate on profitability. Due to sufficient working capital, changes in interest rates have little impact on the Company. Due to the small operating scale of subsidiaries, they have little impact on the interest rate and exchange rate.

      B. The Company always pays attention to the information of changes in the interest rate and exchange rate to take appropriate measures in a timely manner. The appreciation of the Taiwan dollar is unfavorable to the Company.

2. Policies for engaging in high-risk, highly leveraged investments, lending of funds to others, endorsement of guarantees, and derivative transactions, the main reasons for profit or loss, and future measures:

   For the year 2023 and up to the publication date of the Annual Report, the Company has not engaged in high-risk, highly leveraged investments, derivative transaction, endorsement of guarantees, nor has it loaned funds to others.

3. Future R&D plans and estimated R&D expenses:

   2024 R&D plans are as follows:

   a. Power management and analogICs:

      - USB Type-C PD (Power Delivery), and other protocol controllers, primary-side PWM power control ICs, and synchronous rectification control ICs for USB Type-C wall chargers, car chargers, and power banks. In response to the trend towards high efficiency and miniaturization of chargers, the Company will also collaborate with Gallium Nitride (GaN) or MOSFET manufacturers to introduce highly integrated System-in-Package (SiP) encapsulated products.
      - Developed a USB Type-C PD control chip for use in devices such as laptops.
      - Highly integrated and digitized secondary-side monitoring power management ICs.

   b. Smart applicationICs:

- ICs for highly-integrated smart fan motor driver and control.
- 32-bit microcontrollers for industrial purposes.

c. Customer-Specific Customized IC (ASIC)

These are specialized and exclusive products tailored to meet the specific requirements of customers. After registration, they will be classified according to product attributes into either power and analog orsmartapplications.

In the future, the Company will invest in R&D for the continuous development of new products. The estimated investment amount is NT$ 447,000,000.

4. Impact of important domestic and foreign policies and legal changes on the Company's financial business and countermeasures:

The management of the Company and its subsidiaries attaches great importance to the important domestic and foreign policies and legal changes and takes appropriate measures to lower the impact on the financial business of the Company.

5. Impact of technological changes (including cyber security risks) and industrial changes on the Company's financial business and countermeasures:

Technological changes have intensified industrial competition. In addition to increasing the number of talented R&D personnel to accelerate the development of product lines and upgrade high-end processes, the Company strengthens product innovation, product quality and product diversification, introduces new R & D techniques and partners to meet the market demand, so as to lower the impact on the Company's financial business.

The Company established the Information Security Committee to formulate and implement the information security management system for information security risk control. Apart from preparing information security policy documents to regulate the information security, the Company conducts annual information security risk assessments and internal and external information security audits to ensure the effectiveness of the management system and compliance with legal requirements. Therefore, the information security risk is not a material operational risk for the Company. But, we cannot guarantee that its computer system can avoid the attack of network viruses initiated by third parties that may cause system paralysis. These cyber attacks illegally infiltrate our internal network systems to cause disruption to our operations or damage to our goodwill. Failure to resolve the difficult technical issues caused by these cyber attacks in a timely manner may seriously impact our financial performance and commitment to clients and other stakeholders.

6. Impact of corporate image change on corporate crisis management and countermeasures:

The Company has always attached importance to the corporate image, steady operation, and the implementation of corporate governance, to maintain social welfare. So far, no incidents affecting the corporate image have occurred.

7. Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans:

As of the end of 2023, there were no merger or acquisition plans in place.

8. Expected benefits and possible risks of plant expansion and countermeasures:

The Company has no plans to expand its plant in 2023.

9. Risks arising from concentration of purchases or sales and corresponding response measures:

a. The Company mainly buys goods from leading wafer fabs andJapanese manufacturers, with an emphasis on yield rate, delivery time, price, advanced manufacturing process and other factors. Due to good and long-term relationships with these manufactures, there is little risk for the Company in the short and medium term. In the long run, there are many professional wafer, packaging, and testing factories at home and abroad, so the Company has no problem to purchase products.

b. The customer structure of the Company is highly stable and healthy, with clients diversified across various industries including laptops, smartphones, PCs, smart fan motors, gaming peripherals, automotive electronics, and POS machines. This diversification mitigates the risk associated with concentrated sales.

10. The impact and risks of the mass transfer or change in shareholding of directors or substantial shareholders holding more than 10% of the shares of the Company and countermeasures:

    There is no mass transfer or change in shareholding of directors or substantial shareholders holding more than 10% of the shares of the Company.

11. Effects of, Risks Relating to and Response to the Changes in Management Rights:

    There is no change in the operating rights of the Company.

12. Litigation or non-litigation matters:

    The Company and its directors, president, responsible persons, substantial shareholders holding more than 10% of the shares and subsidiaries have not had any major litigation, non-litigation or administrative disputes so far.

13. Other material risks and countermeasures: None.

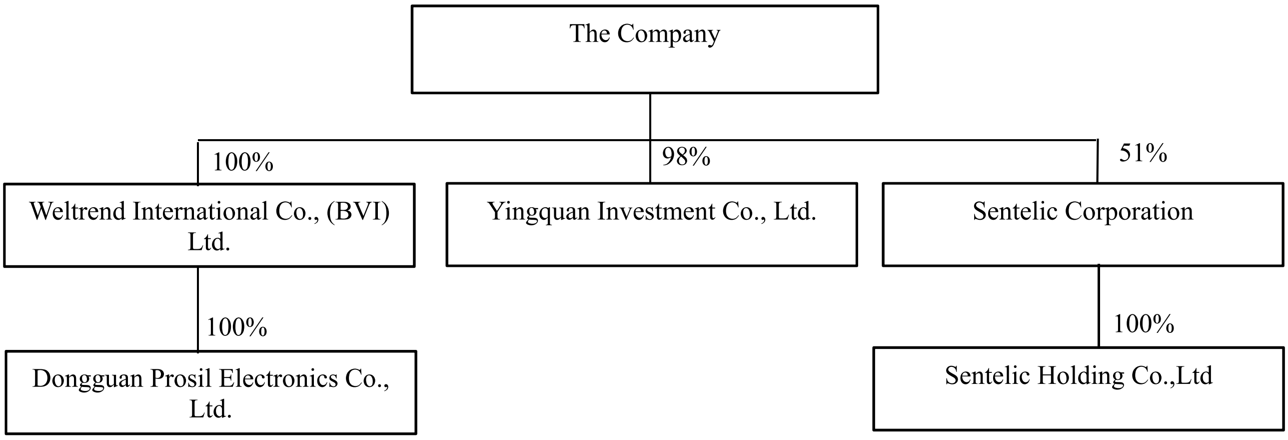
VII. Other Important Matters: None.

Chapter 8 Special Matters to Be Noted

I. Information on the Company Affiliates

(I) Consolidated Business Report

1. Organizational Chart of Affiliates:



2. Basic Information on Affiliates

Unit: NT$ thousand

Company name	Date of incorporation	Address	Paid-in capital	Scope of business
Weltrend International Co., (BVI) Ltd.	1997/04/10	Portcullis (BVI) Limited of Portcullis Chambers,4th Floor Ellen Skelton Building 3076 Sir Francis Drake Highway, Road Town VG1110,Tortola, British Virgin Islands.	265,000	Investment
Yingquan Investment Co., Ltd.	1997/05/01	33F., No. 758, Zhongming S. Rd., South District, Taichung City 402, Taiwan	329,832	Investment
Dongguan Prosil Electronics Co., Ltd.	2008/01/09	6 Floor, Block B, Guangtai Business Center, No. 3, Xin 'an Second Rd., Chang 'an Town, Dongguan City, Guangdong Province, China	37,657	Engaged in import and export of electronic components and general import and export trade
Sentelic Corporation	2000/06/29	6F., No. 88, Zhouzi St., Neihu Dist., Taipei City	300,368	Engaged in IC development and design, analog circuit design, digital signal processing, application software development, and import and export of electronic components
Sentelic Holding Co., Ltd	2009/02/04	Level 3, Alexander House, 35 Cybercity, Ebene Mauritius	18,782	Investment

3. Information on the same shareholders who are presumed to be in a controlling and subordinate relationship: None.
4. Industry covered by the business of affiliates:

Industry type	Name of affiliate	The relationship between business operations and division of labor
Investment	Weltrend International Co., (BVI) Ltd.	-
	Yingquan Investment Co., Ltd.	-
	Sentelic Holding Co., Ltd	-
Electronics	Dongguan Prosil Electronics Co., Ltd.	Business promotion/Client services
	Sentelic Corporation	Business promotion/Client services

5. Directors, supervisors and presidents of affiliates

December 31, 2023

Company name	Title	Name or Representative	Shareholding	
			Number of shares (thousand)	Shareholding Ratio
Yingquan Investment Co., Ltd.	Chairman	Weltrend Semiconductor, Inc. (Representative: Sam Lin)	32,416	98.28%
	Director	Hsi-Kun Lin	109	0.33%
	Director	Paul Liao	131	0.4%
	Supervisor	James Chou	131	0.4%
Weltrend International Co., (BVI) Ltd.	Director	Weltrend Semiconductor, Inc. (Representative: Sam Lin)	8,164	100%
Dongguan Prosil Electronics Co., Ltd.	Director	Weltrend International Co., (BVI) Ltd. (Representative: David Liu)	-	100%
	Supervisor	Weltrend International Co., (BVI) Ltd. (Representative: Cindy Guo)	-	100%
Sentelic Corporation	Chairman	Weltrend Semiconductor, Inc. (Representative: Sam Lin)	15,324	51.043%
	Director	Weltrend Semiconductor, Inc. (Representative: Cindy Guo)	15,324	51.043%
	Director	Weltrend Semiconductor, Inc. (Representative: Tony Lin)	15,324	51.043%
	Director	Yi-Cheng Chen	153	0.508%
	Director	Chun-Jen Cheng	73	0.243%
	Director	Sunny Sky International Investment Limited (Representative: Feng-Ying Chen)	1	0.003%
	Independent Director	Min-Hsiung Wu	-	0%
	Independent Director	Kuo-Hsin Chang	-	0%

Company name	Title	Name or Representative	Shareholding	
			Number of shares (thousand)	Shareholding Ratio
	Independent Director	Shueh-Pu Lu	-	0%
Sentelic Holding Co., Ltd	Chairman	Sentelic Corporation (Representative: Sam Lin)	625	100%

6. Operation overview of affiliates

Unit: NT$ thousand

Company name	Amount of capital	Total assets	Total liabilities	Net value	Operating revenue	Operation profit and loss	Profit or loss (after tax)	Earnings per share (NT$)(after tax)
Weltrend International Co., (BVI) Ltd.	265,000	554,268	69	554,199	281,574	57,662	57,558	7.05
Yingquan Investment Co., Ltd.	329,832	336,473	3,526	332,947	95,693	38,778	38,044	1.15
Dongguan Prosil Electronics Co., Ltd.	37,657	59,594	32,490	27,104	90,899	(5,091)	(3,341)	-
Sentelic Corporation	300,218	739,269	77,898	661,371	422,135	48,894	63,517	2.12
Sentelic Holding Co.,Ltd	18,782	22	0	22	0	0	0	0

(II) Consolidated financial reports of affiliated companies

Representation Letter

Considering that the companies to be included into the consolidated financial statements of affiliates under the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises were the same as those to be included into the consolidated financial statements of the parent and subsidiaries under IFRS 10 for 2023 (from January 1, 2023 to December 31, 2023), and the relevant information to be disclosed in the consolidated financial statements of the affiliates has already disclosed in said consolidated financial statements of the parent and subsidiaries, no consolidated financial statements of affiliates were prepared separately.

It is hereby certified that the information disclosed herein is true and correct.

Name of Company: Weltrend Semiconductor, Inc.

Person in Charge: Sam Lin

February 26, 2024

(III) Relationship report: None.

II. Private placement of marketable securities in the most recent fiscal year and up to the publication date of the Annual Report: None.

III. Shares held or disposed of by subsidiaries in the most recent fiscal year and up to the publication date of the Annual Report: none.

IV. Other supplementary information: None

Chapter 9 In the most recent fiscal year and up to the publication date of the Annual Report, if there have been events that had a significant impact on shareholders' equity or the price of securities as prescribed in Subparagraph 2 of Article 36-3 of the Securities and Exchange Act: None.

Weltrend Semiconductor, Inc.

Chairman: Sam Lin

Date of publication: April 12, 2024