Original Stock Code: 233606
Emerging Stock: R207
Stock Code: 6261

YTEC Youngtek Electronics Corp.

2023

Annual Report

Printing Date: May 28, 2024

Website for the Annual Report: http://newmops.twse.com.tw
Company's Website: http://www.ytec.com.tw

1. Company’s (Proxy) Spokesperson

Company’s Spokesperson	Proxy Spokesperson
Name: Chiao-Fen Chen	Name: Hui-Ju Cheng
Title: Deputy Director of the Finance Department	Title: Project Manager
Telephone: (03)666-9968#1805	Telephone: (03)666-9968#1911
Email: fannie@ytec.com.tw	Email: sophie@ytec.com.tw

2. Address and Telephone Number of the Head office, Factory, and Branch

Head Office (First Factory):
No. 13, Aly. 17, Ln. 99, Puding Rd., Hsinchu City, Taiwan
Telephone: (03)571-1509

Branch of Hsinchu Science and Industrial Park (Industrial Park Factory):
Floor 1,2,3,4, and 7, No. 5, Keji Rd., East Dist., Hsinchu City
Telephone: (03)666-9968

Lixing Factory:
Floor 2,3,5,6, No. 2, Lixing Rd., East Dist., Hsinchu City
Telephone: (03)666-9699

Chuangxin Factory:
Floor 2,3,6, No. 7, Chuangxin 1st Rd., Baoshan Township, Hsinchu County
Telephone: (03)666-9968

3. Stock Transfer Agency

Title: Capital Securities Corp.(CSC)
Address: B2, No. 97, Sec. 2, Dunhua S. Rd., Da’an Dist., Taipei City
Telephone: (02)2702-3999
Website: http://www.capital.com.tw

4. Recent Annual Financial Report Certified Accountants

Accounting Firm Name: Deloitte & Touche
Accountant Name: Ya-Yun Chang and Tung-Hui Yeh
Address: 20F, No. 100, Songren Rd., Xinyi Dist., Taipei City
Telephone: (02)2725-9988
Website: http://www.deloitte.com.tw

5. Names of Trading Venues Overseas Where Securities Are Listed and Traded, and Ways to Search for Information on Such Overseas Securities: None.

6. Company’s Website: http://www.ytec.com.tw

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Chapter 1 Shareholders' Report

Dear shareholders,

In 2023, YoungTek Electronics Corp. celebrates its 20th year since listing on the over-the-counter market. Supported and encouraged by all shareholders, and through the collective efforts of all employees, the company achieved consolidated and individual after-tax profits of NT$524 million and NT$526 million, respectively. This resulted in an annual EPS of NT$4.09 after tax. The primary driver behind its profitability, in addition to the ongoing success of its in-house manufactured machines within the contract manufacturing and equipment sales sectors, is the collaborative endeavors of the company's proficient R&D technology team. Coupled with the influence of its diversified business strategy, YoungTek has begun to see the fruits of its labor in related industries. This dynamic stands as the pivotal factor in enhancing YoungTek's profitability in the foreseeable future.

Reviewing 2023, the semiconductor industry gradually recovered from the impact of the COVID-19 pandemic. However, due to the company's highly focused product line on consumer electronics, its operational recovery was relatively slower compared to its peers. In recent years, the company has actively developed its automotive and third-generation semiconductor sectors and expanded its overseas customer base. It hopes that through diversifying its customer base and product offerings, it can mitigate the impact of geopolitical factors and combat cyclical fluctuations. Additionally, in the face of climate change and energy conservation and emission reduction issues, the company will continue to focus on green and sustainable development, actively implementing corporate governance, developing a sustainable environment, and promoting social welfare across the three ESG dimensions.

Starting from semiconductor dicing and inspection, YoungTek aims to provide integrated back-end IC foundry services, primarily engaged in semiconductor and optoelectronics products dicing, grinding, inspection, testing, and other foundry services, as well as the manufacture and sales of optoelectronic and semiconductor equipment. The company has adhered to the following principles for 32 years since its establishment, the company has embraced the 'owner's management philosophy' and the principle of 'treating every project as if it were for the client.' Every member of the team approaches their responsibilities with a sense of ownership, fostering a strong sense of unity towards the company. They actively refine work processes at their workstations to meet customer needs with optimal cost-effectiveness and efficiency, thereby delivering top-notch service quality. As a result, YoungTek has achieved outstanding performance in recent years, both in terms of operational growth and cost control, earning consistent recognition from customers.

The etiquette values upheld by YoungTek include: Those who succeed seek solutions, while those who don't, seek excuses. Find ways to succeed, not excuses for failure. Those who find ways to solve problems are definitely successful people; Those who make excuses for procrastination are bound to be failures; In every challenge, numerous solutions exist, and those who identify and implement these solutions ultimately achieve success and triumph. Embracing the principle of 'Tracing the root cause and striving for the best' entails comprehensively understanding the underlying factors of every situation, resolving issues at their core, continuously enhancing processes, and maintaining a mindset of continuous improvement. Through this approach, the goal is to attain the pinnacle of excellence. It is our aspiration that enterprises evolve from mere excellence to extraordinary performance, ensuring sustainable operations, generating employment opportunities, and making meaningful contributions to society.

In addition to providing OEM services, our company dedicates considerable resources to the development of proprietary products. We maintain a high level of autonomy in testing technology and exert effective control over production costs. Moreover, we proactively leverage our existing technologies and resources to drive innovation and research and development initiatives, with the objective of delivering products of enhanced value. Additionally, the company has obtained multiple patents in the field of semiconductors, especially in the research and development as well as manufacturing of testing equipment. Not only does it provide the necessary equipment for testing outsourcing services, thereby saving substantial production costs, but it also has a track record of selling self-developed equipment to companies in the semiconductor industry. The full-function IC tester developed by YoungTek has received project funding from the Industrial Development Bureau of the Ministry of Economic Affairs, and has gained recognition and affirmation from the competent authority and experts. It has become the industry standard test platform and a crucial milestone for the SoC product test solution, which is a milestone for the industry.

YoungTek has always adhered to pragmatic operations and a step-by-step working attitude, continuously developing innovative and high value-added products. Through overall revenue and profit growth, we seek to provide shareholders with a stable investment return rate. We are delighted that YoungTek's operating philosophy has been recognized by shareholders. At the same time, we received affirmation and support from many customers and manufacturers. Additionally, we promoted ATE testing platforms and AOI automation equipment for semiconductor, LED optoelectronics, passive components, and other related products. The results have gradually taken effect, enhancing international competitiveness and creating advantages, allowing our core values to extend and contribute to business performance.

Due to the continued growth of related industries such as semiconductors, optoelectronics, communications, passive components, the Internet of Things, and the Internet of Vehicles, the demand for back-end outsourcing services for these products has been increasing. Therefore, in the future market, YoungTek will continue to focus on expanding its outsourcing services and developing new products, with the following main directions:

1. Semiconductor foundry services: Besides fulfilling the diverse specifications of existing OEM services for PC peripherals such as logic, mixed-signal, non-volatile memory, MCU, USB, touch, wireless remote control, and analog power products, our company has extended its offerings. We now provide testing services for emerging technologies including CIS, MEMS, fingerprint sensors, and RF communication products. Additionally, we offer integrated testing and dicing/packaging services for LCD driver ICs. These enhancements cater to evolving market demands and augment our industrial competitiveness by broadening the spectrum of our OEM services.

2. Optoelectronic foundry services: In response to market demand, we continuously provide foundry services for optoelectronics, automotive products, optical communication products, Flip Chip, RFID, passive component SMD, Mini LED, and more. We have been timely providing tangible benefits for business growth, and have successively been validated and received mass production orders from many renowned foreign manufacturers, contributing to the company's revenue growth.

3. IC test system and QFN test package machine development: Successfully developed a 100MHz 512/768 pin full-function IC tester for testing multimedia, Digital TV, and high-speed logic SoC products, and implementing it for mass production. Higher-end models will also be launched successively. In addition, the developed QFN test packaging machine can be applied to IC product testing and production, with a three-in-one function (testing, appearance inspection, and packaging). Another newly developed 100MHz Upgrade to 1,536 pin full-function IC tester and RF test module, LCDD test solution, and higher-speed test system have been completed to enhance the competitive advantage of IC testing service.

4. Development of CIS, CCM, AOI, inspection equipment, Mini LED backlight equipment, etc.: The development of CIS (CMOS Image Sensor System) and CCM (Camera Module Test Equipment) has resulted in the provision of high-speed image processing and comprehensive electrical testing solutions. Our systems boast a maximum test pattern generation frequency of 100MHz, the fastest image acquisition rate reaching 100MIPS, and support for up to 16M pixels. These capabilities make them ideal for verifying and conducting mass production testing of products with over one million pixels. To address market demand, we've expanded our sales of AOI (Automated Optical Inspection System) six-sided inspection machines, resulting in a significant increase in revenue from AOI equipment sales. The development of AOI equipment focuses on solving visual blind spots in inspection for semiconductor, optoelectronic, and passive component industries, which can significantly save manpower. It has successfully integrated optoelectronic technology with image analysis and automated equipment design to develop various types of appearance inspection machines, such as 2D AOI inspection machines (Auto Load/Unload) for LED and passive component heat sink substrates, photomask inspection machines, solar panel dark crack inspection machines, innovative silicon through-hole critical dimension measurement technology and system development, X-Ray Taping AOI, IC die bonders, IC inspection machines, RFID, and Mini LED backlight equipment. Therefore, the outlook is optimistic.

Finally, on behalf of the management team of YoungTek, we would like to express our sincere gratitude to all shareholders. Looking ahead to the new year, the company will continue to strive relentlessly, upholding the consistent philosophy of sustainable operation, pursuing excellence, and fulfilling everyone's expectations for YoungTek.

Best regards,

May your health prosper and your aspirations be fulfilled.

Chairman: Ping-Lung Wang

President: Wei-Tang Hsiao

Chief Accountant: Chiao-Fen Chen

Chapter 2 Company's Introduction

I. Established Date: July 22, 1991

II. Company History

1991.07: Established with a paid-in capital of NT$5,000,000.

1992.04: Established ASSY'A Hsinchu plant.

1994.02: Officially established the semiconductor testing service business unit.

1994.05: Increased paid-in capital to NT$15,000,000 through a cash offering.

1994.05: Developed and obtained a U.S. patent for the assembly method of semiconductor thermoelectric materials.

1994.11: Purchased a factory at No. 21, Alley 17, Lane 99, Putinglu.

1996.07: Obtained a patent in Taiwan for SMD-type IC packaging.

1997.08: Increased paid-in capital to NT$28,000,000 through a cash offering.

1998.03: Purchased a factory at No. 56, Lane 99, Putinglu, and established the Jiuyuan No. 2 plant dedicated to IC testing services.

1998.03: Increased paid-in capital to NT$80,000,000 through a cash offering.

1998.05: Purchased a factory at No. 13, Alley 17, Lane 99, Putinglu.

1998.07: Conducted a cash capital increase to a paid-in capital of NT$120,000,000.

1998.10: Developed a 5 MHz/40 Pins Logic Test Machine (Goblin).

1999.03: Developed an LED optoelectronic test machine.

2000.01: Purchased a factory building on Alley 17, Lane 99, Putinglu Road.

2000.03: Passed the ISO-9001 quality system certification.

2000.04: Conducted a cash capital increase to a paid-in capital of NT$130,000,000.

2000.05: Conducted a cash capital increase to a paid-in capital to NT$165,000,000 through a cash offering.

2000.07: The full-function IC tester passed the review of the "Leading New Product Development Project" by the Industrial Development Bureau of the Ministry of Economic Affairs.

2000.08: Conducted a capital increase through retained earnings to a paid-in capital of NT$190,000,000.

2001.03: Exported the first LED optoelectronic test machine to South Korea.

2001.06: Developed the second-generation optoelectronic test machine, with the ability to switch between an integrating sphere or a spectrometer conversion device.

2001.08: Conducted a capital increase through retained earnings to a paid-in capital of NT$235,000,000.

2001.09: Participated in the Taipei World Trade Center Semiconductor Exhibition with the full-function IC tester.

2001.11: Obtained a U.S. patent for “Floating Power Supply Using NPN Transistor”.

2002.03: Participated in the Shanghai Semiconductor Exhibition, providing a complete SOC test concept.

2002.06: Conducted a capital increase through retained earnings and capital surplus to a paid-in capital of NT$287,000,000.

2002.08: Approved by the Securities and Futures Bureau for public offering.

2002.11: Listed on the Over-the-Counter Securities Exchange of the Republic of China.

2003.09: Conducted a capital increase through retained earnings to a paid-in capital of NT$360,826,100.

2003.11: Officially entered LED (optoelectronic) inspection and testing outsourcing services.

2004.01: Approved by the Securities and Futures Commission for over-the-counter trading.

2004.03: Purchased a factory in the Hsinchu Science and Industrial Park and established the YoungTek Electronics Branch with approval.

2004.03: Listed and traded on the Taipei Exchange (TPEx) Market.

2004.10: Conducted a capital increase through retained earnings to a paid-in capital of NT$452,000,000.

2004.12: The GPS R&D team joined, officially entering the GPS-related field.

2005.03: Participated in CeBIT Hannover, Germany to promote its own GPS brand products in Europe.

2005.08: Conducted a capital increase through retained earnings to a paid-in capital of NT$565,200,000.

2005.12: Developed the CCM image sensing module testing equipment, providing self-made full-range graphic simulation lightbox functions.

2006.03: Signed an IC testing system technology cooperation agreement with Agilent Technologies (Singapore).

2006.04: Conducted a capital increase by employee stock option certificates to a paid-in capital of NT$569,630,000.

2006.07: Conducted a cash capital increase to a paid-in capital of NT$649,630,000.

2006.08: Conducted a capital increase through retained earnings to a paid-in capital of NT$726,430,000.

2006.12: Obtained ISO-14001 and OHSAS-18001 Environmental and Safety Management System Certifications.

2007.05: Conducted a capital increase by employee stock option certificates to a paid-in capital of NT$728,680,000.

2007.08: Conducted a capital increase through retained earnings to a paid-in capital of NT$831,323,000.

2007.12: Purchased the factory on Chuangxin 1st Rd. No. 7.

2008.01: Purchased the factory on Lixing Rd. No. 7.

2008.01: Conducted a merger capital increase to a paid-in capital of NT$841,323,000.

2008.04: Conducted a capital increase by employee stock option certificates to a paid-in capital of NT$843,073,000.

2008.05: Issued the first domestic unsecured corporate bond with a total issuance amount of NT$500,000,000.

2008.08: Conducted a capital increase by retained earnings and employee stock option certificates to a paid-in capital of NT$920,000,000.

2008.10: Obtained the ISO/TS 16949 Automotive Industry Quality Management System Certification.

2009.06: Established a subsidiary, Xiamen YoungTek Electronics Co., Ltd., in the Xiamen Xiang'an Science and Technology Park.

2009.09: Conducted a capital increase through retained earnings to a paid-in capital of NT$940,021,640.

2009.10: Issued the second domestic unsecured corporate bond with a total issuance amount of NT$350,000,000.

2010.01: Applied for the issuance of new shares through conversion of corporate bonds, increasing the paid-in capital to NT$946,545,720.

2010.08: Conducted a capital increase through retained earnings to a paid-in capital of NT$956,011,180.

2010.09: Subsidiary "Changzhou YoungTek Microelectronics Co., Ltd." was established in Suzhou New District, Wujin Jiangsu.

2010.11: Applied for the issuance of new shares through conversion of corporate bonds, increasing the paid-in capital to NT$973,417,160.

2010.01: Applied for the issuance of new shares through conversion of corporate bonds, increasing the paid-in capital to NT$978,949,180.

2010.05: Applied for the issuance of new shares through conversion of corporate bonds, increasing the paid-in capital to NT$ 1,013,704,910.

2011.07: Applied for the issuance of new shares through conversion of corporate bonds, increasing the paid-in capital to NT$1,045,552,170.

2011.08: Increased paid-in capital to NT$1,055,341,660 through capitalization of capital reserves.

2011.10: Issued the third domestic unsecured corporate bond with a total issuance amount of NT$1,000,000,000.

2012.01: Indirectly invested in Jiug Feng Enterprise Co., Ltd. (referred to as Jiuh Feng Group) through the existing offshore company YTEC Samoa.

2012.03: Indirectly invested in the holding company Clear Reach Ltd., which owns Langfu Technology (Shenzhen) Co., Ltd. (referred to as Langfu Link), through the existing offshore company YTEC Samoa.

2012.05: Applied for the issuance of new shares through conversion of corporate bonds, increasing the paid-in capital to NT$1,109,065,130.

2012.05: Signed a memorandum of cooperation with a Japanese Company, Yoshikawa Semiconductor Co., Ltd.

2012.08: Applied for the issuance of new shares through conversion of corporate bonds, increasing the paid-in capital to NT$1,118,097,430.

2012.09: Conducted a capital increase through retained earnings to a paid-in capital of NT$1,128,746,330.

2012.11: Applied for the issuance of new shares through conversion of corporate bonds, increasing the paid-in capital to NT$1,142,259,200.

2013.05: Applied for the issuance of new shares through conversion of corporate bonds, increasing the paid-in capital to NT$1,155,255,840.

2013.08: Applied for the issuance of new shares through conversion of corporate bonds, increasing the paid-in capital to NT$1,164,417,330.

2013.08: Conducted a capital increase through retained earnings to a paid-in capital of NT$1,175,839,930.

2013.11: Honored with the “2013 Industrial Sustainable Excellence Award”.

2014.05: Applied for the issuance of new shares through conversion of corporate bonds, increasing the paid-in capital to NT$1,176,143,460.

2014.08: Applied for the issuance of new shares through conversion of corporate bonds, increasing the paid-in capital to NT$1,181,202,480.

2014.09: Conducted a capital increase through retained earnings to a paid-in capital of NT$1,192,960,880.

2014.11: Applied for the issuance of new shares through conversion of corporate bonds, increasing the paid-in capital to NT$1,255,230,470.

2015.01: Merged with Wei Chuan Automation Machinery Co., Ltd.

2015.02: Applied for the issuance of new shares through conversion of corporate bonds, increasing the paid-in capital to NT$1,272,257,320.

2015.08: Honored with the “Excellence in Corporate Social Responsibility” by CommonWealth Magazine.

2015.09: Conducted a capital increase through retained earnings to a paid-in capital of NT$1,284,979,890.

2016.09: Subsidiary “Yangzhou YoungTek Microelectronics Co., Ltd.” (abbreviated as Yangzhou YoungTek) was established in Yangzhou Economic and Technological Development Zone.

2017.08: Subsidiary “Langfu Technology (Shenzhen) Co., Ltd.” was renamed to YoungTek Microelectronics (Shenzhen) Co., Ltd. (abbreviated as Shenzhen YoungTek Micro).

2018.10: Purchased 40% stake in Jiuh Feng Group, increasing its shareholding ratio to 100%.

2019.05: Subsidiary “Suzhou YoungTek Microelectronics Co., Ltd.” was established in Wujiang District, Suzhou City (abbreviated as Suzhou YoungTek Micro).

2019.07: Sold 100% equity of the important subsidiary Hong Kong company Jiuh Feng Group, losing control over Jiuh Feng Group and its subsidiaries (Jiuh Feng Group and Wujiang Jiuh Feng).

2020.12: Deregistered the subsidiary “Changzhou YoungTek Optoelectronic Co., Ltd.”

2020.12: The subsidiary “Weikong Trading (Shenzhen) Co., Ltd.” merged with the subsidiary “YoungTek Microelectronics (Shenzhen) Co., Ltd.”, with the former being the dissolved company and the latter being the surviving company.

2021.09: Deregistered the subsidiary “Tianxiao Investment Co., Ltd.”

2022.12: The subsidiary “Anhui Chuangxin Youce Electronics Co., Ltd.” was established in Hefei.

2022.12: Obtained the Authorized Economic Operator (AEO) qualification certified by the Customs Administration, Ministry of Finance.

2023.01: Obtained the RBA VAP Silver Certificate.

2023.01: Passed the ISO50001 Energy Management System Certification.

2023.02: Completed the greenhouse gas inventory and verification for the parent company, and obtained the ISO14064-1 certificate.

2023.10: Deregistration of subsidiary “Shin Shou Automation Co., Ltd.”

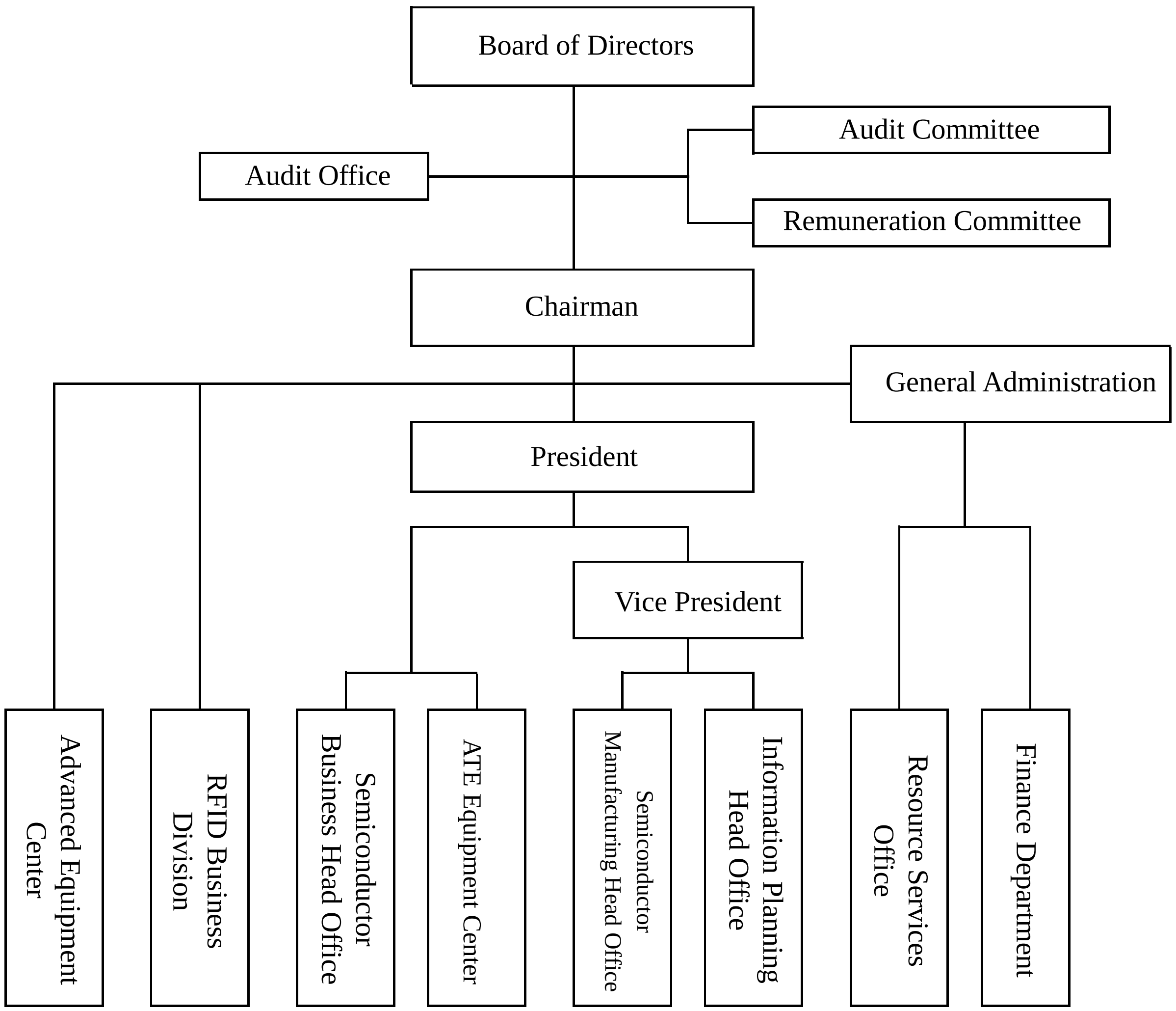
2024.04: Subsidiary "YOUNGTEK ELECTORONICS CORPORATION USA, INC." was established in California, USA. (referred to as 'Youngtek USA')

2024.04: Deregistration of subsidiary “Jiuhongxin Technology Co., Ltd..”

Chapter 3 Corporate Governance Report

I. Organization: The organizational structure of the company and the business operations of its main departments.

(I) Organizational Structure



(II) Main Business Operations of Departments

Department	Main Responsibilities
Audit Office	Promoting and managing internal control systems, developing and implementing internal audit plans, making timely improvement suggestions, and reporting audit-related issues to the responsible authorities as needed.
Advanced Equipment Center	Development, manufacturing, sales of advanced processes, semiconductor automation equipment, and RFID equipment.
RFID Business Division	OEM services and technology integration for LED and RFID products.
Semiconductor Business Head Office	IC testing, business marketing, production planning, production and sales coordination and management of OEM services.
ATE Equipment Center	Development, manufacturing, sales of ATE equipment, and customer engineering problem support.
Semiconductor Manufacturing Head Office	Manufacturing, equipment management, and technology integration for IC testing and sorting outsourcing services.
Information Planning Head Office	Establishment and maintenance of information systems. Rationalization, standardization, and automation of production and operation processes. Quality system promotion. Raw material and equipment procurement.
Resource Services Office	Human resource planning and execution Plant facility installation and maintenance. Occupational safety and health management planning, supervision, and promotion.
Finance Department	Funds planning, accounting, taxation, stock affairs, fundraising operations, and control of invested enterprises.

II. Board of Directors, Supervisors, President, Vice President, Associate Manager, and Heads of Departments and Branch Offices

(I) Relevant Information of Board of Directors

April 21, 2024 Unit: Shares, %

Title	Nationality or registered address	Name	Gender/Age		Elected Date	Term	Date first elected	Shares held at time of election		Shares currently held		Shares held by spouse and underage children		Shares held in the name of others		Primary education/work experience	Concurrent positions at this company and other companies	Other managers, directors or supervisors with spousal or second-degree kinship relationship		
								Number of shares	Equity ratio	Number of shares	Equity ratio	Number of shares	Equity ratio	Number of shares	Equity ratio			Title	Name	Related parties
Chairman	Taiwan	IN & OUT Bio Beauty Corp. Company Representative:	-	-	2021.08.12	3	June 13, 2006	8,475,617	6.60%	8,475,617	6.60%	0	0%	0	0%	-	-	None	None	None.
		Ping-Lung Wang	Male	61-70 years				0	2.55%	4,796,175	3.73%	117,669	0.09%	0	0%	Department of Aviation Technology, Chiao Tung University Factory Manager of Unimicron Manager of UMC Founder of YoungTek	Chairman and General Manager of Harvatek	None	None	None.
Director	Taiwan	Cheng-Kuang Chang	Male	61-70 years	2021.08.12	3	1992.08.03	392,880	0.31%	392,880	0.31%	1,156	0%	0	0%	Department of Aeronautics, Cheng Kung University Vice Manager of UMC Manager of Mosel Vitelic Inc. General Manager of YoungTek	Vice Chairman Legal Representative Director of YTEC Holding (Samoa) Co., Ltd.	None	None	None.
Director	Taiwan	Kuei-Piao Chen	Male	61-70 years	2021.08.12	3	1990.06.20	283,969	0.36%	321,960	0.25%	5,340	0%	0	0%	Department of Electronics, Taiwan Institute of Industrial Technology Manager at Hua Lung Microelectronics Associate Manager at First International Computer(FIC) General Manager of YoungTek	Vice Chairman Legal Representative Director of Sissca Inc Co., Ltd	None	None	None.
Director	Taiwan	Te-Chang Yao	Male	61-70 years	2021.08.12	3	2012.06.27	0	0%	0	0%	0	0%	0	0%	Master's degree in Finance from National Taiwan University Master's degree in Electrical Engineering from University of Southern California Vice President of Sunbond Investment Consultants Co., Ltd. General Manager of Ta-Ya Venture Capital Co., Ltd.	Chairman of YONG,DA Investment Co., Ltd. Chairman of YONG,CHUANG Investment Co., Ltd. Chairman of Success Innovations Management Consulting Co., Ltd. Chairman of Phoenix Innovation Venture Capital Co., Ltd.	None	None	None.

Title	Nationality or registered address	Name	Gender/Age		Elected Date	Term	Date first elected	Shares held at time of election		Shares currently held		Shares held by spouse and underage children		Shares held in the name of others		Primary education/work experience	Concurrent positions at this company and other companies	Other managers, directors or supervisors with spousal or second-degree kinship relationship		
								Number of shares	Equity ratio	Number of shares	Equity ratio	Number of shares	Equity ratio	Number of shares	Equity ratio			Title	Name	Related parties
																	Chairman of Phoenix II Innovation Venture Capital Co., Ltd. Chairman of Phoenix III Innovation Venture Capital Co., Ltd. Chairman of Phoenix IV Innovation Venture Capital Co., Ltd. Chairman of Phoenix V Innovation Venture Capital Co., Ltd. Chairman of HUA,CHEN Investment Co., Ltd. Director of ASIX Electronics Corporation Director of GIGASTONE CORPORATION Director of TAITIEN ELECTRONICS CO., LTD. Director of SYNC-TECH SYSTEM CORP. Independent Director of EUREKA MICROELECTRONICS, INC. Independent Director of Jentech Precision Industrial Co., Ltd. Corporate Director Representative of ACTi Corporate Director Representative of NCKU Venture Capital Co., Ltd. Corporate Director Representative of Ledlink Optics, Inc. Corporate Director Representative of Yong, De Electronics Co., Ltd.			
Independent Director	Taiwan	Meng-Hua Huang	Female	61-70 years	2021.08.12	3	2015.06.12	0	0%	0	0%	0	0%	0	0%	Master of Business Administration, University of Tulsa, USA Master's degree (EMBA), National Taiwan University of Science and Technology Manager of Texas Instruments Taiwan Branch (U.S. company)	Supervisor, Hereoner Optoelectronics Co., Ltd.	None	None	None.

Title	Nationality or registered address	Name	Gender/Age		Elected Date	Term	Date first elected	Shares held at time of election		Shares currently held		Shares held by spouse and underage children		Shares held in the name of others		Primary education/work experience	Concurrent positions at this company and other companies	Other managers, directors or supervisors with spousal or second-degree kinship relationship		
								Number of shares	Equity ratio	Number of shares	Equity ratio	Number of shares	Equity ratio	Number of shares	Equity ratio			Title	Name	Related parties
																Finance Director of Texas Instruments Taiwan Branch (U.S. company) Chief of Staff, Office of the President (Vice President), Liteon Technology Corp. Senior Vice President, Lite-On Technology Corp. Chief Auditor (Vice President), Lite-On Group Chief Legal Officer (Vice President), Lite-On Group President, Lite-On Electronics Co., Ltd. Member of the Education Committee, Chinese Taipei Olympic Committee Independent Director, Member of the Audit Committee and Compensation Committee, Sino-American Silicon Products Inc. Supervisor, Prosperous Social Enterprise Co., Ltd.				
Independent Director	Taiwan	Ya-Hsien Tsai	Female	71-80 years	2021.08.12	3	2003.06.17	0	0%	0	0%	0	0%	0	0%	Master of Management Sciences, Ming Chuan University Executive Director, Yuan Pei University of Medical Technology Vice President, Yuan Pei University of Medical Technology President, Taiwan Health Management Association Executive Director, Guang-yu Cultural and Educational Foundation	Chairman, Yuan Pei University of Medical Technology Honorary President, Taiwan Health Management Association Chairman, Guangyu Cultural and Educational Foundation	None	None	None.
Independent Director	Taiwan	Chun-Ting Liu	Male	61-70 years	2021.08.12	3	2006.10.05	0	0%	0	0%	0	0%	0	0%	Ph.D. in Electrical Engineering from Princeton University, USA Master of Business Administration from Thunderbird School of Global Management, Arizona, USA Bachelor's degree in Electrical Engineering from National Taiwan University	Director of The Mustard Seed Mission	None	None	None.

Title	Nationality or registered address	Name	Gender/Age		Elected Date	Term	Date first elected	Shares held at time of election		Shares currently held		Shares held by spouse and underage children		Shares held in the name of others		Primary education/work experience	Concurrent positions at this company and other companies	Other managers, directors or supervisors with spousal or second-degree kinship relationship		
								Number of shares	Equity ratio	Number of shares	Equity ratio	Number of shares	Equity ratio	Number of shares	Equity ratio			Title	Name	Related parties
																Academician of the Chinese Society for Management of Technology Adjunct Professor at National Tsing Hua University Senior Director at TSMC Vice President at Industrial Technology Research Institute Chairman of the Taiwan-Japan Relations Association Vice Chairman of the Monte Jade Science and Technology Association of Taiwan Chief Operating Officer of World Vision Taiwan Senior Consultant at Delta Electronics Senior Consultant at Everlight Chemical Industrial Corporation Business Group General Manager at AU Optronics Department Manager at Bell Labs, USA				

Table 1: Major Shareholders of Corporate Shareholders

April 21, 2024

Corporate Shareholders' Name	Major Shareholders of Corporate Shareholders
IN & OUT Bio Beauty Corp.	Li Chi Capital Inc.(99.44%)

Table 2: Table 1 Major Shareholders Who Are Corporations and Their Major Shareholders

April 21, 2024

Company Name	Company's Major Shareholders
Li Chi Capital Inc.	Ping-Lung Wang(90%), Yu Wang(10%)

(II) Disclosure of Professional Qualifications and Independence of Directors

Conditions / Name	Qualifications and Experience	Independence Situation	Number of Other Public Companies Serving as Independent Director
Chairman Representative Ping-Lung Wang	After completing his studies at National Chiao Tung University's Department of Aeronautics and Astronautics, Mr.Wang held positions as factory director at Hsin Shing Electronics and production manager at UMC. With over five years of essential professional expertise in business, finance, and corporate operations, he currently serves as the chairman of the board of both Honchi Technology and this corporation. Having worked in the electronics sector for more than thirty years, Mr.Wang is capable of strategic planning, operational management, and professional leadership. Through constant innovation and astute observations of cutting-edge technologies, he has guided the organization to enhance its main business. None of the circumstances listed in Article 30 of the Company Act have materialized.	1. an individual who holds more than 50% of the director seats, supervisory positions, or staff base of another company but does not hold voting rights in this company. 2. An individual who is not the company's president, chairperson, or someone in a similar role, nor their spouse; in addition, they are not a director, manager, supervisor, or worker for another business or organization. 3. Not a manager, shareholder, supervisor, or director of any specific firm or organization that does not conduct business or have financial ties to the company but rather owns 5% or more of its shares. 4. Not a professional individual, partnership, sole proprietorship, company, or organization that has received compensation in the last two years for providing auditing or related commercial, legal, financial, accounting, and other services to the company or its affiliated companies; nor the owner, partner, director, supervisor, manager, and their spouse of such an entity. 5. An individual does not have a spousal or second-degree kinship relationship with other directors.	0

<table>
<tr><th>Conditions / Name</th><th>Qualifications and Experience</th><th>Independence Situation</th><th>Number of Other Public Companies Serving as Independent Director</th></tr>
<tr><td>Director Cheng-Kuang Chang</td><td>Graduated from the Department of Aeronautics at Cheng Kung University, previously served as the deputy manager at Unihan Corporation and the manager at Taiwan Semiconductor, currently serving as the vice chairman of this company, possessing more than five years of work experience in business, finance, and company operations. With a wealth of experience in judging market competitiveness and promoting businesses, this skilled leader and company developer successfully guided YoungTek Electronics to become listed on the over-the-counter market during his tenure.
None of the circumstances listed in Article 30 of the Company Act have materialized.</td><td rowspan="2">1. An individual who is not a corporate shareholder directly holding more than 5% of the total issued shares of the Company, or one of the top five shareholders, or a representative appointed by a corporate shareholder in accordance with Article 27, Paragraph 1 or 2 of the Company Act to serve as a director or supervisor.
2. an individual who holds more than 50% of the director seats, supervisory positions, or staff base of another company but does not hold voting rights in this company.
3. An individual who is not the company’s president, chairperson, or someone in a similar role, nor their spouse; in addition, they are not a director, manager, supervisor, or worker for another business or organization.
4. Not a manager, shareholder, supervisor, or director of any specific firm or organization that does not conduct business or have financial ties to the company but rather owns 5% or more of its shares.
5. Not a professional individual, partnership, sole proprietorship, company, or organization that has received compensation in the last two years for providing auditing or related commercial, legal, financial, accounting, and other services to the company or its affiliated companies; nor the owner, partner, director, supervisor, manager, and their spouse of such an entity.
6. An individual does not have a spousal or second-degree kinship relationship with other directors.</td><td>0</td></tr>
<tr><td>Director Kuei-Piao Chen</td><td>Currently holding the position of Vice Chairman within the corporation, having graduated from the Department of Electronics at National Taiwan University of Science and Technology. The individual has engaged more than five years of work experience in finance, business, and operations of a company. Committed to the advancement and creativity of independently built machinery, offering qualified counsel on the creative course of the business’s product development and research.
None of the circumstances listed in Article 30 of the Company Act have materialized.</td><td>0</td></tr>
</table>

<table>
<tr><th>Conditions
Name</th><th>Qualifications and Experience</th><th>Independence Situation</th><th>Number of Other Public Companies Serving as Independent Director</th></tr>
<tr><td>Director
Te-Chang Yao</td><td>Graduated from the Master’s program in Finance at National Taiwan University and Master’s program in Electrical Engineering at the University of Southern California, has served as a director and independent director for several listed companies, with more than five years of experience in business, finance, and company operations required. With extensive management experience and financial background, they can provide the company with professional advice in various aspects.
None of the circumstances listed in Article 30 of the Company Act have materialized.</td><td rowspan="2">1. Not an employee of the company or its affiliated companies.
2. Not an Director or Supervisor of the company or its affiliated companies.
3. Not the individual, his/her spouse, underage children, or any natural person shareholder who holds more than 1% of the company’s total issued shares or is among the top ten shareholders under another name.
4. Not being identified as a managerial officer in Article 1 or as a personnel’s spouse, second-degree relative, or third-degree relative in Articles 2 and 3.
An individual who is not a corporate shareholder directly holding more than 5% of the total issued shares of the Company, or one of the top five shareholders, or a representative appointed by a corporate shareholder in accordance with Article 27, Paragraph 1 or 2 of the Company Act to serve as a director or supervisor.
5. an individual who holds more than 50% of the director seats, supervisory positions, or staff base of another company but does not hold voting rights in this company.
6. Not a director, supervisor, or employee of another company where more than half of the voting shares are controlled by the same person as the company.</td><td>2</td></tr>
<tr><td>Independent Director
Meng-Hua Huang</td><td>Graduated with a Master’s degree in Business Administration from Tulane University in the United States. Previously served as the Chief Financial Officer of Texas Instruments Taiwan Co., Ltd., a U.S. company, Senior Vice President of Lite-On Technology Corporation, and General Manager of Global Lighting Electronics Co., Ltd., with more than five years of experience in business, finance, and corporate operations. Specializes in financial planning, accounting, and corporate governance, with extensive experience in corporate management.
None of the circumstances listed in Article 30 of the Company Act have materialized.</td><td>0</td></tr>
</table>

<table>
<tr><th>Conditions
Name</th><th>Qualifications and Experience</th><th>Independence Situation</th><th>Number of Other Public Companies Serving as Independent Director</th></tr>
<tr><td>Independent Director Ya-Hsien Tsai</td><td>Graduated from the Graduate Institute of Management Sciences at Ming Chuan University, formerly served as the Vice President of Yuanpei University of Medical Technology and , currently serves as the Chairman of the Board of Directors at Yuanpei University of Medical Technology. Has more than five years of work experience in business, finance, and corporate operations, capable of providing professional advice on corporate governance.
None of the circumstances listed in Article 30 of the Company Act have materialized.</td><td rowspan="2">7. An individual who is not the company’s president, chairperson, or someone in a similar role, nor their spouse; in addition, they are not a director, manager, supervisor, or worker for another business or organization.
8. Not a manager, shareholder, supervisor, or director of any specific firm or organization that does not conduct business or have financial ties to the company but rather owns 5% or more of its shares.
9. Not a professional individual, partnership, sole proprietorship, company, or organization that has received compensation in the last two years for providing auditing or related commercial, legal, financial, accounting, and other services to the company or its affiliated companies; nor the owner, partner, director, supervisor, manager, and their spouse of such an entity.
10. An individual does not have a spousal or second-degree kinship relationship with other directors.
11. Not elected as a government, legal person or its representative as stipulated in Article 27 of the Company Law.</td><td>0</td></tr>
<tr><td>Independent Director Chun-Ting Liu</td><td>Graduated with a Ph.D. in Electrical Engineering from Princeton University in the United States, previously served as the Vice President of the Industrial Technology Research Institute and a senior director at TSMC. Has more than five years of experience in business, finance, and company operations required for work. Possesses extensive knowledge and high sensitivity towards the electronics industry, capable of providing professional advice on the company’s product research and development, as well as market development directions.
None of the circumstances listed in Article 30 of the Company Act have materialized.</td><td>1</td></tr>
</table>

(III) Board Diversity

The “Corporate Governance Best Practice Principles” of the Company state in Article 20 that diversity should be taken into account when determining the makeup of the board of directors. In addition to the mandate that directors who also hold company management positions cannot hold more than one-third of the board seats concurrently, the company ought to develop a suitable diversity policy that takes into account its operations, business models, and developmental requirements. This policy should encompass, but not be restricted to, the following two elements:

1. Basic conditions and values: gender, age, nationality, and culture.
2. Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

Board members should generally possess the necessary knowledge, skills, and qualifications required for executing their duties. To achieve the ideal goal of corporate governance, the board as a whole should possess the following capabilities:

1. Operational judgment ability.
2. Industry knowledge.
3. Accounting and financial analysis ability.
4. Global market perspective.
5. Business management ability.
6. Leadership ability.
7. Crisis management ability
8. Decision-making ability.

With 7 members, including 3 independent directors, the board of directors of the corporation makes up 43% of the total. With ages ranging from 61 to 80, the participants represent a variety of professional backgrounds, including technology, manufacturing, finance, accounting, and academia. Two of the members are female, making up 29% of the total. Two independent directors have served for longer than a year, while one has served for more than six years. Their credentials satisfy the legal prerequisites. The following will be implemented in order to further the company’s goal of diversity in terms of gender, nationality, and industry background:

Name		Nationality	Gender	Age			Tenure of Independent Directors' Office			Concurrent employee	Professional Background			Professional Knowledge and Skills					
				51- 60 years	61- 70 years	71- 80 years	3 years or under	3 to 9 years	9 years or more		Production and Manufacturing	Electronics Technology	Finance and Accounting	Operational judgment ability	Financial Analysis Capability	Business management ability	Risk Management Capability	Industry knowledge	Leadership and Decision-Making Ability
Director	Representative of IN & OUT Bio Beauty Corp.: Ping-Lung Wang	Taiwan	Male		✓						✓	✓		✓	✓	✓	✓	✓	✓
Director	Cheng-Kuang Chang	Taiwan	Male		✓					✓	✓	✓		✓	✓	✓	✓	✓	✓
Director	Kuei-Piao Chen	Taiwan	Male		✓						✓	✓		✓	✓	✓	✓	✓	✓
Director	Te-Chang Yao	Taiwan	Male		✓						✓	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Meng-Hua Huang	Taiwan	Female		✓			✓				✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Ya-Hsien Tsai	Taiwan	Male			✓	✓					✓		✓	✓	✓	✓	✓	✓
Independent Director	Chun-Ting Liu	Taiwan	Female		✓		✓				✓	✓		✓	✓	✓	✓	✓	✓

(IV) Board Diversity Policy, Specific Goals, and Their Achievement

Specific goals	Achievement Status
More than half of independent directors have consecutive terms not exceeding 3 terms	Achieved
The board of directors includes at least one female member	Achieved
Directors concurrently serving as company employees do not exceed one-third of the board seats	Achieved

(V) Board of President, Vice President, Associate Manager, and Heads of Departments and Branch Offices

April 21, 2024 Unit: Shares, %

Title	Nationality	Name	Gender	Elected Date	Shareholdings		Shares Held by Spouse and Underage Children		Shares Held in the Name of Others		Primary Education/Work Experience	Concurrent Positions at Other Companies	Managers with a spouse or within the second degree of kinship		
					Number of Shares	Equity Ratio	Number of Shares	Equity Ratio	Number of Shares	Equity Ratio			Title	Name	Related Parties
Vice Chairman	Taiwan	Cheng-Kuang Chang	Male	2003.10.01	392,880	0.31%	1,156	0%	0	0%	Department of Aeronautics and Astronautics, National Cheng Kung University Vice Manager of UMC Manager of Mosel Vitelic Inc.	Legal Representative Director of YTEC Holding (Samoa) Co., Ltd.	None.	None.	None.
Vice Chairman	Taiwan	Kuei-Piao Chen	Male	2004.02.18	321,960	0.25%	5,340	0%	0	0%	Department of Electronics, Taiwan Institute of Industrial Technology Manager at Hua Lung Microelectronics Associate Manager at First International Computer(FIC) Vice Chairman of YoungTek	Legal Representative Director of Sissca Inc Co., Ltd	None.	None.	None.
President	Taiwan	Wei-Tang Hsiao	Male	2020.09.01	190,639	0.15%	0	0%	0	0%	Department of Electrical Engineering, Chung Hua University Testing engineer at Hua Lung Microelectronics	Legal Representative Director of Clear Reach Ltd. Legal Representative of YoungTek Micro Electronics (Shenzhen) Ltd. Legal Representative of Suzhou YoungTek Microelectronics Ltd.	None.	None.	None.

Title	Nationality	Name	Gender	Elected Date	Shareholdings		Shares Held by Spouse and Underage Children		Shares Held in the Name of Others		Primary Education/Work Experience	Concurrent Positions at Other Companies	Managers with a spouse or within the second degree of kinship		
					Number of Shares	Equity Ratio	Number of Shares	Equity Ratio	Number of Shares	Equity Ratio			Title	Name	Related Parties
Vice President	Taiwan	Han-Tsung Hsiao	Male	2020.09.01	116,986	0.09%	0	0%	0	0%	Department of Industrial Engineering, Tunghai University Manager of UMC Associate Vice President of Lien Chen Electronics Director of Macronix Electronics	Legal Representative Director of YTEC (Hong Kong) Global Ltd. Legal Representative of Xiamen YoungTek Electronics Ltd. Legal Representative of Yangzhou YoungTek Electronics Ltd.	None.	None.	None.
Finance, Accounting Manager and Corporate Governance Manager	Taiwan	Chiao-Fen Chen	Female	2011.01.01	18,792	0.01%	0	0%	0	0%	National Chiao Tung University, Institute of Management Science Vice Manager of Deloitte & Touche		None.	None.	None.

(VI) Remuneration of Directors, Supervisors, President and Vice Presidents

1. 2023 Remuneration of General Directors and Independent Directors

Unit: NT$ thousands/Shares

<table>
<tr><th rowspan="4">Title</th><th rowspan="4">Name</th><th colspan="8">Directors' remuneration</th><th colspan="2" rowspan="2">The proportion of the sum of A, B, C, and D to after-tax net income (Note 10)</th><th colspan="8">Remuneration of concurrent employees</th><th colspan="2" rowspan="2">The proportion of the sum of A, B, C, D, E, F, and G to after-tax net income (Note 10)</th><th rowspan="4">Obtaining compensation from investors other than the parent firm or its subsidiaries (Note 11)</th></tr>
<tr><th colspan="2">Remuneration (A) (Note 2)</th><th colspan="2">Pension (B)</th><th colspan="2">Director's Remuneration (C) (Note 3)</th><th colspan="2">Operating Expenses (D) (Note 4)</th><th colspan="2">Salaries, bonuses and special allowances, etc. (E) (Note 5)</th><th colspan="2">Pension (F)</th><th colspan="4">Employee compensation (G) (Note 6)</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report (Note 7)</th><th colspan="2">The Company</th><th colspan="2">All companies in the financial report (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report</th></tr>
<tr><th>Cash Amount</th><th>Stock amount</th><th>Cash Amount</th><th>Stock amount</th></tr>
<tr><td>Chairman</td><td>IN & OUT Bio Beauty Corp. Representative: Ping-Lung Wang</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">6,067</td><td rowspan="4">6,067</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">6,067
1.16%</td><td rowspan="4">6,067
1.16%</td><td rowspan="4">57</td><td rowspan="4">57</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">6,124
1.17%</td><td rowspan="4">6,124
1.17%</td><td rowspan="4">None.</td></tr>
<tr><td>Director</td><td>Cheng-Kuang Chang</td></tr>
<tr><td>Director</td><td>Kuei-Piao Chen</td></tr>
<tr><td>Director</td><td>Te-Chang Yao</td></tr>
<tr><td>Independent Director</td><td>Meng-Hua Huang</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">2,433</td><td rowspan="3">2,433</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">2,433
0.46%</td><td rowspan="3">2,433
0.46%</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">2,433
0.46%</td><td rowspan="3">2,433
0.46%</td><td rowspan="3">None.</td></tr>
<tr><td>Independent Director</td><td>Ya-Hsien Tsai</td></tr>
<tr><td>Independent Director</td><td>Chun-Ting Liu</td></tr>
<tr><td colspan="23">1. Remuneration policy, system, standards, and structure for independent directors; and the relationship between remuneration and their responsibilities, risks, and time involved. The remuneration for the independent directors of the Company is determined by the Board of Directors in accordance with Article 18 of the Company's Articles of Incorporation, based on their level of participation in the Company's operations and the value of their contributions, with reference to industry standards. The remuneration is determined based on the results of the directors' performance evaluations, reviewed by the Remuneration Committee, and approved by the Board of Directors.
2. Apart from the disclosure in the above table, remuneration received by the directors of the Company for providing services (such as acting as consultants for the parent company/all companies in the consolidated financial statements/invested companies, excluding employee positions) in the most recent year: None.</td></tr>
</table>

Remuneration Bracket Table

Unit: NT$ thousands/Shares

<table>
<tr><th rowspan="3">Remuneration level for each director of the company</th><th colspan="4">Directors' Name</th></tr>
<tr><th colspan="2">Total amount of the first four remunerations(A+B+C+D)</th><th colspan="2">Total amount of the first seven remunerations(A+B+C+D+E+F+G)</th></tr>
<tr><th>The Company (Note 8)</th><th>All companies in the financial report (Note 9) H</th><th>The Company (Note 8)</th><th>All companies in the financial report (Note 9) I</th></tr>
<tr><td>Lower than NT$1,000,000</td><td>Ya-Hsien Tsai,
Chun-Ting Liu</td><td>Ya-Hsien Tsai,
Chun-Ting Liu</td><td>Ya-Hsien Tsai,
Chun-Ting Liu</td><td>Ya-Hsien Tsai,
Chun-Ting Liu</td></tr>
<tr><td>NT$1,000,000(Included)-
NT$2,000,000(Not included)</td><td>Cheng-Kuang Chang,
Kuei-Piao Chen,
Te-Chang Yao,
Meng-Hua Huang</td><td>Cheng-Kuang Chang,
Kuei-Piao Chen,
Te-Chang Yao,
Meng-Hua Huang</td><td>Cheng-Kuang Chang,
Kuei-Piao Chen,
Te-Chang Yao,
Meng-Hua Huang</td><td>Cheng-Kuang Chang,
Kuei-Piao Chen,
Te-Chang Yao,
Meng-Hua Huang</td></tr>
<tr><td>NT$2,000,000(Included)-
NT$3,500,000(Not included)</td><td>Representative of IN & OUT Bio Beauty Corp.: Ping-Lung Wang</td><td>Representative of IN & OUT Bio Beauty Corp.: Ping-Lung Wang</td><td>Representative of IN & OUT Bio Beauty Corp.: Ping-Lung Wang</td><td>Representative of IN & OUT Bio Beauty Corp.: Ping-Lung Wang</td></tr>
<tr><td>NT$3,500,000(Included)-
NT$5,000,000(Not included)</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>NT$5,000,000(Included)-
NT$10,000,000(Not included)</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>NT$10,000,000(Included)-
NT$15,000,000(Not included)</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>NT$15,000,000(Included)-
NT$30,000,000(Not included)</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>NT$30,000,000(Included)-
NT$50,000,000(Not included)</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>NT$50,000,000(Included)-
NT$100,000,000(Not included)</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>More than NT$100,000,000</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Total</td><td>7</td><td>7</td><td>7</td><td>7</td></tr>
</table>

2. 2023 Remuneration of President and Vice President

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary (A) (Note 2)</th><th colspan="2">Pension (B)</th><th colspan="2">Boneses and Expenses, etc. (C) (Note 3)</th><th colspan="4">Employee compensation (D) (Note 4)</th><th colspan="2">The proportion of the sum of A, B, C, and D to after-tax net income (%) (Note 8)</th><th rowspan="3">Obtaining compensation from investors other than the parent firm or its subsidiaries (Note 9)</th></tr>
<tr><th rowspan="2">YTEC</th><th rowspan="2">All companies in the financial report(Note 5)</th><th rowspan="2">YTEC</th><th rowspan="2">All companies in the financial report(Note 5)</th><th rowspan="2">YTEC</th><th rowspan="2">All companies in the financial report(Note 5)</th><th colspan="2">YTEC</th><th colspan="2">All companies in the financial report(Note 5)</th><th rowspan="2">YTEC</th><th rowspan="2">All companies in the financial report</th></tr>
<tr><th>Cash Amount</th><th>Stock amount</th><th>Cash Amount</th><th>Stock amount</th></tr>
<tr><td>President</td><td>Wei-Tang Hsiao</td><td rowspan="2">6,095</td><td rowspan="2">6,095</td><td rowspan="2">0</td><td rowspan="2">0</td><td rowspan="2">9,700</td><td rowspan="2">9,700</td><td rowspan="2">6,040</td><td rowspan="2">0</td><td rowspan="2">6,040</td><td rowspan="2">0</td><td rowspan="2">21,835
4.17%</td><td rowspan="2">21,835
4.17%</td><td rowspan="2">None.</td></tr>
<tr><td>Vice President</td><td>Han-Tsung Hsiao</td></tr>
</table>

Remuneration Bracket Table

<table>
<tr><th rowspan="2">Remuneration brackets for President, Vice Presidents and Associate Vice Presidents of the Company</th><th colspan="2">Names of President, Vice Presidents and Associate Vice Presidents</th></tr>
<tr><th>The Company (Note 6)</th><th>All companies in the financial report (Note 7) E</th></tr>
<tr><td>Lower than NT$1,000,000</td><td>0</td><td>0</td></tr>
<tr><td>NT$1,000,000(Included)-NT$2,000,000(Not included)</td><td>0</td><td>0</td></tr>
<tr><td>NT$2,000,000(Included)-NT$3,500,000(Not included)</td><td>0</td><td>0</td></tr>
<tr><td>NT$3,500,000(Included)-NT$5,000,000(Not included)</td><td>0</td><td>0</td></tr>
<tr><td>NT$5,000,000(Included)-NT$10,000,000(Not included)</td><td>Han-Tsung Hsiao</td><td>Han-Tsung Hsiao</td></tr>
<tr><td>NT$10,000,000(Included)-NT$15,000,000(Not included)</td><td>Wei-Tang Hsiao</td><td>Wei-Tang Hsiao</td></tr>
<tr><td>NT$15,000,000(Included)-NT$30,000,000(Not included)</td><td>0</td><td>0</td></tr>
<tr><td>NT$30,000,000(Included)-NT$50,000,000(Not included)</td><td>0</td><td>0</td></tr>
<tr><td>NT$50,000,000(Included)-NT$100,000,000(Not included)</td><td>0</td><td>0</td></tr>
<tr><td>More than NT$100,000,000</td><td>0</td><td>0</td></tr>
<tr><td>Total</td><td>2</td><td>2</td></tr>
</table>

3. The Names of the Managers Distributing Employee Compensation and the Distribution Situation

December 31, 2023 Unit: NT$ thousands/Shares

	Title (Note 1)	Name (Note 1)	Stock amount	Cash Amount	Total	Proportion of total amount to after-tax net income (%)
Manager	President	Wei-Tang Hsiao	0	6,253	6,253	1.19%
	Vice President	Han-Tsung Hsiao				
	Finance, Accounting Manager and Corporate Governance Manager	Chiao-Fen Chen				

4. Comparison and analysis of the total compensation paid in the last two fiscal years to directors, supervisors, general managers, and deputy general managers of the Company and all other companies included in the consolidated financial statements, expressed as a percentage of net income after tax in the individual financial statements, along with an explanation of the policies, standards, and packages for compensation payments, the methods used to determine compensation, and the relationship between compensation payments and operating performance and potential risk in the future:

Items / Title	YTEC				All companies in the financial report			
	2023		2022		2023		2022	
	Total	Net income after tax (%)	Total	Net income after tax (%)	Total	Net income after tax (%)	Total	Net income after tax (%)
Director	8,557	1.63%	11,425	1.29%	8,557	1.63%	11,425	1.29%
President and Vice President	21,835	4.17%	39,994	4.49%	21,835	4.17%	39,994	4.49%
Net income after tax (%)	523,953		890,041		523,953		890,041	

The compensation for the Company’s directors shall be determined by the board of directors in accordance with the Articles of Incorporation, taking into account their level of participation in the Company’s operations and the value of their contributions, and with reference to industry standards. If there is a surplus in the annual final accounts, it shall be handled in accordance with the provisions of Article 23 of the Company’s Articles of Incorporation, and cash remuneration shall be paid to the directors. The compensation of the President and Vice President includes salaries, bonuses, and employee compensation, which are determined by the company’s operating performance and the positions held, authorized by the Chairman of the Board, and the compensation system is reviewed in a timely manner based on actual operating conditions and relevant laws and regulations to strike a balance between the company’s sustainable operations and risk management.

III. Corporate Governance Operations

(I) Board of Directors Operation

In 2023, the Board of Directors convened 5 meetings (A). The attendance of directors is as follows:

Title	Name	Actual Attendance (B)	Attendance by Proxy	Actual Attendance Rate (%) [B/A]	Notes
Chairman	Legal Representative of IN & OUT Bio Beauty Corp.: Ping-Lung Wang	5	0	100%	
Director	Cheng-Kuang Chang	5	0	100%	
Director	Kuei-Piao Chen	5	0	100%	
Director	Te-Chang Yao	5	0	100%	
Independent Director	Meng-Hua Huang	5	0	100%	
Independent Director	Ya-Hsien Tsai	4	1	80%	
Independent Director	Chun-Ting Liu	5	0	100%	

Other matters to be recorded:

1. The date, time, the proposal's contents, views of each independent director, and the manner in which the business handles these views ought to be disclosed if the Board of Directors' operations fit any of the following descriptions:
   (1) The matters listed in Article 14, Paragraph 3 of the Securities and Exchange Act: Refer to pages 74 to 80 for important resolutions of the Board of Directors.
   (2) Matters settled by the Board of Directors that were reserved or objected to by independent directors and documented in a written declaration, other from the previously specified items: None.
2. The execution of directors' avoidance of conflict of interest in relation to proposals should state the names of the directors, the content of the proposals, the reasons for recusal, and their participation in voting: None.
3. In compliance with the "Board of Directors Performance Evaluation Regulations," our organization evaluates the Board of Directors and its members on an annual basis. Based on the evaluation results, improvement plans are developed to improve the Board of Directors' operational effectiveness.

The performance evaluation of the Board of Directors for the 2023 has been completed in the first quarter of 2024, and the evaluation results are as follows:

Evaluation Date: 2023/01/01-2023/12/31
Board of Directors Overall Score: 4.75
Board Members Overall Score: 4.85
Evaluation Result: Positive, the directors are somewhat aware of how the Board of Directors is currently operating.

4. Please refer to the following table for details on the YTEC, Board of Directors' self- (or peer-) evaluation cycle, period, scope, methodology, and content:

Board of Directors Evaluation Implementation

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Methodology	Evaluation Content
Implemented once a year	Performance evaluation for the period from January 1, 2023 to December 31, 2023	Includes the Board of Directors, individual board members, and the Remuneration Committee and Audit Committee	Internal self-evaluation of the Board of Directors and self-evaluation of board members	(1) Board of Directors performance evaluation, including: The degree of participation in the company's operations, quality of board decisions, board composition and structure, selection and continuing education of directors, internal control, etc. (2) Each director performance evaluation, including: Understanding the objectives and tasks of the company, being aware of the director's obligations, being involved in the operations to some extent, managing internal relationships and communication, the directors' experience and ongoing education, internal control, etc. (3) Compensation Committee and Audit Committee performance evaluation, including: Level of involvement in the business's activities, comprehension of the duties assigned to the functional committee, standard of the committee's decisions, membership selection and makeup, internal control, etc.

5. Objectives for improving information transparency, forming an Audit Committee, and other aspects of the Board of Directors' responsibilities this year and in previous years, as well as the assessment of their execution:

(1) The Board of Directors receives frequent reports on the Company's self-prepared financial accounts, which are also audited and verified by the CPA firm Deloitte &

Touche. All legally mandated information is disclosed in compliance with regulations. A spokesperson system is set up to guarantee the timely and proper disclosure of all relevant information, and a dedicated individual is appointed to gather and disseminate business information. (2) On December 27, 2011, the Company formed the Compensation Committee. The Compensation Committee offers recommendations to the Board of Directors for decision-making support after conducting an impartial and professional assessment of the Company's remuneration policies and processes for managers and directors. There were three meetings of the Compensation Committee from January 1, 2023, to December 31, 2023. (3) On August 12, 2021, the Company formed the Audit Committee in an effort to improve corporate governance. The Audit Committee is in charge of examining the suitability of the company's financial statements, the efficiency of its internal control system, the hiring, firing, and assessment of the independence of its certified public accountants, the company's adherence to pertinent legal requirements, and the management of any risks the company may be facing. The Audit Committee calls meetings when necessary and meets at least once every quarter.

(II) Operations of the Audit Committee or the participation of supervisors in the Board of Directors' operations:

1. Operations of the Audit Committee

(1) On August 12, 2021, our firm formed an Audit Committee, which consists of all independent directors.

Professional qualifications and experience of the Audit Committee members:

Title	Name	Qualifications and Experience
Convener	Meng-Hua Huang	Please refer to page 16 Qualifications and Experience of Directors
Member	Ya-Hsien Tsai	
Member	Chun-Ting Liu	

(2) In 2023, the Audit Commitee convened 5 meetings (A). The attendance of Independent directors is as follows:

Title	Name	Actual Attendance (B)	Attendance by Proxy	Actual Attendance Rate (%) [B/A]	Notes
Independent Director	Meng-Hua Huang	5	0	100%	
Independent Director	Ya-Hsien Tsai	4	1	80%	
Independent Director	Chun-Ting Liu	5	0	100%	
Other matters to be recorded:					

1. The Audit Committee of our company is composed of all independent directors and operates in accordance with the "Audit Committee Organizational Rules."
2. The Audit Committee's duties in 2023 will involve assessing the company's financial reports, internal control systems, audit plans, and their implementation, as well as reviewing the appointment, compensation, independence, and suitability of certified public accountants.
3. The following details should be noted if any of the following scenarios arise during the Audit Committee's operation: the date, the duration, the proposal's content, any dissenting views, reservations, or significant recommendations from the independent directors, the Audit Committee's resolution, and the manner in which the company handles the Audit Committee's opinions.

   (1) The matters listed in Article 14, Paragraph 5 of the Securities and Exchange Act: Refer to pages 81 to 86 for important resolutions of the Audit Committee.
   (2) In addition to the aforementioned matters, other proposals that were not approved by the Audit Committee but passed by a resolution of more than two-thirds of all directors: None.

4. The execution of Independent Directors' avoidance of conflict of interest in relation to proposals should state the names of the Independent Directors, the content of the proposals, the reasons for recusal, and their participation in voting: There was no such situation.
5. The performance evaluation of the Audit Committee for 2023 has been completed in the first quarter of 2024, and the evaluation results are as follows:

   Evaluation Date: 2023/01/01-2023/12/31
   Overall Score of the Audit Committee: 4.77
   Evaluation Result: Excellent.

6. Independent directors' communication with internal auditors and accountants:

   (1) Attending meetings of the Board of Directors and Audit Committee in person allows the Company's chief internal auditor to directly update the independent directors on the state of internal audit implementation. Every month, independent directors receive audit and tracking reports. Based on the information in the reports, they might ask the chief auditor for further details or call formal meetings.
   (2) Accountants are invited by the Company to meet independently with independent directors or to attend meetings of the Audit Committee. Effective communication channels are maintained as they report to the independent directors on the Company's financial situation, audit results, major audit matters, updates to IFRS standards, and the impact of other new laws and regulations on the Company.

(III) Corporate governance operations and differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons:

Evaluation Item	Operation Status (Note)			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons:
	Yes	No	Summary Description	
1. Has the Company established and disclosed its corporate governance best practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	✓		The Company has established the “Corporate Governance Best Practice Principles” and carries out all operations in accordance with these principles. There have been no significant differences so far.	No difference.
2. The Company’s equity structure and shareholders’ equity (1) Has the Company established internal operating procedures for handling shareholder suggestions, doubts, disputes, and litigation matters, and implemented them accordingly?	✓		(1) In order to manage relevant shareholder proposals or disagreements, the firm has appointed spokespersons and deputy spokespersons as well as set up an investor email address.	No difference.

Evaluation Item	Operation Status (Note)			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons:
	Yes	No	Summary Description	
(2) Does the Company keep tracking of the list of major shareholders who actually control the Company and the ultimate controllers of these major shareholders?	✓		(2) The company's stock affairs are entrusted to a professional stock affairs agency, and dedicated personnel are assigned to handle related matters, maintain good relationships with major shareholders, and can be contacted at any time.	No difference.
(3) Has the Company established and implemented a risk control mechanism and firewall between the Company and its affiliated companies?	✓		(3) For business transactions between the company and its affiliated enterprises, they are treated as independent third parties, and the "Procedures for Related Party, Specific Company and Group Enterprise Transactions" have been established based on the principles of fairness and reasonableness to govern the financial and business operations between them.	No difference.
(4) Has the Company established internal regulations prohibiting insiders from trading securities using undisclosed information in the market?	✓		(4) The company has adopted the "Code of Ethical Conduct" and "Insider Trading Prevention and Management Procedures" in compliance with the regulations of the relevant government in order to preserve the integrity of the securities trading market.	No difference.

3. Composition and Responsibilities of the Board of Directors (1) Has the company formulated a diversity policy, specific management goals, and implemented them?	✓		(1) The composition of our company's Board of Directors emphasizes diversity and members possess the necessary professional knowledge, skills, and qualities to execute their duties.	No difference.
(2) Aside from the legally mandated creation of an Audit Committee and a Remuneration Committee, has the corporation willingly formed any other functional committees?	✓		(2) Our company has established a Remuneration Committee and an Audit Committee in accordance with the law. The necessity of establishing other functional committees will be evaluated based on the company's operating status.	No difference.
(3) Does the company have established regulations for evaluating the performance of the Board of Directors and evaluation methods, and conduct performance evaluations annually and regularly? Are the results of the performance evaluation reported to the Board of Directors and used as a reference for individual directors' remuneration and nomination for re-appointment?	✓		(3) Our company has formulated "Regulations for Evaluating the Performance of the Board of Directors and Evaluation Methods" and implements them accordingly.	No difference.

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Operation Status (Note)</th><th rowspan="2">Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons:</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td>(4) Does the company regularly assess the independence of the certified public accountant?</td><td>✓</td><td></td><td>(4) Our company’s Board of Directors regularly evaluates the independence and suitability of the certified public accountant by referring to the Audit Quality Indicators (AQIs) every year. The evaluation process and results for 2023 were reported to and approved by the Board of Directors on March 14, 2024. The Board of Directors evaluated that CPAs Ya-Yun Chang and Tung-Hui Yeh of Deloitte & Touche meet our company’s independence assessment standards (refer to table below). Every year, the accounting firm also provides a “Statement of Independence” signed by the members of the audit service team.

CPA Independence Assessment Standards

<table>
<tr><th>Evaluation Item</th><th>Evaluation result</th><th>Does it meet the independence requirement?</th></tr>
<tr><td>1. Is the accountant directly or indirectly materially associated with the company financially?</td><td>No</td><td>Yes</td></tr>
<tr><td>2. Does the accountant have financing or guarantee activities with the company or its directors?</td><td>No</td><td>Yes</td></tr>
<tr><td>3. Does the accountant have close business and potential employment relationships with the company?</td><td>No</td><td>Yes</td></tr>
<tr><td>4. Has the accountant or any member of the audit team currently or within the past two years served as a director, manager or in a position with significant influence over the audit work for the company?</td><td>No</td><td>Yes</td></tr>
</table></td><td>No difference.</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Operation Status (Note)</th><th rowspan="2">Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons:</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><td>5. Does the accountant or any member of the audit team hold shares in the company?</td><td>No</td><td>Yes</td></tr>
<tr><td>6. Does the accountant provide non-audit services that may directly affect the audit work for the company?</td><td>No</td><td>Yes</td></tr>
<tr><td>7. Does the accountant also perform regular work for the company and receive a fixed salary?</td><td>No</td><td>Yes</td></tr>
<tr><td>8. Does the accountant act as the company’s advocate or represent the company in coordinating conflicts with other third parties?</td><td>No</td><td>Yes</td></tr>
<tr><td>9. Does the accountant have any family relationship with the company’s directors, managers or people in positions with significant influence over the audit case?</td><td>No</td><td>Yes</td></tr>
</table></td><td></td></tr>
<tr><td>4. Are listed companies arranging adequate and appropriate numbers of corporate governance personnel, and appointing corporate governance officers to be responsible for corporate governance-related matters (including but not limited to providing directors and</td><td>✓</td><td></td><td>Our company has appointed a corporate governance officer, and assigned personnel from the finance department to assist with corporate governance-related matters, providing directors and functional committees with necessary information for executing business, drafting agendas and minutes for board of directors’ meetings and shareholders’ meetings, and handling company registration and changes in registration.</td><td>No difference.</td></tr>
</table>

Evaluation Item	Operation Status (Note)			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons:
	Yes	No	Summary Description	
supervisors with necessary information for executing business, assisting directors and supervisors in complying with laws and regulations, handling matters related to board of directors' meetings and shareholders' meetings in accordance with laws, preparing minutes of board of directors' meetings and shareholders' meetings, etc.)?				
5. Does the company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.), and set up a	✓		The company has set up a stakeholder section on the company's website, providing communication methods and channels for stakeholders, and handling and responding to important corporate social responsibility issues that stakeholders are concerned about.	No difference.

Evaluation Item	Operation Status (Note)			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons:
	Yes	No	Summary Description	
stakeholder section on the company's website, and properly respond to important corporate social responsibility issues that stakeholders are concerned about?				
6. Has the company appointed a professional stock affairs agency to handle shareholders' meeting affairs?	✓		The company has appointed the professional stock affairs agency, Capital Securities Corp., to assist in handling shareholders' meeting and stock affairs related matters.	No difference.
7. Information Disclosure (1) Does the company set up a website to disclose financial, business, and corporate governance information? (2) Does the company adopt other information disclosure methods (such as setting up an English website, assigning personnel to be	✓ ✓		(1) In addition to disclosures from public information observatories, the Company has a website (http://www.ytec.com.tw) for the convenience of the public to access information about the Company's financial operations and corporate governance. (2) Our company has designated personnel responsible for collecting and disclosing company information in accordance with their job duties, and has implemented the spokesperson and deputy spokesperson system as required.	No difference. No difference.

Evaluation Item	Operation Status (Note)			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons:
	Yes	No	Summary Description	
responsible for collecting and disclosing company information, implementing a spokesperson system, posting processes of corporate briefings on the company's website, etc.)? (3) Does the company announce and report its annual financial statements within two months after the end of the fiscal year, and announce and report its first, second, and third quarterly financial reports and monthly operating conditions within the prescribed time limits?		✓	(3) Currently, our company complies with regulations and announces and files annual financial reports, quarterly financial reports for the first to third quarters, and monthly operating conditions within the prescribed time limits. We have not announced and filed early.	Financial reports cannot be announced early yet.
8. What additional information about the company's corporate governance operations—	✓		(1) Employee Rights: Conduct in accordance with the Company's work rules. (2) Employee Care: Conduct in accordance with the Company's work rules. (3) Investor Relations The Company has appointed a spokesperson and deputy spokesperson to maintain relationships with investors.	

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Operation Status (Note)</th><th rowspan="2">Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons:</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td>such as employee rights/care, investor relations, supplier relations, stakeholder rights, training for directors and supervisors, application of risk management policies and risk measurement standards, application of customer policies, company-purchased liability insurance for directors and supervisors, etc.—is available to the public?</td><td></td><td></td><td>(4) Supplier Relations The Company has always maintained good relationships with its suppliers.
(5) Rights of Stakeholders: Stakeholders can communicate with the Company and make suggestions to protect their legitimate rights and interests.
(6) Training of Directors and Supervisors: The Company does not require directors and supervisors to take professional courses, but actively encourages them to participate. For information on the training hours, courses, and organizers attended by directors and supervisors in 2023, please refer to the table below: “Participation of Managers in Corporate Governance-Related Training in 2023”.
(7) Implementation of Risk Management Policies and Risk Measurement Standards: Not applicable.
(8) Implementation of Customer Policies: The Company has signed contracts with customers to provide them with relevant services and products.
(9) Liability Insurance for Directors and Supervisors: The Company has purchased USD$3,000,000 in liability insurance for all directors and supervisors.
(10) Employee Ethics or Code of Conduct: Adherence to the Work Rules of the Organization.</td><td></td></tr>
<tr><td colspan="5">9. Please explain the improvements made based on the corporate governance evaluation results published by the Corporate Governance Center of the Taiwan Stock Exchange Corporation in the most recent year, and propose priority issues and measures for areas that have not been improved.
(1) Improvements made:
Continued to strengthen the corporate governance information section on the Company’s website.
(2) Planned improvements for this year:
The Company will announce the consolidated and individual annual financial reports in English this year.</td></tr>
</table>

Appendix: Participation of Managers in Corporate Governance-Related Training in 2023

Title	Name	Training Date		Organizer	Course Name	Training Hours
		From	To			
Chairman	IN & OUT Bio Beauty Corp. Legal Representative: Ping-Lung Wang	August 11, 2023	August 11, 2023	Taiwan Corporate Governance Association	Corporate Performance Management Trends and Best Practices	3.0
		August 11, 2023	August 11, 2023	Taiwan Corporate Governance Association	Practices for Fraud Detection and Trade Secret Protection	3.0
Director	Cheng-Kuang Chang	August 11, 2023	August 11, 2023	Taiwan Corporate Governance Association	Corporate Performance Management Trends and Best Practices	3.0
		August 11, 2023	August 11, 2023	Taiwan Corporate Governance Association	Practices for Fraud Detection and Trade Secret Protection	3.0
Director	Kuei-Piao Chen	August 11, 2023	August 11, 2023	Taiwan Corporate Governance Association	Corporate Performance Management Trends and Best Practices	3.0
		August 11, 2023	August 11, 2023	Taiwan Corporate Governance Association	Practices for Fraud Detection and Trade Secret Protection	3.0
Director	Te-Chang Yao	July 26, 2023	July 26, 2023	Securities and Futures Institute, Republic of China	Forecast for the Global Economic Situation in the Second Half of 2023	3.0
		July 26, 2023	July 26, 2023	Securities and Futures Institute, Republic of China	The impact and response of the latest tax reform on business operations	3.0
Independent Director	Meng-Hua Huang	August 11, 2023	August 11, 2023	Taiwan Corporate Governance Association	Corporate Performance Management Trends and Best Practices	3.0
		August 11, 2023	August 11, 2023	Taiwan Corporate Governance Association	Practices for Fraud Detection and Trade Secret Protection	3.0
Independent Director	Ya-Hsien Tsai	August 11, 2023	August 11, 2023	Taiwan Corporate Governance Association	Corporate Performance Management Trends and Best Practices	3.0
		April 28, 2023	April 28, 2023	Taiwan Corporate Governance Association	The board members managing the practical aspects of the information technology revolution	3.0
Independent Director	Chun-Ting Liu	July 07, 2023	July 07, 2023	Taiwan Corporate Governance Association	The proliferation of artificial intelligence: ChatGPT's chatbot's technological advancement and commercial potential	3.0
		February 07, 2023	February 07, 2023	Taiwan Corporate Governance Association	Governance Practices for Information Security: Examination of Crucial Management Concerns	3.0

(IV) Operations of the Remuneration Committee

1. The fifth Compensation Committee of the company consists of 3 members.

Title	Name	Qualifications and Experience	Number of Other Public Companies Serving as Independent Director
Convener	Meng-Hua Huang	Please refer to page 16 Qualifications and Experience of Directors	0
Member	Ya-Hsien Tsai		0
Member	Chun-Ting Liu		0

The operating method follows the organizational regulations of the Company's Compensation Committee, with the main responsibilities:

(1) To formulate and periodically review the performance evaluation, annual and long-term performance goals of the Company's directors and managers, as well as the policies, systems, standards and structures of compensation and remuneration.

(2) To regularly evaluate and determine the degree of achievement of the performance goals of the Company's directors and managers, and based on the evaluation results of the performance evaluation standards, determine the content and amount of their individual compensation and remuneration.

2. Information on the operation of the Compensation Committee

The tenure of the current committee: August 12, 2021 to August 11, 2024. The Compensation Committee met 3 times (A) in the most recent year, with the qualifications and attendance of the committee members as follows:

Title	Name	Actual Attendance (B)	Attendance by Proxy	Actual Attendance Rate (%) [B/A] (Note)	Notes
Convener	Meng-Hua Huang	3	0	100%	
Member	Chun-Ting Liu	3	0	100%	
Member	Ya-Hsien Tsai	3	0	100%	
Other matters to be recorded: 1. The Board of Directors should state the date, session, agenda item, resolution results, and how the company has addressed the opinions of the Remuneration Committee if it does not adopt or amend the recommendations of the Remuneration Committee (if the remuneration approved by the Board of Directors is superior to the recommendations of the Remuneration Committee, the differences and reasons should be stated): The company has no such situation.					

2. It is necessary to specify the date, session, agenda, opinions of all members, and the manner in which those opinions have been addressed if any objections or reservations from the Remuneration Committee members have been documented or expressed in writing: The company has no such situation.

3. The performance evaluation of the Remuneration Committee for 2023 has been completed in the first quarter of 2024, and the evaluation results are as follows:

   Evaluation Date: 2023/01/01-2023/12/31
   Overall Score of the Remuneration Committee: 4.84
   Evaluation Result: Excellent.

(V) Promotion of Sustainable Development Implementation and differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons:

Promoting Items	Implementation (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary Description	
1. Has the company established a governance structure for promoting sustainable development and set up a dedicated (or part-time) unit for promoting sustainable development under the supervision of the board of directors, which is authorized by the board to handle matters related to sustainable development, with the board monitoring the operations?	✓		In compliance with the company's Ethical Corporate Management Best Practice Principles and Corporate Social Responsibility Best Practice Principles, YoungTek Electronics established the Sustainability Development Committee (henceforth referred to as the "ESG Committee") to actively promote the implementation of sustainable management, social responsibility, and ethical operations. In order to improve the company's operational structure, support environmental preservation, and uphold social obligations, the committee advocates for three main areas: corporate governance (G), environment (E), and society (S). The chairman has appointed the president and vice president as the chairperson and vice chairperson of the ESG Committee, leading department and section heads from various aspects such as corporate governance, environmental sustainability, friendly workplace, and social participation to promote sustainable activities and facilitate communication on sustainability issues. The ESG Committee holds regular meetings every quarter and reports annually to the board of directors on the promotion plans, annual goals, and implementation of sustainable	No significant difference.

<table>
<tr><th rowspan="2">Promoting Items</th><th colspan="3">Implementation (Note 1)</th><th rowspan="2">Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td></td><td></td><td></td><td>development. To ensure that sustainable policies are implemented, the board of directors held two meetings in 2023 and received a report on November 8, 2023, detailing the company’s plans and implementation for sustainable development. Additionally, the board members were asked for their suggestions and feedback.</td><td></td></tr>
<tr><td>2. Does the company, based on the principle of materiality, conduct risk assessments on environmental, social and corporate governance issues related to its operations, and formulate relevant risk management policies or strategies?</td><td>✓</td><td></td><td>The Company’s Sustainable Development Committee integrates the assessment data from each department to formulate risk management measures for material ESG issues, in order to reduce the impact of related risks. Based on the assessed risks, relevant management policies are formulated as follows:
<table>
<tr><th>Material Issue</th><th>Risk Assessment Item</th><th>Instructions</th></tr>
<tr><td>Environment</td><td>Environmental Impact and Management</td><td>1. The Company effectively reduces pollution emissions and their impact on the environment through process management.
2. The Company’s main markets are in Mainland China and Taiwan, in addition, its product manufacturing environment complies with the “ISO14001” environmental management system and continues to obtain certification regularly.</td></tr>
</table></td><td>No significant difference.</td></tr>
</table>

<table>
<tr><th rowspan="2">Promoting Items</th><th colspan="3">Implementation (Note 1)</th><th rowspan="2">Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><td></td><td></td><td>3. Utilize the TCFD framework to construct the Company’s climate risk identification process. Cross-departmental discussion on climate risks and opportunities.
4. Conduct greenhouse gas inventory in accordance with the international standard ISO14064-1, regularly inventory greenhouse gas emissions, and based on the carbon inventory results, continue to promote energy-saving control programs, and regularly review and track to improve energy-saving performance.
5. Annually plan internal audit programs to inspect the Company’s compliance with relevant environmental regulations and audit operational processes to ensure compliance.
6. Regularly assess whether the relevant natural disaster insurance coverage is adequate.</td></tr>
<tr><td>Society</td><td>Occupational Safety</td><td>1. Compliance with “ISO 45001 Occupational Health and Safety Management System”.
2. To develop employees’ emergency response and self-safety management skills, employers should provide yearly fire safety training as well as expanded occupational safety education.
3. Required to strictly follow all work SOPs.</td></tr>
</table></td><td></td></tr>
</table>

Promoting Items	Implementation (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary Description	

	Product Safety	1. The company complies with all government regulations and meets the EU RoHS regulations. The company obtained IECQ QC080000 system certification in January 2011 in addition to continuously monitoring external regulatory requirements for hazardous substances. This certification allowed the company to establish control operations for the management of hazardous substances, prevent pollution, and guarantee the continuous supply of products that meet customer requirements. In October 2016, the company also obtained the ISO 14001:2015 Environmental Management System new version certificate, which is considered as the implementation of ISO's continuous improvement and a new indicator for sustainable operations. At the same time, to ensure customer service quality and improve customer satisfaction, a customer service hotline and mailbox have been set up, and customer service satisfaction surveys are conducted regularly every year to strengthen cooperation with customers. 2. To transfer product transportation liability risks and reduce property losses, cargo transportation insurance has also been taken out.

Promoting Items	Implementation (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary Description	
			<table><tr><td>Corporate Governance Report</td><td>Socio-economic and Legal Compliance</td><td>1. Review compliance with relevant operating regulations to ensure compliance with relevant laws and regulations. 2. Conduct necessary strategic adjustments through regular operational management meetings in response to changes in the industry environment. 3. The company's developed products will apply for patents when necessary to protect the company's rights and interests.</td></tr><tr><td></td><td>Strengthening Board Functions</td><td>1. Implement a board diversity policy. 2. Arrange relevant training courses for directors every year, providing directors with management practices, the latest laws and regulations, system developments, and policies every year. 3. Purchase directors and supervisors liability insurance.</td></tr><tr><td></td><td>Stakeholder Communication</td><td>1. The company discusses important issues of concern to key stakeholders every year and plans and implements programs accordingly. 2. Establish various communication channels, increase information disclosure transparency, and actively communicate to reduce misunderstandings. Set up a contact telephone number with dedicated personnel to handle and respond.</td></tr></table>	

Promoting Items	Implementation (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary Description	
3. Environmental Issues (1) Does the company establish an appropriate environmental management system based on its industry characteristics?	✓		(1) Since its establishment, the company has upheld the concept of fulfilling corporate social responsibility and sustainable development. It is imperative to actively promote environmental protection, occupational safety, and health. Therefore, the company actively establishes and implements relevant environmental, safety, and health management systems, such as ISO 14001, ISO 45001, and corporate responsibility reports. Additionally, this year, the company completed the verification of ISO 50001 & greenhouse gas inventory to ensure that the company's environmental management and occupational safety and health-related management activities comply with international trends and trends. The latest validity periods for ISO 14001 and ISO 50001 certificates are as follows: <table><tr><th>Certification Certificate</th><th>Certification Validity Period</th></tr><tr><td>ISO14001</td><td>2022/11/18~2025/01/03</td></tr><tr><td>ISO50001</td><td>2023/01/19~2026/01/18</td></tr></table>	No significant difference.

Promoting Items	Implementation (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary Description	
			The operation of the company’s environmental, safety, and health management system follows the environmental, safety, and health policies promulgated by the management representative or the general manager. Based on the current organizational structure, the company plans the promotion of environmental, safety, and health management work. Every year, the company determines the major risk impact directions related to environmental, safety, and health issues based on the corporate social responsibility material issue screening process and results. The management representative or general manager approves the annual strategic goals for relevant environmental, safety, and health issues. Each department then formulates specific and feasible work goals based on its risk and opportunity assessments and implements them. Progress is tracked, and internal environmental, safety, and health audits are conducted annually to check and correct the overall system operation status. The audit results and system implementation effectiveness are reported to the environmental, safety, and health management committee for review and revision to achieve continuous improvement.	

Promoting Items	Implementation (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary Description	
(2) Does the company strive to improve energy efficiency and use materials with low environmental impact?	✓		(2) In response to climate change mitigation and adaptation, as well as sustainable resource use issues, implementing energy conservation, carbon reduction, and promoting resource utilization are important environmental philosophies and principles in the company's environmental, safety, and health policies. The environmental, safety, and health management goals are reviewed annually to reduce pollution, energy consumption, and enhance the company's social responsibility.	
(3) Does the company assess the potential risks and opportunities of climate change for the company now and in the future, and take relevant countermeasures?	✓		(3) As countries around the world have long neglected international environmental issues such as global warming, energy crisis, and ozone depletion, climate change has become increasingly severe. Ultimately, international environmental protection treaties and domestic relevant laws and regulations will become stricter. Reducing greenhouse gas emissions has become the primary task of climate change management. In addition to complying with government environmental regulations and obtaining various environmental management system certifications, YoungTek Electronics also responds to global climate change and industry chain characteristics by reviewing the overall operational processes, conducting greenhouse gas self-inventory and reduction, resource inventory	

Promoting Items	Implementation (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary Description	
			management, waste reduction and recycling, and other environmental sustainability reviews and improvement measures to achieve environmental sustainability goals. In 2022, the company introduced the international management systems ISO 50001 and ISO 14064-1 to assess the potential risks and opportunities of climate change for the company now and in the future, while also considering relevant requirements from environmental authorities and stakeholders. Purchased electricity is the main source of greenhouse gas emissions for the company. The most effective way to save energy and electricity is to implement energy-saving projects. In addition to adopting administrative management measures to reduce electricity consumption, it is necessary to conduct energy audits and evaluate the improvement benefits for overall electrical equipment such as air conditioning systems, and then implement various energy-saving projects to effectively reduce electricity consumption and achieve greenhouse gas reduction goals. Each plant continues to implement energy-saving projects. For detailed information, please refer to the Environmental Protection section on the company’s website. https://www.ytec.com.tw/csr/environment	

<table>
<tr><th rowspan="2">Promoting Items</th><th colspan="3">Implementation (Note 1)</th><th rowspan="2">Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td>(4) Has the company calculated its greenhouse gas emissions, water consumption, and total waste in the past two years, and formulated policies for greenhouse gas reduction, water conservation, or other waste management?</td><td>✓</td><td></td><td>(4) Our company's Taiwan factory has completed ISO14001, ISO14064-1 and ISO50001 inspections and third-party verification. The inventory results for the past two years are as follows:
<table><tr><th rowspan="2">Inventory year</th><th colspan="4">Greenhouse gas emissions equivalent (metric tons CO2e/year)</th></tr><tr><th>Scope 1</th><th>Scope 2</th><th>Scope 3</th><th>Total</th></tr><tr><td>2022</td><td>154</td><td>22,068</td><td>187</td><td>22,409</td></tr><tr><td>2023</td><td>190</td><td>20,836</td><td>4,156</td><td>25,182</td></tr></table>For our company, the base year was changed in 2023, and for Scope 3 categories 3.1, 3.2, and 4.1, the survey content included all customers with more than 70% of sales revenue and employee commuting. Therefore, the total carbon emissions for the Taiwan plant in 2023 were 25,182.19 metric tons of CO2e.
<table><tr><th>Inventory year</th><th>Approximate water consumption (units)</th><th>Approximate total weight of hazardous waste (metric tons)</th><th>Approximate total weight of non-hazardous waste (metric tons)</th></tr><tr><td>2022</td><td>191,750</td><td>0</td><td>121</td></tr><tr><td>2023</td><td>193,406</td><td>0</td><td>98</td></tr></table></td><td></td></tr>
</table>

Promoting Items	Implementation (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary Description	
			➢ **Greenhouse Gas Emissions** YoungTek Electronics' greenhouse gas emissions sources can be divided into three parts. Scope 1 refers to YoungTek Electronics' direct emissions sources, including emissions from generators, official vehicles, and fire extinguishers; Scope 2 mainly comes from purchased electricity; YoungTek's Taiwan plant accounts for 98.48% of its carbon emissions; Scope 3 emissions mainly come from indirect emissions such as raw materials and waste transportation. **Water Resources** Water resource management is also a crucial factor for corporate and environmental sustainability. In recent years, the rapid changes in the water environment brought about by extreme climate change have significantly impacted both corporate and civil water use. YoungTek Electronics promotes various policies to make good use of and cherish every drop of water resources. Although the total water consumption at the Taiwan plant is not high, and the impact on existing water sources is not significant, YoungTek Electronics has always strived toward "reduction, recycling, and reuse" and continues to promote various water-saving measures.	

Promoting Items	Implementation (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary Description	
			YoungTek Electronics continuously improves the wastewater recycling and treatment methods in the plant processes, using an Ultra Filtration (UF) machine to filter out the insoluble solids from the silicon sludge generated in the cutting and grinding processes with hollow fiber membranes, enabling the recycling and reuse of the cutting and grinding process wastewater within the plant. In recent years, YoungTek Electronics' wastewater recycling rate has consistently maintained above 85%. ➢ **Waste** To move towards environmental protection, YoungTek Electronics pays attention to the impact of raw materials used in its own products and equipment on environmental issues. For the OEM service part, we focus on protecting customers' green products and providing green manufacturing processes to prevent product contamination. YoungTek Electronics has established the IECQ QC080000 system under the existing quality management system, with the Green Product Restricted and Regulated Substance Management Regulations (YT03-QA-016) as the main document. Starting from customer or external requirements, YoungTek Electronics conducts green product design, green manufacturing process control, green procurement	

Promoting Items	Implementation (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary Description	
			planning, etc., to provide appropriate protection for customers and the environment. ➢ **Energy Reduction and Carbon Neutrality Policy** 1. With the "Owner's Management Philosophy," create a high-quality work environment. 2. Comply with energy regulations, reduce pollution and greenhouse gas emissions. 3. Use green materials and energy-saving products, provide green products and low-carbon services. 4. Continuously improve energy efficiency, provide necessary resources to achieve energy goals. 5. Enhance employees' environmental, health and safety, and green knowledge, aiming for zero pollution and zero accidents. 6. Continuously maintain employee health and improve the work environment, implement environmental, health and safety, and energy management systems.	

Policy	Goal	Target	Management Plan
Reduce pollution and energy consumption	1.Reduce energy consumption 2.Reduce carbon emissions	1.Save 40A of current 2.Save NT$690,000 in electricity bills annually	Replace the 4-100HP air compressor on the 1st floor of the Technology Plant Reduce pollution

Promoting Items	Implementation (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary Description	
			(see below)	

		3.Save 11.5 tons of carbon emissions annually	and energy consumption
Reduce pollution and energy consumption	1.Reduce energy consumption 2.Reduce carbon emissions	1.Annual electricity savings of 165,888 kWh (NT$497,664) 2.Save more than 82.94 tons of carbon emissions annually	Improve the efficiency of the chilled water system at the Putong Plant
Reduce pollution and energy consumption	1.Reduce energy consumption 2.Reduce carbon emissions	1.Save 45A of current 2.Save NT$778,000 in electricity bills annually 3.Save 11.5 tons of carbon emissions annually	Lixing Plant Chilled Water Unit Efficiency Improvement (Fin Replacement)

Company website - Environmental Protection section: https://www.ytec.com.tw/csr/environment

2024 Targets

Policy	**Goal**	**Target**	**Management Plan**
Reduce pollution and energy consumption	1.Reduce energy consumption 2.Reduce carbon emissions	1.Annual electricity savings of 152,459 kWh (NT$497,664) 2.Save more than 75.47 tons of carbon emissions annually	Technology Plant Air Compressor System Air Compressor

Promoting Items	Implementation (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary Description	
4. Social Issues (1) Has the company established relevant management policies and procedures in accordance with relevant laws and international human rights conventions?	✓		(1) The company complies with relevant labor laws and respects the internationally recognized fundamental principles of labor rights. It has formulated the "RBA Policy," "Human Rights Commitment and Code of Ethics," "Principles for Managing Anti-Discipline, Slave Labor, Forced Labor, Prison Labor and Human Trafficking," and "Principles for Managing Anti-Discrimination and Anti-Harassment." Relevant employee appointments, dismissals, compensation, and codes of conduct are established, and in accordance with the company's internal control management procedures, to fully protect the rights and interests of employees, regularly review and continuously improve. Additionally, it requires suppliers and partners to ensure that their operating activities do not infringe on fundamental human rights and that everyone is treated fairly and with dignity. In 2023, there were no major complaints.	No significant difference.
(2) Has the company established and implemented reasonable employee welfare measures (including remuneration, leave, and other benefits), and appropriately reflected operating performance or results in employee remuneration?	✓		(2) The company has an employee handbook, salary management regulations, performance management regulations, job position management regulations, and overtime management principles. Each year, it refers to industry salary standards and price levels, and adjusts	No significant difference.

Promoting Items	Implementation (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary Description	
			salaries in line with performance. Furthermore, based on the company's operating performance and individual performance, employees are given bonuses and provided with training and development opportunities. Dividends are distributed according to profitability on a quarterly and annual basis. The company allocates 0.1% of its monthly revenue and 40% of its income to the Employee Welfare Committee as the Employee Welfare Committee's fund. In addition to regularly distributing birthday and holiday vouchers, the Employee Welfare Committee subsidizes the establishment of badminton, board game, outdoor, and pop music clubs. The company also provides annual subsidies to encourage club participation and organize employee trips, parties, and various other activities. The company conducts annual employee health examinations and various health promotion activities. It provides personalized care and health education information for employees with physical abnormalities or pregnant employees.	

Promoting Items	Implementation (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary Description	
(3) Does the company provide employees with a safe and healthy work environment, and regularly conduct safety and health education for employees?	✓		(3) The company has measures for preventing workplace sexual harassment, complaint and disciplinary procedures, and a plan for preventing illegal infringement while performing duties. This is to prevent all employees from suffering physical or mental harm from others' actions in the workplace while performing their duties, and to properly prevent and handle workplace violence incidents, ensuring the physical and mental health of employees. The company has established the "Regulations for Implementing Maternal Health Protection for Female Workers," providing a safe, hygienic, healthy, and friendly workplace environment for employees before and after pregnancy and during breastfeeding, to ensure the physical and mental health of female employees during pregnancy, postpartum, and breastfeeding, thereby achieving maternal labor health protection. The design of all hardware and software facilities in the company's office environment prioritizes employee safety, ensuring maximum protection for employees while working. All floor entrances have access control card readers and surveillance cameras installed. The main building entrances are guarded by security personnel 24 hours a day to ensure employee safety.	No significant difference.

Promoting Items	Implementation (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary Description	
			All electrical, mechanical, or fire equipment (such as fire alarms or fire extinguishers) in the company is regularly maintained or repaired according to specified intervals to ensure optimal usability at all times. Emergency response management procedures are in place to reduce personnel injuries caused by potential accidents within the company. Every year, fire evacuation drills and occupational safety and health training sessions are conducted for all employees in accordance with the law, promoting safety knowledge to protect employee safety.	
(4) Has the company established an effective career capability development training program for employees?	✓		(4)The company has an education and training system for all levels and positions. Each year, based on employee needs, annual training plans and implementations are carried out, including training for new employees (pre-job training) and on-the-job training (skill upgrading and reinforcement training). A. New Employee Training: To help new employees quickly understand the knowledge required for the company and their work, the training unit arranges joint education and training on company organization, policies, business philosophy, company products, quality policies, environment, as well as labor safety and health education, fire safety awareness training.	No significant difference.

Promoting Items	Implementation (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary Description	
			Each unit also provides pre-job training based on work requirements. B. On-the-job Training: Supervisors provide timely guidance and instruction to their subordinates in the workplace. Additionally, all employees receive internal and external training based on work requirements. The company also periodically organizes management courses, professional courses, and general education lectures, and subsidizes language courses for employees to enhance their overall knowledge and work abilities.	
(5) Regarding issues related to customer health and safety, customer privacy, marketing, and labeling of products and services, does the company comply with relevant laws and international standards, and formulate relevant policies and complaint procedures to protect consumer or customer rights?	✓		(5) The company complies with relevant intellectual property laws and international standards for product and service customer health and safety, customer privacy, marketing, and labeling. The company also values customer feedback, has a customer service window, promptly handles customer comments, and regularly conducts customer satisfaction surveys to ensure optimal service efficiency and protect customer rights.	No significant difference.
(6) Has the company established a supplier management policy, requiring suppliers to comply with relevant regulations on environmental protection,	✓		(6) The company has established a “Supplier Management Procedure”. Through a cross-departmental supply chain management team, regular supplier audits are conducted,	No significant difference.

Promoting Items	Implementation (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary Description	
occupational safety and health, or labor rights, and the implementation thereof?			incorporating quality, cost, service level, environmental protection, occupational safety and health, technology, and labor rights into the evaluation criteria. In addition to ensuring quality standards, necessary guidance is provided to maintain the optimal competitiveness of the company’s supply chain. Suppliers are required to sign the “Responsible Business Alliance Code of Conduct”. To ensure suppliers’ sustainable management performance, suppliers must use green and environmentally friendly materials, manufacturing processes must comply with ISO 14001 and local environmental regulations, and follow sustainable development norms.	
5. Does the company refer to internationally accepted guidelines or standards for preparing sustainability reports or other reports disclosing non-financial information? Have the aforementioned reports received assurance or verification opinions from third-party verification units?	✓		The company does not prepare a corporate social responsibility report but has established a “Corporate Social Responsibility Code of Practice” and discloses relevant corporate social responsibility issues on its website.	No significant difference.
6. If the company has established its own corporate social responsibility code of practice in accordance with the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies”, please describe the differences between its operations and the established code of practice: The company has established the “Sustainable Development Best Practice Principles”, and there are no significant differences between its operations and the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies”.				

7. Other important information that helps understand the implementation of sustainable development:
   (1) The company complies with and respects relevant labor laws and internationally recognized basic labor rights principles to fully protect employees' legal rights and ensure effective management and continuous improvement in labor, health and safety, environment, and ethics performance. This year, the company also received the Outstanding Workplace Gender Equality Award from the Hsinchu Science Park.
   (2) The company continues to give back to the society by conducting environmental and sanitation education at Guanpu Elementary School, using games to help students understand the importance of environment and hygiene.
   (3) The company's factory area has a breastfeeding room and has continuously received the Outstanding Breastfeeding Room certification from the Hsinchu City Government.
   (4) The company cares about underprivileged groups around the world and sponsored the Chunghwa University International Volunteer Society's nearly one-month humanitarian service trip to Mozambique, Africa.
   (5) Continuing charitable activities, the company organized a donation drive for old clothes, shoes, bags, and second-hand books in 2023, combining the concept of sustainable resource utilization to give back to society.
   (6) To create a green energy learning environment for the next generation, the company collaborated with the Miaoli County Government to assist five rural schools in replacing traditional lighting with high-efficiency LED lights, reducing energy waste.
   (7) The company has a dedicated occupational safety and health management unit and has obtained ISO 14001, ISO 45001, and IECQ QC080000 certifications. In 2023, it obtained the ISO 50001 Energy Management System certification and completed greenhouse gas inventory and verification ahead of schedule. The environmental, safety, health, and energy-saving policies include: (a) Creating a quality work environment with an "owner's management philosophy"; (b) Complying with energy regulations to reduce pollution and greenhouse gas emissions; (c) Using green materials and energy-efficient products to provide green products and low-carbon services; (d) Continuously improving energy efficiency and providing necessary resources to achieve energy goals; (e) Enhancing employees' environmental, safety, health, and green knowledge, aiming for zero pollution and zero accidents; (f) Continuously maintaining employee health, improving the work environment, and implementing environmental, safety, health, and energy management systems.
   (8) Engaging in collaboration and internship programs between industry and academics, as well as hiring a number of interns from universities to help them gain real-world experience and boost their employability from an early age. The organization aims to establish a mutually beneficial partnership with academics by offering resources that will facilitate tight collaboration between academic research capabilities and real-world industry expertise.
   (9) To fulfill corporate social responsibility, the company participated in the "Good Day Walk" charity event organized by the Xinlu Foundation on March 23, 2024. Number of participants from Hsinchu: 15 (7 employees + 8 relatives), 60 volunteer hours (4 hours per person).

(10) The list of certifications currently obtained is as follows:

System	Certificate Registration No.	Certification Body	Valid period	Scope	Remark
ISO 9001:2015	44100 112018	TUV NORD	2023/01/11-2026/01/10	Design and Manufacturing of Semiconductor Equipment and Automatic Equipment Wafer Sorting, Grinding, Sawing, IC and Module Testing, and Turn-key Services Substrate Sawing Services LED Sorting, AOI and RFID Sorting Services IC Testing Services	-
ISO 14001:2015	44 104 102115	TUV NORD	2022/11/18-2025/01/03	Design and Manufacturing of Semiconductor Equipment and Automatic Equipment Wafer Sorting, Grinding, Sawing, IC and Module Testing, and Turn-key Services LED Sorting, AOI and RFID Sorting Services IC Testing Services	-
ISO 45001:2018	44 126 20 82 0123	TUV NORD	2022/07/29-2025/01/17	Design and Manufacturing of Semiconductor Equipment and Automatic Equipment Wafer Sorting, Grinding, Sawing, IC and Module Testing, and Turn-key Services LED Sorting, AOI and RFID Assembly Services IC Testing Services	-
ISO 50001:2018	44 764 222173	TUV NORD	2023/01/19-2026/01/18	Design and Manufacturing of Semiconductor Equipment and Automatic Optical Inspection Equipment Wafer Sorting, Grinding, Sawing, IC testing, Turn-key Services and SLT testing, LED testing, AOI and Sorting services, RFID testing, IC Testing, Substrate Sawing Services	
IATF 16949:2016	44 111 087141 IATF Reg. No: 0483730	TUV NORD	2023/09/23-2026/9/22	Wafer Grinding and Sawing of Semiconductors	-
ISO 26262:2018	ZP/C003/23	DEKRA	2022/10/11-2026/1/18	IC Testing Services	
IECQ QC080000:2017	TW-HSPM-1445 IECQ Cert: IECQ-H TUVNTW 11.0002	TUV NORD	2023/01/24-2026/01/23	Design and Manufacturing of Semiconductor Equipment Wafer Sorting, Grinding, Sawing, IC and Module Testing, and Turn-key Services Substrate Sawing Services LED Sorting and AOI Service Design and Manufacturing of RFID IC Testing Services	-
ANSI ESD20.20	TW22/10046	SGS	2024/1/31-2025/01/30	Wafer Sorting, Grinding, Sawing, IC and Module Testing, and Turn-key Services	

(VI) Operational Status of Ethical Corporate Management and Discrepancies from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons

Evaluation Item	Operation Status (Note 1)			Discrepancies from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary Description	
1. Establishment of ethical corporate management policies and programs (1) Has the company established an ethical corporate management policy approved by the Board of Directors and disclosed its ethical corporate management policy and practices in its rules and regulations and external documents, as well as the commitment to actively implement these policies from the Board of Directors and senior management?	✓		(1) he company has established the "Ethical Corporate Management Best Practice Principles" approved by the Board of Directors on March 10, 2016, and disclosed the company's ethical corporate management policies on internal regulations, the company's website, annual reports, or other publications. The members of the Board of Directors also perform their duties with integrity.	No significant difference.
(2) Has the company established a risk assessment mechanism for unethical conduct, analyzed and evaluated the operational activities with higher risk of unethical conduct within the business scope on a regular basis, and accordingly formulated a program to prevent unethical conduct, which at least covers the preventive measures specified in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	✓		(2) The company has clearly specified the prevention programs and handling procedures for "prohibition of bribery and corruption," "prohibition of illegal political contributions," "prohibition of improper charitable donations or sponsorships," and "prohibition of unreasonable gifts, entertainment, or other improper benefits" in the "Ethical Corporate Management Best Practice Principles" and the "Code of Ethics," and implemented them accordingly. If any employee of the company violates the regulations, in addition to being handled in accordance with relevant laws and regulations or the company's rules, the violation shall be immediately announced to serve as a warning.	No significant difference.

Evaluation Item	Operation Status (Note 1)			Discrepancies from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary Description	
(3) Has the company established relevant operational procedures, guidelines, punishments for violations, and a grievance system in the program to prevent unethical conduct, and implemented and reviewed the program on a regular basis?	✓		(3) The company conducts business activities in a fair and transparent manner. Before engaging in commercial dealings, it considers the legitimacy and records of unethical conduct of the agents, suppliers, customers, or other counterparties involved, and strictly prohibits kickbacks, bribery, or other improper benefits. To ensure the implementation of ethical corporate management, the company has established effective accounting and internal control systems, as well as the "Code of Ethics." Internal auditors regularly audit the compliance with the aforementioned systems.	No significant difference.
2. Implementing Ethical Management (1) Does the company evaluate the integrity records of its business partners and include integrity clauses in the contracts signed with them?	✓		(1) The company has established the "Ethical Management Guidelines" that clearly prohibit bribery and corruption, and ensure that all parties involved in business with the company fully understand the company's ethical management policies, commitment, prevention programs, and consequences of unethical conduct.	No significant difference.
(2) Does the company have a dedicated unit under the Board of Directors to promote corporate integrity, and report regularly (at least once a year) to the Board on the implementation of integrity policies, prevention programs against unethical conduct, and supervisory measures?	✓		(2) The company has designated the Administration Management Division as the dedicated unit under the Board of Directors to promote corporate integrity. Through organizational structure and mutual supervision, the Board of Directors authorizes and delegates responsibilities.	No significant difference.

Evaluation Item	Operation Status (Note 1)			Discrepancies from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary Description	
(3) Has the company established a policy for preventing conflicts of interest, and provided appropriate communication channels, and implemented them effectively?	✓		(3) The company has established the “Code of Ethical Conduct for Directors, Managers, and Employees” and the “Employee Code of Conduct” to define policies for preventing conflicts of interest and providing appropriate communication channels, and has implemented them accordingly.	No significant difference.
(4) Has the company established an effective accounting system and internal control system to ensure ethical management, and has the internal audit unit developed relevant audit plans based on risk assessments of unethical conduct, and audited the implementation of the prevention programs accordingly, or commissioned accountants to conduct the audits?	✓		(4) To ensure the implementation of ethical management, the company has established effective accounting and internal control systems, and Internal auditors regularly audit the compliance with the aforementioned systems.	No significant difference.
(5) Does the company regularly provide internal and external training on ethical management?	✓		(5) The company regularly provides training on ethical management and promotes corporate culture and ethical obligations through various meetings. In 2023, all employees participated in training courses on integrity and professional ethics (including corporate social responsibility and employee ethics, employee professional ethics guidelines, confidential information protection awareness, RBA training, etc.). There were 968 participants, totaling 968 training hours, with a company-wide completion rate of 100%.	No significant difference.

Evaluation Item	Operation Status (Note 1)			Discrepancies from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary Description	
3. The operation of the company's whistleblowing system				
(1) Has the company established a specific whistleblowing and reward system, and set up convenient whistleblowing channels, as well as assigned appropriate dedicated personnel to handle reported cases?	✓		Our company has set up a corruption reporting hotline and mailbox, and no violations of integrity have been found so far.	No significant difference.
(2) Has the company established investigation standards and operating procedures for handling whistleblowing cases, as well as relevant confidentiality mechanisms?	✓		Our company has set up a telephone hotline and mailbox for reporting violations of integrity, and currently no violations of integrity have been found.	No significant difference.
(3) Has the company taken measures to protect whistleblowers from improper treatment due to their whistleblowing?	✓		Our company has set up a telephone hotline and mailbox for reporting violations of integrity, and currently no violations of integrity have been found.	No significant difference.
4. Enhancing Information Disclosure Does the company disclose the content and implementation effectiveness of its Ethical Corporate Management Best Practice Principles on its website and the Market Observation Post System?	✓		Our company has a website that discloses relevant information on corporate culture and management policies, and discloses the implementation of the Ethical Corporate Management Best Practice Principles in the annual report and the Market Observation Post System.	No significant difference.

5. If the company has established its own Ethical Corporate Management Best Practice Principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancies between its operations and the established Principles: Our company has established the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies", and there are no significant discrepancies in its operations.
6. Other important information that helps understand the company's ethical management operations: Our company maintains ethical business practices with our suppliers and promotes our commitment to ethical management to suppliers.

(VII) If the Company Has Established a Corporate Governance Code and Related Regulations, It Should Disclose How to Access Them:

Our company has established the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies" and has established relevant regulations such as the "Rules of Procedure for Shareholders' Meetings," "Rules of Procedure for Board of Directors Meetings," "Procedures for Election of Directors and Supervisors," and "Remuneration Committee Charter" in accordance with the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies," which are disclosed on the company's website.

(VIII) Other important information that helps understand the company's corporate governance operations may be disclosed: On March 15, 2023, the Board of Directors resolved to appoint a corporate governance officer.

(IX) The Status of the Internal Control System Should Disclose the Following Items

1. Internal Control Statement: Please refer to page 88.

2. If an accountant is commissioned to conduct a special review of the internal control system, the accountant's review report should be disclosed: None.

(X) In the Most Recent Year and up to the Date of Publication of the Annual Report, Penalties Imposed on the Company and its Internal Personnel in Accordance With the law, Penalties Imposed by the Company on its Internal Personnel for Violating Internal Control System Regulations, Major Deficiencies, and Improvement Measures: None.

(XI) Important Resolutions of the Shareholders' Meeting and the Board of Directors in the Most Recent Year and up to the Date of Publication of the Annual Report

1. Resolutions of the Shareholders' Meeting and Implementation Status:

Date	Important Resolution Summary:	Resolution results	Implementation status
June 13, 2023	1. The 2022 Business Report and Financial Statements were proposed for recognition.	After voting, it was resolved to pass the original proposal.	The resolution will be implemented accordingly.
	2. 2022 Profit Distribution Proposal	After voting, it was resolved to pass the original proposal.	Following the resolution execution, 09/02/2023 is set as the ex-dividend date. Surplus distribution of cash dividends: NT$642,489,945, with a distribution of NT$5.00 per share.
	3. Discussion on the revision of the Company's "Articles of Incorporation".	After voting, it was resolved to pass the original proposal.	The resolution will be implemented accordingly.

2. Important Resolutions of the Board of Directors' Meeting and Implementation Status:

Board of directors Session/Date	Resolution Content	Independent Directors' Opinions and Company's Handling of Independent Directors' Opinions
11th Session, 9th Meeting January11, 2023	Report Items 1. Last meeting minutes and execution status. Discussions 1. Discussion on the 2022 year-end bonus distribution for the Company's managers approved by the Remuneration Committee, for consideration and approval. 2. The Company's 2023 operational plan, for consideration and approval.	None.
11th Session, 10th Meeting March 15, 2023	Report Items 1. Last meeting minutes and execution status. 2. Important financial and business reports. 3. Internal audit business report. 4. Report on the Company's liability insurance coverage for directors, supervisors, and managers.	None.

Board of directors Session/Date	Resolution Content	Independent Directors' Opinions and Company's Handling of Independent Directors' Opinions
	5. Report on the performance evaluation results of the Company's Board of Directors and functional committees. 6. Progress report on "Enhancing the Company's Ability to Prepare Financial Reports Independently." 7. Progress report on the project schedule for the Company's "Greenhouse Gas Inventory and Verification." Discussions 1. Distribution of remuneration in 2022 for directors, supervisors, and employees was proposed for recognition. 2. The 2022 Business Report and Financial Statements were proposed for recognition. 3. 2022 Profit Distribution Proposal was proposed for recognition. 4. The Company's 2022 "Evaluation of the Effectiveness of the Internal Control System" and "Statement on the Internal Control System," were proposed for recognition. 5. The Company's regular assessment of the independence and suitability of the certified public accountants were proposed for recognition. 6. Amendments to the Company's "Articles of Incorporation" were proposed for recognition. 7. Due to the internal rotation mechanism of the accounting firm, proposed change of the Company's lead certified public accountant starting from the first quarter of 2023, for consideration and approval. 8. The Company's accounts receivable to be reclassified as lending funds to others as of December 31, 2022, for consideration and approval. 9. Convening of the 2023 Annual Shareholders' Meeting, for consideration and approval. 10. Amendments to the Company's "Delegation of Authority and Agency Operating Procedures," for consideration and approval. 11. Amendments to the Company's "Corporate Governance Best Practice Principles for	

Board of directors Session/Date	Resolution Content	Independent Directors' Opinions and Company's Handling of Independent Directors' Opinions
	TWSE/TPEx Listed Companies," for consideration and approval. 12. Establishment of a Corporate Governance Officer for the Company, for consideration and approval. 13. Proposed liquidation and dissolution of the Company's 100% invested subsidiaries, "Shiun Shou Automation Co., Ltd." and "Chiuhunghsin Technology Co., Ltd.," for consideration and approval. 14. Proposed addition of a new comprehensive bank credit agreement, for consideration and approval. 15. Proposed increase in indirect investment in the Mainland Chinese subsidiary, Xiamen YoungTek Electronics Co., Ltd., for consideration and approval.	
11th Session, 11th Meeting May 10, 2023	Report Items 1. Last meeting minutes and execution status. 2. Important financial and business reports. 3. Internal audit business report. 4. Report on the Company's Consolidated Financial Statements for the Third Quarter of 2023. 5. Progress report on "Enhancing the Company's Ability to Prepare Financial Reports Independently." 6. Progress report on the project schedule for the Company's "Greenhouse Gas Inventory and Verification." Discussions 1. Revisions to the company's "Standard Operating Procedure for Handling Directors' Requests" are proposed for deliberation. 2. Revisions to the company's "Rules of Procedure for Board Meetings" are proposed for deliberation. 3. The Company's accounts receivable to be reclassified as lending funds to others as of March 31, 2023, for consideration and approval. 4. The proposal for the company's 100% invested subsidiary, Xiamen YoungTek Electronics Ltd., to secure foreign debt and external funds is proposed for deliberation.	None.

Board of directors Session/Date	Resolution Content	Independent Directors' Opinions and Company's Handling of Independent Directors' Opinions
11th Session, 12th Meeting August 09, 2023	Report Items 1. Last meeting minutes and execution status. 2. Important financial and business reports. 3. Internal audit business report. 4. Report on the Company's Consolidated Financial Statements for the Second Quarter of 2023. 5. Progress report on "Enhancing the Company's Ability to Prepare Financial Reports Independently." 6. Progress report on the project schedule for the Company's "Greenhouse Gas Inventory and Verification." Discussions 1. To discuss and approve the proposed distribution of remuneration to directors, supervisors, and employees' bonuses from the Company's surplus earnings for 2022, as approved by the Remuneration Committee. 2. To determine the ex-dividend date and cash dividend payment date for 2023, for approval. 3. To formulate the 2023 Company's interim surplus distribution proposal, for approval. 4. To renew the comprehensive credit line contract with banks, for approval. 5. The Company's accounts receivable to be reclassified as lending funds to others as of June 30, 2023, for consideration and approval. 6. To approve the lending of funds by the Company's 100% owned subsidiary YTEC Samoa to Suzhou YoungTek Microelectronics Co., Ltd.	None.
11th Session, 13th Meeting November 08, 2023	Report Items 1. Last meeting minutes and execution status. 2. Report on the Company's Consolidated Financial Statements for the Third Quarter of 2023. 3. Important financial and business reports. 4. Internal audit business report. 5. Progress report on "Enhancing the Company's Ability to Prepare Financial Reports Independently."	None.

Board of directors Session/Date	Resolution Content	Independent Directors' Opinions and Company's Handling of Independent Directors' Opinions
	6. Report on the operation and implementation of promoting ESG sustainable development. 7. Progress report on the project schedule for the Company's "Greenhouse Gas Inventory and Verification." Discussions 1. The Company's accounts receivable to be reclassified as lending funds to others as of September 30, 2023, for consideration and approval. 2. To formulate the Company's audit plan for 2024. 3. To review the proposal for participating in the "Nexus CVC Partners Fund" fund subscription project. for consideration and approval.	
11th Session, 14th Meeting January31, 2024	Report Items 1. Last meeting minutes and execution status. 2. Important financial and business reports. 3. Internal audit business report. 4. Report on the operation and implementation of promoting ESG sustainable development. Discussions 1. To discuss and approve the proposed distribution of 2023 remuneration to employee, as approved by the Remuneration Committee. 2. The Company's 2024 operational plan, for consideration and approval. 3. Propose to purchase the factory building project on the 1st and 2nd floors of No. 8, Xin'an Rd., Hsinchu Science Park, East Dist., Hsinchu City, from Kest Systems & Service Ltd. and request consideration and approval.	None.
11th Session, 15th Meeting March 14, 2024	Report Items 1. Last meeting minutes and execution status. 2. Report on the Company's liability insurance coverage for directors, supervisors, and managers. 3. Report on the performance evaluation results of the Company's Board of Directors and functional committees.	None.

Board of directors Session/Date	Resolution Content	Independent Directors' Opinions and Company's Handling of Independent Directors' Opinions
	4. Progress report on “Enhancing the Company's Ability to Prepare Financial Reports Independently.” Discussions 1. Distribution of remuneration in 2023 for directors, supervisors, and employees was proposed for recognition. 2. The 2023 Business Report and Financial Statements were proposed for recognition. 3. The 2023 Profit Distribution Proposal was propsed for recognition. 4. The Company's 2023 “Evaluation of the Effectiveness of the Internal Control System” and “Statement on the Internal Control System,” were proposed for recognition. 5. The Company's regular assessment of the independence and suitability of the certified public accountants were proposed for recognition. 6. The Company's accounts receivable to be reclassified as lending funds to others as of December 31, 2023, for consideration and approval. 7. Election of the Board of Director. 8. Convening of the 2024 Annual Shareholders' Meeting, for consideration and approval. 9. To propose increasing the credit limit for derivative financial products (forward foreign exchange) for review and approval. 10. To propose establishing a 100% reinvested subsidiary in the United States for review and approval. 11. To propose the divestment of the indirectly held 100% subsidiary “Xiamen YoungTek Electronics Co., Ltd.” in mainland China for review and approval.	
11th Session, 16th Meeting May 08, 2024	Report Items 1. Last meeting minutes and execution status. 2. Important financial business report. 3. Internal audit business report. 4. Progress report on "Enhancing the company's ability to prepare financial statements independently".	None.

Board of directors Session/Date	Resolution Content	Independent Directors' Opinions and Company's Handling of Independent Directors' Opinions
	5. Report on the operation and implementation of promoting ESG sustainable development Discussion items: 1. Please resolve to approve the company's consolidated financial statements for the first quarter of 2024. 2. Please review the amount of accounts receivable transferred to loans to others by the company as of March 31, 2024. 3. Please nominate and resolve the list of directors (including independent directors) to be elected by the company in 2024. 4. Please review the proposal to exempt the newly appointed directors and their representatives from the non-competition restriction. 5. Please review the proposal to revise the company's "Procedures for Derivatives Trading". 6. Due to the internal rotation adjustment mechanism of the accounting firm, starting from the first quarter of 2024, the company will change its deputy signing accountant, with the deputy signing accountant changing from Accountant Tung-Hui Yeh to Accountant Tsai, Mei-Chen.	

3. Important Resolutions and Execution of the Audit Committee:

Audit Committee session/date	Agenda Item	Dissenting opinions, reservations or major recommendations from independent directors	Audit Committee resolution results	Company's handling of Audit Committee opinions
1th Session, 7th Meeting January11, 2023	Report Items 1. Last meeting minutes and execution status. Discussions 1. The Company's 2023 operational plan, for consideration and approval.	None.	All attending members approved as proposed.	All attending members approved as proposed.
1th Session, 8th Meeting March 15, 2023	Report Items 1. Last meeting minutes and execution status. 2. Important financial and business reports. 3. Internal audit business report. 4. Report on the Company's liability insurance coverage for directors, supervisors, and managers. 5. Report on the performance evaluation results of the Company's Board of Directors and functional committees. 6. Progress report on "Enhancing the Company's Ability to Prepare Financial Reports Independently." 7. Progress report on the project schedule for the Company's "Greenhouse Gas Inventory and Verification." 8. The communication matters and explanation of the annual financial report audit by the accountant. Discussions 1. Distribution of remuneration in 2022 for directors, supervisors, and employees were proposed for recognition. 2. The 2022 Business Report and Financial Statements were proposed for recognition. 3. 2022 Profit Distribution Proposal was proposed for recognition. 4. The Company's 2022 "Evaluation of the Effectiveness of the Internal Control System" and "Statement on the Internal Control System," were proposed for recognition. 5. The Company's regular assessment of the independence and suitability of the certified	None.	All attending members approved as proposed.	All attending members approved as proposed.

Audit Committee session/date	Agenda Item	Dissenting opinions, reservations or major recommendations from independent directors	Audit Committee resolution results	Company's handling of Audit Committee opinions
	public accountants were proposed for recognition. 6. Amendments to the Company's "Articles of Incorporation" were proposed for recognition. 7. Due to the internal rotation mechanism of the accounting firm, proposed change of the Company's lead certified public accountant starting from the first quarter of 2023, for consideration and approval. 8. The Company's accounts receivable to be reclassified as lending funds to others as of December 31, 2022, for consideration and approval. 9. Convening of the 2023 Annual Shareholders' Meeting, for consideration and approval. 10. Amendments to the Company's "Delegation of Authority and Agency Operating Procedures," for consideration and approval. 11. Amendments to the Company's "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies," for consideration and approval. 12. Establishment of a Corporate Governance Officer for the Company, for consideration and approval. 13. Proposed liquidation and dissolution of the Company's 100% invested subsidiaries, "Shiun Shou Automation Co., Ltd." and "Chiuhunghsin Technology Co., Ltd.," for consideration and approval. 14. Proposed addition of a new comprehensive bank credit agreement, for consideration and approval. 15. Proposed increase in indirect investment in the Mainland Chinese subsidiary, Xiamen YoungTek Electronics Co., Ltd., for consideration and approval.			
1st Session 9th Meeting May 10, 2023	Report Items 1. Last meeting minutes and execution status. 2. Important financial and business reports. 3. Internal audit business report.	None.	All attending members approved as proposed.	All attending members approved as proposed.

Audit Committee session/date	Agenda Item	Dissenting opinions, reservations or major recommendations from independent directors	Audit Committee resolution results	Company's handling of Audit Committee opinions
	4. Report on the Company's Consolidated Financial Statements for the Third Quarter of 2023. 5. Progress report on "Enhancing the Company's Ability to Prepare Financial Reports Independently." 6. Progress report on the project schedule for the Company's "Greenhouse Gas Inventory and Verification." Discussions 1. Revisions to the company's "Standard Operating Procedure for Handling Directors' Requests" are proposed for deliberation. 2. Revisions to the company's "Rules of Procedure for Board Meetings" are proposed for deliberation. 3. The Company's accounts receivable to be reclassified as lending funds to others as of March 31, 2023, for consideration and approval. 4. The proposal for the company's 100% invested subsidiary, Xiamen YoungTek Electronics Ltd., to secure foreign debt and external funds is proposed for deliberation.			
1th Session, 10th Meeting August09, 2023	Report Items 1. Last meeting minutes and execution status. 2. Important financial and business reports. 3. Internal audit business report. 4. Report on the Company's Consolidated Financial Statements for the Second Quarter of 2023. 5. Progress report on "Enhancing the Company's Ability to Prepare Financial Reports Independently." 6. Progress report on the project schedule for the Company's "Greenhouse Gas Inventory and Verification." Discussions 1. To discuss and approve the proposed distribution of remuneration to directors, supervisors, and employees' bonuses from the	None.	All attending members approved as proposed.	All attending members approved as proposed.

Audit Committee session/date	Agenda Item	Dissenting opinions, reservations or major recommendations from independent directors	Audit Committee resolution results	Company's handling of Audit Committee opinions
	Company's surplus earnings for 2022, as approved by the Remuneration Committee. 2. To determine the ex-dividend date and cash dividend payment date for 2023, for approval. 3. To formulate the 2023 Company's interim surplus distribution proposal, for approval. 4. To renew the comprehensive credit line contract with banks, for approval. 5. The Company's accounts receivable to be reclassified as lending funds to others as of June 30, 2023, for consideration and approval. 6. To approve the lending of funds by the Company's 100% owned subsidiary YTEC Samoa to Suzhou YoungTek Microelectronics Co., Ltd.			
1th Session, 11th Meeting November 08, 2023	Report Items 1. Last meeting minutes and execution status. 2. Report on the Company's Consolidated Financial Statements for the Third Quarter of 2023. 3. Important financial and business reports. 4. Internal audit business report. Discussions 1. The Company's accounts receivable to be reclassified as lending funds to others as of September 30, 2023, for consideration and approval. 2. To formulate the Company's audit plan for 2024. 3. To review the proposal for participating in the "Nexus CVC Partners Fund" fund subscription project. for consideration and approval. 4. Reviewing the pre-approved list of assurance and non-assurance services for the 2023, 2024, and 2025 first quarter, as well as their independence assessment projects, for deliberation.	None.	All attending members approved as proposed.	All attending members approved as proposed.
1th Session, 12th Meeting	Report Items 1. Last meeting minutes and execution status. 2. Important financial and business reports.	None.	All attending members approved	All attending members approved

Audit Committee session/date	Agenda Item	Dissenting opinions, reservations or major recommendations from independent directors	Audit Committee resolution results	Company's handling of Audit Committee opinions
January31, 2024	3. Internal audit business report. Discussions 1. The Company's 2024 operational plan, for consideration and approval. 2. Propose to purchase the factory building project on the 1st and 2nd floors of No. 8, Xin'an Rd., Hsinchu Science Park, East Dist., Hsinchu City, from Kest Systems & Service Ltd. and request consideration and approval.		as proposed.	as proposed.
1th Session, 13th Meeting March 14, 2024	Report Items 1. Last meeting minutes and execution status. Discussions 1. Distribution of remuneration in 2023 for directors, supervisors, and employees was proposed for recognition. 2. The 2023 Business Report and Financial Statements were proposed for recognition. 3. The 2023 Profit Distribution Proposal was propsed for recognition. 4. The Company's 2023 "Evaluation of the Effectiveness of the Internal Control System" and "Statement on the Internal Control System," were proposed for recognition. 5. The Company's accounts receivable to be reclassified as lending funds to others as of December 31, 2023, for consideration and approval. 6. To propose increasing the credit limit for derivative financial products (forward foreign exchange) for review and approval. 7. To propose establishing a 100% reinvested subsidiary in the United States for review and approval. 8. To propose the divestment of the indirectly held 100% subsidiary "Xiamen YoungTek Electronics Co., Ltd." in mainland China for review and approval.	None.	All attending members approved as proposed.	All attending members approved as proposed.
14th Meeting May 08, 2024	Matters to be reported: 1. Minutes of the last meeting and implementation status. 2. Important financial and business reports. 3. Internal audit business reports.	None.	All attending members approved	All attending members approved

Audit Committee session/date	Agenda Item	Dissenting opinions, reservations or major recommendations from independent directors	Audit Committee resolution results	Company's handling of Audit Committee opinions
	Matters for discussion: 1. Please approve the Company's consolidated financial statements for the first quarter of 2023. 2. Please approve the amount of accounts receivable to be transferred to loans to others as of March 31, 2023. 3. Please approve the proposal to lift the non-compete restrictions for the newly appointed directors and their representatives. 4. Please approve the proposal to revise the Company's "Procedures for Derivative Products Trading". 5. Due to the internal rotation adjustment mechanism of the accounting firm, starting from the first quarter of 2023, the Company will change its secondary signing accountant, with the secondary signing accountant changing from Tung-Hui Yeh to Tsai, Mei-Chen.		as proposed.	as proposed.

4. Important Resolutions and Execution of the Remuneration Committee:

Remuneration Committee session/date	Agenda Item	Remuneration Committee resolution results
5th Session, 4th Meeting January11, 2023	Discussions 1. Proposed 2022 year-end bonus distribution for the Company's managers for consideration and approval.	1. The manager's year-end bonus distribution was approved as proposed by all attending committee members. 2. The average monthly bonus for direct personnel has been approved by the committee to be adjusted to 1.5 months.
5th Session, 5th Meeting March 15, 2023	Discussions 1. Proposal of remuneration in 2022 for directors(Independent Directors are included), and employees was proposed for recognition.	All attending members approved as proposed.
5th Session, 6th Meeting August 09, 2023	Discussions 1. Proposal of remuneration in 2022 for directors(Independent Directors are included), and managers was proposed for recognition.	All attending members approved as proposed.

Remuneration Committee session/date	Agenda Item	Remuneration Committee resolution results
5th Session, 7th Meeting January 31, 2023	Discussions 1. Proposed 2023 year-end bonus distribution for the Company's managers for consideration and approval.	1. The manager's year-end bonus distribution was approved as proposed by all attending committee members. 2. The average monthly bonus for all personnel has been approved by the committee to be adjusted to 1.73 months.

(XII) Dissenting or Qualified Opinions by Directors or Supervisors on Important Resolutions Passed by the Board of Directors in the Most Recent Year and up to the Date of Publication of this Annual Report: Not applicable.

(XIII) Summary of Resignations and Dismissals of Personnel Related to the Company (including the Chairman, President, Accounting Supervisor, Finance Supervisor, Internal Audit Supervisor, and R&D Supervisor, etc.) in the Most Recent Year and up to the Date of Publication of this Annual Report: None.

YOUNGTEK ELECTRONICS CORP.

Statement of Internal Control System

Date: March 14, 2024

The internal control system of our company for the year 2023 has been reviewed through self-assessment, and we hereby declare as follows:

1. The Company acknowledges that it is the responsibility of the Board of Directors and management to establish, implement, and maintain an internal control system. The company has established such a system. The purpose is to provide reasonable assurance of achieving the objectives of operational effectiveness and efficiency (including profitability, performance, and safeguarding of assets), reliable, timely, and transparent reporting, and compliance with relevant laws and regulations.
2. The internal control system has inherent limitations. No matter how well it is designed, an effective internal control system can only provide reasonable assurance in achieving the aforementioned three objectives. Moreover, the effectiveness of the internal control system may change due to changes in the environment and circumstances. However, our internal control system has a self-monitoring mechanism, and any identified deficiencies will be promptly rectified.
3. We have assessed the effectiveness of the design and implementation of our internal control system based on the criteria set forth in the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (hereinafter referred to as “the Regulations”). The criteria adopted in the Regulations involve dividing the internal control system into five components: 1. Environment Control 2. Risk Assessment 3. Activities Control 4. Information and Communication, and 5. Activities Monitoring. Each component includes several items, which are detailed in the Regulations.
4. We have evaluated the design and operating effectiveness of our internal control system based on the aforementioned criteria.
5. Based on the assessment results, we believe that our internal control system (including the supervision and management of subsidiaries) as of December 31, 2023, encompassing the design and implementation of controls related to achieving operational effectiveness and efficiency objectives, reliable, timely, and transparent reporting, and compliance with relevant laws and regulations, is effective and can reasonably ensure the achievement of the aforementioned objectives.
6. This declaration will be a major part of our annual report and prospectus and will be publicly disclosed. Any false statements or concealment of information in the public disclosure will be subject to legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This declaration has been approved by the Board of Directors on March 14, 2024. Of the seven directors present, none objected, and all agreed with the content of this declaration.

YoungTek Electronics Corp.

Chairman: Ping-Lung Wang Signature

President: Wei-Tang Hsiao Signature

IV. Information of Certified Public Accountant Fee

Unit: NT$ thousands

<table>
<tr><th>Accounting Firm Name</th><th>Accountant Name</th><th>Audit period for accountants</th><th>Audit fees</th><th>Non-audit fees (Note)</th><th>Total</th></tr>
<tr><td rowspan="2">Deloitte & Touche</td><td>Ya-Yun Chang</td><td rowspan="2">From January 1, 2023 to December 31, 2023</td><td rowspan="2">3,530</td><td rowspan="2">530</td><td rowspan="2">4,060</td></tr>
<tr><td>Tung-Hui Yeh</td></tr>
</table>

Note: Review of remuneration information for full-time employees not serving as managers and certification of profit-seeking enterprise income tax:

(I) If the Accounting Firm Is Changed and the Audit Fees Paid in the Year of the Change Are Less Than Those in the Previous Year, the Amount, Percentage, and Reason for the Decrease in Audit Fees Should Be Disclosed: Not applicable.

(II) If the Audit Fees Decrease by More Than 15% Compared to the Previous Year, the Amount, Percentage, and Reason for the Decrease in Audit Fees Should Be Disclosed: Not applicable.

V. Changing Accountant Information

(I) Regarding the Former Accountant

<table>
<tr><td>Date of Change</td><td colspan="4">Approved by the Board of Directors on May 8, 2024 to change the signing accountant.</td></tr>
<tr><td>Reason and explanation for the change</td><td colspan="4">Due to internal operations and personnel adjustments at Deloitte & Touche, starting from 2024, the company’s auditing and certification accountants will be changed from the original CPAs Su-Li Fang and Tung-Hui Yeh to CPAs Ya-Yun Chang and Mei-Chen Tsai.</td></tr>
<tr><td rowspan="3">Explanation of whether the appointment was terminated by the client or the accountant</td><td colspan="2">Party
Status</td><td>Accountant</td><td>Client</td></tr>
<tr><td colspan="2">Voluntarily terminated the appointment</td><td>-</td><td>-</td></tr>
<tr><td colspan="2">No longer accepted (continued) the appointment</td><td>-</td><td>-</td></tr>
<tr><td>Whether an unqualified opinion was issued in the audit reports in the last two years and the reason</td><td colspan="4">None.</td></tr>
<tr><td rowspan="6">Whether there were any disagreements with the issuer</td><td rowspan="4">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 procedures of audit</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>None</td><td colspan="3">V</td></tr>
<tr><td>Instructions</td><td colspan="3"></td></tr>
</table>

Other disclosure Items (matters required to be disclosed under Article 10, Paragraph 6, Subparagraph 4 to Subparagraph 7 of this Standard)	None.

(II) Regarding the Successor Accountant

Accounting Frim Name:	Deloitte & Touche
Accountant Names:	Ya-Yun Chang and Mei-Chen Tsai
Date of appointment	Approved by the Board of Directors on May 8, 2024 to change the signing accountant.
Consultation on specific transactions, accounting treatment methods or accounting principles, and potential audit opinions prior to the appointment, and the results.	None.
Written opinion of the successor accountant on disagreements with the former accountant	None.

(III) Response from the former accountant regarding the matters specified in Article 10, Paragraph 6, Subparagraphs 1 and 2, Item 3 of this Regulation: Not applicable.

VI. The Name, Title, and Duration of Employment at the Certified Public Accountant Firm or its Affiliated Enterprise of the Company's Chairman, President, or Manager in Charge of Financial or Accounting Affairs, If They Were Employed There Within the Preceding Year, Shall Be Disclosed. the so-Called Related Companies of the Certified Public Accountant Firm Refer to Companies Where the Accountants of the Certified Public Accountant Firm Hold More Than Fifty Percent of Shares or Obtain More Than Half of the Director Seats, or Companies or Institutions Listed as Related Companies in the Information Published or Printed by the Certified Public Accountant Firm: Not applicable.

VII. Changes in Shareholding and Pledge of Equity for the Board of Directors, Supervisors, Managers, and Shareholders With More Than 10% Shareholding for the Most Recent Fiscal Year and up to the Date of Publishing the Annual Report

(I) Share Changes of Directors, Supervisors, Managers, and Major Shareholders

Unit: Shares

Job Title (Note 1)	Name	2023		As of April 30, 2024	
		Increase (Decrease) in Number of Shares Held	Increase (Decrease) in Number of Pledged Shares	Increase (Decrease) in Number of Shares Held	Increase (Decrease) in Number of Pledged Shares
Director and Chairman of the Board	IN & OUT Bio Beauty Corp. Representative: Ping-Lung Wang	0	0	0	0
		0	0	0	0
Director and Vice Chairman	Cheng-Kuang Chang	0	0	0	0
Director	Kuei-Piao Chen	0	0	0	0
Director (Note 4)	Te-Chang Yao	0	0	0	0
Independent Director (Note 4)	Meng-Hua Huang	0	0	0	0
Independent Director (Note 4)	Ya-Hsien Tsai	0	0	0	0
Independent Director (Note 4)	Chun-Ting Liu	0	0	0	0
President (Note 5)	Wei-Tang Hsiao	0	0	14,953	0
Vice President (Note 5)	Han-Tsung Hsiao	0	0	14,953	0
Finance, Accounting Manager and Corporate Governance Manager (Note 3)	Chiao-Fen Chen	0	0	5,785	0

Note 1: Shareholders holding more than ten percent of the total shares of the company should be noted as major shareholders and listed separately.
Note 2: If the counter-party of the share transfer or share pledge is a related party, the following table should also be filled out.
Note 3: Assumed position on January 1, 2011.
Note 4: Elected on August 12, 2021.
Note 5: Assumed position on September 1, 2020.

(II) Share Transfer Information: Not applicable.

(III) Share Pledge Information: Not applicable.

VIII. Information on Shareholders Among the top ten Shareholders who Are Related Parties in Accordance with Statement of Financial Accounting Standards No. 6, or are Spouses or Relatives Within the Second Degree of Kinship

April 21, 2024 Unit: Shares；%

Title (Note 1)	Shares held by the person		Shares held by spouse and underage children		Shares held in the name of others		Names and relationships of the top ten shareholders who are related parties or spouses or relatives within the second degree of kinship (Note 3)		Note
	Number of shares	Equity ratio	Number of shares	Equity ratio	Number of shares	Equity ratio	Title (or Name)	Related parties	
IN & OUT Bio Beauty Corp. Representative: Yu Wang	8,475,617	6.60%	0	0%	0	0%	Li Chi Capital Inc.	Major Shareholders	None.
	773,927	0.60%	0	0%	0	0%	Li Chi Capital Inc.	Major Shareholders	
Li Chi Capital Inc. Representative: Yu Wang	6,328,937	4.93%	0	0%	0	0%	Ping-Lung Wang	The company representative is a relative within the second degree of kinship.	None.
	773,927	0.60%	0	0%	0	0%	Ping-Lung Wang	The company representative is a relative within the second degree of kinship.	
Li Yang Investment Corp. Representative: Tsui-Fang Tsa	5,820,705	4.53%	0	0%	0	0%	Ping-Lung Wang	The company's director is a relative within the second degree of kinship.	None.
	5,099	0.00%	0	0%	0	0%	None.	None.	
Ping-Lung Wang	4,796,175	3.73%	117,669	0.09%	0	0%	Li Chi Capital Inc.	The company representative is a relative within the second degree of kinship.	None.
Li Wei Capital Inc. Representative: Pei-Shih Chen	2,486,190	1.94%	0	0%	0	0%	None.	None.	None.
	6,677	0.00%	0	0%	0	0%	None.	None.	

<table>
<tr><th rowspan="2">Title
(Note 1)</th><th colspan="2">Shares held by the person</th><th colspan="2">Shares held by spouse and underage children</th><th colspan="2">Shares held in the name of others</th><th colspan="2">Names and relationships of the top ten shareholders who are related parties or spouses or relatives within the second degree of kinship (Note 3)</th><th rowspan="2">Note</th></tr>
<tr><th>Number of shares</th><th>Equity ratio</th><th>Number of shares</th><th>Equity ratio</th><th>Number of shares</th><th>Equity ratio</th><th>Title (or Name)</th><th>Related parties</th></tr>
<tr><td rowspan="2">Hung Cheng Investment Corp.
Representative: Li Fa Capital Inc.</td><td>2,250,200</td><td>1.75%</td><td>0</td><td>0%</td><td>0</td><td>0%</td><td>Li Chi Capital Inc.
Li Fa Capital Inc.</td><td>Major Shareholders</td><td rowspan="2">None.</td></tr>
<tr><td>1,906,775</td><td>1.48%</td><td>0</td><td>0%</td><td>0</td><td>0%</td><td>Li Yang Investment Corp.</td><td>Major Shareholders</td></tr>
<tr><td rowspan="2">Li Fa Capital Inc.
Representative: Pei-Shih Chen</td><td>1,906,775</td><td>1.48%</td><td>0</td><td>0%</td><td>0</td><td>0%</td><td>Li Yang Investment Corp.</td><td>Major Shareholders</td><td rowspan="2">None.</td></tr>
<tr><td>6,677</td><td>0.00%</td><td>0</td><td>0%</td><td>0</td><td>0%</td><td>None.</td><td>None.</td></tr>
<tr><td>CTBC Bank received from the YoungTek Electronics Co., Ltd. Employee Stock Ownership Association</td><td>1,213,413</td><td>0.94%</td><td>0</td><td>0%</td><td>0</td><td>0%</td><td>None.</td><td>None.</td><td>None.</td></tr>
<tr><td>HSBC Taiwan Custodian Morgan Stanley International Limited Special Account</td><td>1,029,323</td><td>0.80%</td><td>0</td><td>0%</td><td>0</td><td>0%</td><td>None.</td><td>None.</td><td>None.</td></tr>
<tr><td>Citibank Custodian DFA Emerging Markets Core Equity Investment Account</td><td>839,568</td><td>0.65%</td><td>0</td><td>0%</td><td>0</td><td>0%</td><td>None.</td><td>None.</td><td>None.</td></tr>
</table>

IX. The Company, Its Directors, Supervisors, Managers, and any Firms Directly or Indirectly Controlled by the Company Shall Combine Their Shareholdings in the Same Reinvestment Company and Determine the Consolidated Ownership Ratio

December 31, 2023 Unit: Shares；%

Reinvestment Business (Note 1)	Investment by YTEC		Investment by Directors, Supervisors, Managers and Directly or Indirectly Controlled Businesses		Consolidated Investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
YTEC Holding(Samoa)Co.Ltd	1,967,924 (Note 2)	100.00	0	0	1,967,924 (Note 2)	100.00
Wecon Limited (Samoa)	23,738 (Note 2)	100.00	0	0	23,738 (Note 2)	100.00
Wecon Automation Machinery Corp.	1,000 (Note 2)	100.00	0	0	1,000 (Note 2)	100.00
Tian Zheng International Precision Machinery Co., Ltd.	5,395	14.60	0	0	5,395	14.60
Sissca Inc Co., Ltd	3,371	15.52	0	0	3,371	15.52

Note 1: Longterm investments are accounted by the YTEC for using equity method.
Note 2: It is a limited company, with only paid-in capital and no shares.

Chapter 4 Fundraising Status

I. Capital and Shares

(I) Source of Capital

Date	Issuance Price	Authorized Capital		Paid-in capital		Notes		
		Number of shares (Thousand Shares)	Amount (Thousand NTD)	Number of shares (Thousand Shares)	Amount (Thousand NTD)	Source of Capital	Property Other Than Cash Offsetting Share Payments	Others
1991.07	10	500	5,000	500	5,000	Initial capital	None.	-
1994.05	10	1,500	15,000	1,500	15,000	Cash capital increase of NT$10,000 thousand	None.	-
1997.08	10	2,800	28,000	2,800	28,000	Cash capital increase of NT$13,000 thousand	None.	-
1998.03	10	15,800	158,000	8,000	80,000	Cash capital increase of NT$52,000 thousand	None.	-
1999.10	10	15,800	158,000	12,000	120,000	Cash capital increase of NT$40,000 thousand	None.	(Note 1)
2000.04	15	15,800	158,000	13,000	130,000	Cash capital increase of NT$10,000 thousand	None.	(Note 2)
2000.05	35	16,500	165,000	16,500	165,000	Cash capital increase of NT$35,000 thousand	None.	(Note 3)
2000.08	10	19,000	190,000	19,000	190,000	Surplus transferred to capital increase of NT$25,000 thousand (including employee bonuses of NT$2,200 thousand)	None.	(Note 4)
2001.10	10	37,000	370,000	23,500	235,000	Surplus transferred to capital increase of NT$45,000 thousand (including employee bonuses of NT$5,000 thousand)	None.	(Note 5)
2002.06	10	47,000	470,000	28,700	287,000	Capital surplus transferred to capital increase of NT$11,750 thousand Surplus transferred to capital increase of NT$40,250 thousand (including employee bonuses of NT$5,000 thousand)	None.	(Note 6)
2003.10	10	47,000	470,000	36,083	360,826	Surplus transferred to capital increase of NT$73,826 thousand (including employee bonuses of NT$16,426 thousand)	None.	(Note 7)
2004.10	10	78,000	780,000	45,200	452,000	Surplus transferred to capital increase of NT$91,174 thousand (including employee bonuses of NT$19,008 thousand)	None.	(Note 8)

Date	Issuance Price	Authorized Capital		Paid-in capital		Notes		
		Number of shares (Thousand Shares)	Amount (Thousand NTD)	Number of shares (Thousand Shares)	Amount (Thousand NTD)	Source of Capital	Property Other Than Cash Offsetting Share Payments	Others
2005.08	10	78,000	780,000	56,520	565,200	Surplus transferred to capital increase of NT$113,200 thousand (including employee bonuses of NT$22,800 thousand)	None.	(Note 9)
2006.04	10	78,000	780,000	56,963	569,630	Employee stock option certificates converted NT$4,430 thousand	None.	(Note 10)
2006.07	10	78,000	780,000	64,963	649,630	Cash capital increase of NT$80,000 thousand	None.	(Note 11)
2006.09	10	88,000	880,000	72,643	726,430	Surplus transferred to capital increase of NT$76,800 thousand (including employee bonuses of NT$20,280 thousand)	None.	(Note 12)
2007.05	10	88,000	880,000	72,868	728,680	Employee stock option certificates converted NT$2,250 thousand	None.	(Note 13)
2007.08	10	100,000	1,000,000	83,132	831,323	Surplus transferred to capital increase of NT$102,643 thousand(including employee bonuses of NT$30,000 thousand)	None.	(Note 14)
2008.01	10	100,000	1,000,000	84,132	841,323	Merge and increase capital of NT$10,000 thousand	None.	(Note 15)
2008.04	10	100,000	1,000,000	84,307	843,073	Employee stock option certificates converted NT$1,750 thousand	None.	(Note 16)
2008.08	10	120,000	1,200,000	92,000	920,000	Surplus transferred to capital increase of NT$76,197 thousand (including employee bonuses of NT$34,007 thousand) Employee stock option certificates converted NT$730 thousand	None.	(Note 17)
2009.09	10	120,000	1,200,000	94,002	940,022	Surplus transferred to capital increase of NT$20,022 thousand(including employee bonuses of NT$10,822 thousand)	None.	(Note 18)
2009.12	10	120,000	1,200,000	94,655	946,546	Convertible corporate bonds of NT$6,524 thousand	None.	(Note 19)
2010.08	10	120,000	1,200,000	95,601	956,011	Surplus transferred to capital increase of NT$9,465 thousand	None.	(Note 20)
2010.11	10	120,000	1,200,000	97,342	973,417	Convertible corporate bonds of NT$17,406 thousand	None.	(Note 21)
2010.12	10	120,000	1,200,000	97,895	978,949	Convertible corporate bonds of NT$5,532 thousand	None.	(Note 22)
2011.05	10	120,000	1,200,000	101,370	1,013,705	Convertible corporate bonds of NT$34,756 thousand	None.	(Note 23)
2011.08	10	120,000	1,200,000	104,555	1,045,552	Convertible corporate bonds of NT$31,847 thousand	None.	(Note 24)

Date	Issuance Price	Authorized Capital		Paid-in capital		Notes		
		Number of shares (Thousand Shares)	Amount (Thousand NTD)	Number of shares (Thousand Shares)	Amount (Thousand NTD)	Source of Capital	Property Other Than Cash Offsetting Share Payments	Others
2011.08	10	120,000	1,200,000	105,534	1,055,341	Capital surplus transferred to capital increase of NT$9,789 thousand	None.	(Note 25)
2011.11	10	120,000	1,200,000	106,489	1,064,890	Convertible corporate bonds of NT$9,549 thousand	None.	(Note 26)
2012.05	10	120,000	1,200,000	110,907	1,109,065	Convertible corporate bonds of NT$44,175 thousand	None.	(Note 27)
2012.08	10	120,000	1,200,000	111,810	1,118,097	Convertible corporate bonds of NT$9,032 thousand	None.	(Note 28)
2012.09	10	120,000	1,200,000	112,875	1,128,746	Surplus transferred to capital increase of NT$10,649 thousand	None.	(Note 29)
2012.11	10	120,000	1,200,000	114,226	1,142,259	Convertible corporate bonds of NT$13,513 thousand	None.	(Note 30)
2013.05	10	120,000	1,200,000	115,526	1,155,256	Convertible corporate bonds of NT$12,997 thousand	None.	(Note 31)
2013.08	10	120,000	1,200,000	116,442	1,164,417	Convertible corporate bonds of NT$9,161 thousand	None.	(Note 32)
2013.09	10	120,000	1,200,000	117,584	1,175,840	Surplus transferred to capital increase of NT$11,423 thousand	None.	(Note 33)
2014.05	10	120,000	1,200,000	117,614	1,176,143	Convertible corporate bonds of NT$303 thousand	None.	(Note 34)
2014.08	10	120,000	1,200,000	118,120	1,181,202	Convertible corporate bonds of NT$5,059 thousand	None.	(Note 35)
2014.09	10	120,000	1,200,000	119,296	1,192,960	Surplus transferred to capital increase of NT$11,758 thousand	None.	(Note 36)
2014.11	10	150,000	1,500,000	125,523	1,255,230	Convertible corporate bonds of NT$62,270 thousand	None.	(Note 37)
2015.02	10	150,000	1,500,000	127,226	1,272,257	Convertible corporate bonds of NT$17,027 thousand	None.	(Note 38)
2015.09	10	150,000	1,500,000	128,498	1,284,980	Surplus transferred to capital increase of NT$12,723 thousand	None.	(Note 39)

Note 1: Approved by Letter No. Ching (087) Shang 119083 dated July 29, 1998.
Note 2: Approved by Letter No. Ching (089) Shang 111950 dated April 24, 2000.
Note 3: Approved by Letter No. Ching (089) Shang 115573 dated May 19, 2000.
Note 4: Approved by Letter No. Ching (089) Shang 125728 dated August 01, 2000.
Note 5: Approved by Letter No. Ching (090) Shang 09001392810 dated October 08, 2001.
Note 6: Approved by Letter No. Ching Shang 09101293080 dated July 24, 2001.
Note 7: Approved by Letter No. Ching Shang 09232764220 dated October 08, 2003.
Note 8: Approved by Letter No. Ching Shang 09332805900 dated October 05, 2004.
Note 9: Approved by Letter No. Ching Shang 09401165320 dated August 23, 2005.
Note 10: Approved by Letter No. Ching Shang 09501066930 dated April 14, 2006.
Note 11: Approved by Letter No. Ching Shang 09501156760 dated July 24, 2006.
Note 12: Approved by Letter No. Ching Shang 09501207620 dated September 15, 2006.
Note 13: Approved by Letter No. Ching Shang 09601104080 dated May 14, 2007.
Note 14: Approved by Letter No. Ching Shang 09601205530 dated August 24, 2007.
Note 15: Approved by Letter No. Ching Shang 09601319410 dated January 18, 2008.
Note 16: Approved by Letter No. Ching Shang 09701089710 dated April 18, 2008.

Note 17: Approved by Letter No. Ching Shang 09701209920 dated August 26, 2008.
Note 18: Approved by Letter No. Ching Shang 09801209300 dated September 09, 2009.
Note 19: Approved by Letter No. Ching Shang 09901011630 dated January 18, 2010.
Note 20: Approved by Letter No. Ching Shang 09901186600 dated August 18, 2010.
Note 21: Approved by Letter No. Ching Shang 09901250270 dated November 09, 2010.
Note 22: Approved by Letter No. Ching Shang 10001007940 dated January 12, 2011.
Note 23: Approved by Letter No. Ching Shang 10001093930 dated May 10, 2011.
Note 24: Approved by Letter No. Ching Shang 10001176930 dated August 02, 2011.
Note 25: Approved by Letter No. Ching Shang 10001195820 dated August 24, 2011.
Note 26: Approved by Letter No. Ching Shang 10001259710 dated November 17, 2011.
Note 27: Approved by Letter No. Ching Shang 10101083900 dated May 11, 2012.
Note 28: Approved by Letter No. Ching Shang 10101160580 dated August 06, 2012.
Note 29: Approved by Letter No. Ching Shang 10101184000 dated September 05, 2012.
Note 30: Approved by Letter No. Ching Shang 10101233500 dated November 12, 2012.
Note 31: Approved by Letter No. Ching Shang 10201088990 dated May 14, 2013.
Note 32: Approved by Letter No. Ching Shang 10201158050 dated August 01, 2013.
Note 33: Approved by Letter No. Ching Shang 10201180200 dated August 30, 2013.
Note 34: Approved by Letter No. Ching Shang 10301092290 dated May 23, 2014.
Note 35: Approved by Letter No. Ching Shang 10301175700 dated August 22, 2014.
Note 36: Approved by Letter No. Ching Shang 10301194790 dated September 16, 2014.
Note 37: Approved by Letter No. Ching Shang 10301245050 dated November 26, 2014.
Note 38: Approved by Letter No. Ching Shang 10401011370 dated February 12, 2015.
Note 39: Approved by Letter No. Ching Shang 10401196850 dated September 17, 2015.

April 21, 2024 Unit: Shares

Types of Shares	Authorized Capital			Notes
	Shares circulated (OTC-listed)	Unissued shares	Total	
Ordinary share	128,497,989	21,502,011	150,000,000	NT$50 million of authorized capital is reserved for issuance of employee stock options, unissued shares, authorized for issuance by the Board of Directors in installments.

(II) Information Related to the Blanket Reporting System: Not applicable.

(III) Shareholding Structure

April 21, 2024

Shareholding structure / Quantity	Government institution	Financial institution	Other legal entities	Foreign institutions and foreign nationals	Individuals	Total
Number of Persons (persons)	0	1	299	110	40,109	40,519
Number of shares held (shares)	0	630,000	30,880,689	8,953,167	88,034,133	128,497,989
Shareholding ratio(%)	0.00%	0.49%	24.03%	6.97%	68.51%	100.00%

(IV) Shareholding Distribution

Par value of NT$10 per share April 21, 2024

Shareholding level	Shareholder Number of shareholders (persons)	Number of shares held (shares)	Shareholding ratio(%)
1 to 999	23,594	699,867	0.55%
1,000 to 5,000	13,709	27,032,964	21.04%
5,001 to 10,000	1,710	12,981,653	10.10%
10,001 to 15,000	538	6,675,307	5.20%
15,001 to 20,000	303	5,504,280	4.28%
20,001 to 30,000	255	6,470,737	5.04%
30,001 to 40,000	124	4,411,186	3.43%
40,001 to 50,000	74	3,441,797	2.68%
50,001 to 100,000	122	8,347,136	6.50%
100,001 to 200,000	53	7,095,272	5.52%
200,001 to 400,000	18	5,274,989	4.11%
400,001 to 600,000	5	2,544,915	1.98%
600,001 to 800,000	4	2,870,983	2.23%
800,001 to 1,000,000	1	839,568	0.65%
More than 1,000,001	9	34,307,335	26.69%
Total	40,519	128,497,989	100.00%

(V) List of Major Shareholders: List the names, shareholdings, and shareholding percentages of shareholders with 5% or more of shareholdings or the top 10 shareholders by shareholding percentage.

April 21, 2024

Shares Major Shareholders	Number of shares held (shares)	Shareholding ratio(%)
IN & OUT Bio Beauty Corp.	8,475,617	6.60%
Li Chi Capital Inc.	6,328,937	4.93%
Li Yang Investment Corp.	5,820,705	4.53%
Ping-Lung Wang	4,796,175	3.73%
Li Wei Capital Inc.	2,486190	1.94%
Hung Cheng Investment Corp.	2,250,200	1.75%
Li Fa Capital Inc.	1,906,775	1.48%
CTBC Bank received from the YoungTek Electronics Co., Ltd. Employee Stock Ownership Association	1,213,413	0.94%
HSBC Taiwan Custodian Morgan Stanley International Limited Special Account	1,029,323	0.80%
Citibank Custodian DFA Emerging Markets Core Equity Investment Account	839,568	0.65%

(VI) Recent Two-Year Market Price per Share, Net Worth, Earnings, Dividends, and Related Data

Unit: NT$

Year / Items			2022	2023	As of April 30, 2024
Market Price Per Share	Highest		88.5	68.7	72.5
	Lowest		53.4	55.5	61.7
	Average		77.21	63.21	66.83
Net Worth per Share	Before distribution		53.04	52.14	49.02
	After distribution		48.04	48.14	—
Earnings per Share	Weighted Average Number of shares (Thousand Shares)		128,498	128,498	128,498
	Earnings per Share		6.65	4.09	0.89
Cash dividend per share	Cash dividends		5.0	4.0	—
	Stock dividends	Retained earnings capitalization	0.00	0.00	—
		Capital surplus capitalization	0.00	0.00	—
	Accumulated unpaid dividends		None	None	—
Investment return analysis	Price-earnings ratios		11.61	15.45	—
	Price-dividend ratio		15.44	15.80	—
	Cash dividend yield		6.48%	6.33%	—

(VII) Company Dividend Policy and Implementation Status

1. Dividend Policy

The company is currently in a stable stage of industry development, and there are plans for expansion and capital needs in the coming years. Therefore, for the portion of dividends distributed to shareholders, the cash dividends shall not be less than 20% of the total dividends in principle. However, factors such as the company's current and future investment environment, capital needs, domestic and international competition, and capital budgets must also be considered, balancing the interests of shareholders, dividends, and long-term financial planning of the company. The board of directors shall propose a surplus distribution proposal based on the company's dividend policy and submit it to the shareholders' meeting for approval and distribution of dividends and bonuses to shareholders.

2. Proposed Dividend Distribution at This Shareholders' Meeting

The board of directors has approved the cash dividend amount for the 2023 as follows:

Unit: NT$

Date of board approval	Cash dividends per share (NT$)	Total cash dividends
March 14, 2024	4.00	513,991,956

(VIII) The Proposed Stock Dividends at This Shareholders' Meeting Have Impact on the Company's Operating Performance and Earnings per Share: None.

(IX) Employee Compensation and Directors' and Supervisors' Remuneration

1. Employee compensation and remuneration for directors and supervisors stipulated in the company's articles of incorporation:

If the company has profits for the year, it shall allocate not less than 2% as employee compensation, which shall be distributed in the form of shares or cash as determined by the Board of Directors. The eligible recipients include employees of the company or its subordinate companies who meet certain conditions, and the certain conditions shall be formulated by the Board of Directors; the company may allocate, from the aforementioned profits, an amount not exceeding 5% as compensation to the directors, shall be distributed in the form of cash, as determined by the Board of Directors. Employee compensation and directors' remuneration distribution proposal shall be submitted and reported to Shareholders' Meeting. However, if the company has accumulated losses, an amount shall be reserved in advance for offsetting the losses before allocating employee compensation and remuneration for directors and supervisors according to the aforementioned ratios.

2. The proposed distribution of employee compensation from the company's earnings for 2023 was approved by the board of directors on March 14, 2024, to distribute cash dividends of NT$4.00 per share.

(1) Employee compensation: NT$59,000,000, remuneration for directors : NT$5,320,000.

(2) The proposed amount of employee stock compensation and the ratio to the current after-tax net income and total employee compensation: None.

(3) Considering the proposed distribution of employee compensation and remuneration for directors, the calculated earnings per share is NT$3.59.

3. The actual distribution of employee compensation and remuneration for directors for the previous year:

   (1) Employee bonuses amounted to NT$118,200,000, remuneration for directors: NT$8,500,000.

   (2) The actual distribution of employee compensation and remuneration for directors in 2022 was the same as the proposed distribution approved by the Board of Directors, with no difference.

(X) The Company's Repurchase of its own Shares: None.

II. The Company's Issuance of Corporate Bonds: None.

III. Status of Preference Share: None.

IV. Participation In Issuing and Handling Overseas Depositary Receipts: None.

V. Status of Employee Stock Option Certificates: None.

VI. Status of New Restricted Employee Shares: None.

VII. Status of Issuing Additional Shares for Mergers or Acquisitions, or Accepting Shares of Another Company: None.

VIII. Fund Utilization Plan and Implementation Status

For the company, up until the quarter before the printing of this annual report, there were previous issuances or private placements of securities that have not been completed or have been completed within the last three years but have not yet shown their planned benefits: None.

Chapter 5 Operation Overview

I. Business Content

(I) Business Scope

1. The Main Content of the Business

(1) Electronic component manufacturing industry.
(2) Machinery and equipment manufacturing industry.
(3) Manufacturing export industry.
(4) Retail of telecommunications equipment.
(5) Wholesale of telecommunications equipment.
(6) Wireless communication machinery and equipment manufacturing industry.
(7) Apart from permitted businesses, operations not prohibited or restricted by laws and regulations may be conducted.

2. The Company's Main Products and Their Consolidated Operating Ratios

Unit: NT$ thousands

Business Items	2023 Operating Revenue	Operating Ratio %
Test processing income	$ 1,849,551	49.84%
Cutting and screening processing income	837,823	22.58%
Sales of inspection equipment, assembly and other products	1,025,628	27.64%
Less: Sales returns and discounts	(2,251)	(0.06%)
Net operating revenue	$ 3,710,751	100.00 %

3. The Company's Current Product Items

The company is a professional semiconductor and LED (optoelectronic) product outsourcing and proprietary product research, development, manufacturing and sales service provider. The main service items are final product testing, wafer testing, grinding, cutting, screening; LED product testing, grinding, cutting, screening and other special cutting, such as PCB substrates, quartz and LEDs, as well as research, development, manufacturing and sales of semiconductor and optoelectronic product-related testing systems and automated equipment. The company is actively moving towards developing new products, such as IC testing system development, optoelectronic automation equipment development, such as AOI (Automatic Optical Inspection) systems, and module product development.

4. Planned New Product Development

(1) DPB function board
(2) New Soc Tester System
(3) MVI function board
(4) RF Protocal Wi-Sun
(5) YT6190-TrayHandler
(6) FR30MP-IC Bonder
(7) MB-121-IC Bonder

(II) Industry Overview

1. Industry Status and Development

(1) Testing Outsourcing Services

In the 21st century, with the flourishing development of information technology, mobile communications, digital audio-visual entertainment, the Internet and related applications, semiconductors (active components) and passive components have become ubiquitous in various electronic system products. Based on the functional characteristics of semiconductor products, they can be mainly divided into six major categories: microcontrollers (Micro), logic devices (Logic), analog devices (Analog), memory (Memory), as well as discrete devices and optoelectronic devices. Among the six major categories of semiconductor products, except for memory products that require concentrated mass production due to economies of scale, and analog devices, discrete devices and optoelectronic devices that require special production due to their unique processes, other microcontrollers and logic devices have become the mainstream outsourcing product items for dedicated foundries due to their low-volume and diverse application needs. As for the functional characteristics of passive component products, they can be mainly divided into four major categories: resistors, capacitors, inductors and filters. Among them, filters are a necessity for 5G equipment, so China has invested heavily and provided subsidies to companies in the filter industry in recent years.

In terms of the semiconductor industry's prosperity in 2020, 2021, and 2022, Taiwan outperformed the global average for three consecutive years; it also played an important connecting role between the two major powers in the US-China tech war, reflecting the transformation of Taiwan's semiconductor industry. Particularly under the leadership of TSMC, the overall industry has shifted from focusing on capacity to emphasizing quality. In 2023, global semiconductor sales will enter a recession, mainly due to the ongoing impact of the Russia-Ukraine war and the US-China trade war, as well as a significant decline in overall global economy and end-user demand. Looking ahead to the entire year of 2024 for the global IC packaging and testing industry, as the COVID-19 pandemic is expected to stabilize, demand for applications such as 5G, artificial intelligence (AI), high-performance computing (HPC), and automotive electronics is expected to gradually increase. With Taiwan possessing the world’s most advanced packaging and testing capabilities and heterogeneous integration packaging technology, it can meet the demand for high integration and high performance of chips required by global electronic end products. However, the overall global economy and end-user demand may still be subject to uncertainties due to the ongoing impact of the Russia-Ukraine war and the US-China trade war.

(2) Cutting and Screening Processing Service

LED

According to the latest research by TrendForce, as the impact of COVID-19 gradually subsided and various economic activities fully resumed, the global LED market size reached $17.65 billion (+15.4% YoY), with growth higher than expected. Application markets such as general lighting, horticultural lighting, automotive lighting, and display showed significant growth; the backlight market also remained stable, benefiting from the introduction of Mini LED technology and the driving force of leading manufacturers.

It is estimated that the LED market value will grow to $30.312 billion by 2026, with a compound annual growth rate of 11% from 2021 to 2026.

Looking at the revenue rankings of LED manufacturers, most companies showed significant revenue growth due to the recovery of market demand, with the top three companies holding a 29.5% market share. Although Nichia's backlight LED business revenue declined due to the increase in OLED penetration rate, its overall revenue still grew steadily and remained the global leader, driven by the rapid growth of revenue in the flash, automotive LED, and general lighting markets.

Benefiting from stable product quality, excellent luminous efficiency, and cost performance, ams OSRAM is the preferred supplier for high-end vehicles and new energy vehicles worldwide. Additionally, driven by orders for horticultural lighting and infrared sensing, its revenue ranked second globally.

Similarly, Samsung LED benefited from the growth of the automotive lighting, horticultural lighting, general lighting, and Mini LED backlight businesses, ranking third. Samsung's high-end LED products are positioned in the high-end market, and in regions such as Europe and America, their market share has been gradually expanding due to advantages in quality and patents. It is worth mentioning that Samsung LED's horticultural lighting orders have also shown rapid growth, driving its lighting LED business revenue to rank first globally.

RFID

The global RFID market will grow from $22.5 billion in 2022 at an impressive compound annual growth rate of 15.9%, reaching $54.7 billion by 2028.

In the post-pandemic era, the global healthcare market is expected to reach approximately $12 billion by 2027, with a compound annual growth rate (CAGR) of around 21% between 2020 and 2027. The demand for food & drug safety traceability management is surging. In recent years, the consumption of labels in healthcare has been increasing, and RFID technology has been used for more intelligent and efficient management in the pharmaceutical field. The RFID-based traceability management system can track and control the entire life cycle, making a significant contribution to pandemic prevention and control.

RFID Electronic Tags

According to data from Compass Consulting Group, the global RFID market size will rise from $12.8 billion in 2022 to $14 billion in 2023. As one of the world's largest RFID markets, China will continue to maintain a rapid growth momentum, with the annual Chinese RFID market size expected to reach around 150 billion yuan in 2023, accounting for nearly 40% of the global market. The main drivers of growth come from sub-sectors such as social security cards and health cards, traffic management, mobile payments, logistics and warehousing, anti-counterfeiting, and migration of financial IC cards. It is preliminarily estimated that China's RFID market size will approach 250 billion yuan by 2026.

In the next few years, RFID technology will continue to maintain a rapid development momentum. New progress will be made in electronic tags, readers, system integration software, public service systems, and standardization. As key technologies continue to advance, RFID products will become increasingly diverse, and applications and derived value-added services will become more widespread. The development trend of RFID chip design and manufacturing technology is towards lower power consumption, longer operating distance, higher reading and writing speed and reliability, and continuously decreasing cost. Chip technology will be closely integrated with application system overall solutions.

(3) Machine Assembly and Other Product Sales

In 2023, the global semiconductor test economy will slow down, affected by global high inflation and major countries' tightening monetary policies, which suppress global end-user demand due to high interest rates. Additionally, the intensification of geopolitical wars, countries developing semiconductor alliances, prohibiting trade equipment lists, mainland China's domestic self-owned equipment to support domestic demand, etc., are all factors that require semiconductor test equipment to have more flexible business models. As a result, test equipment manufacturers have sprouted up like mushrooms after rain.

The leading players in the semiconductor test machine field are Japanese and American manufacturers. In 2022, Teradyne and Advantest held a 34% and 33% market share respectively, while Cohu held a 7% share, mainly for SoC and memory test systems. In the semiconductor test field, Teradyne from the United States has a presence in discrete components, RF components, memory chips, analog chips, and SoC chips, enjoying an absolute advantage in market share, especially in the European and American markets. Advantest from Japan primarily focuses on SoC chip and memory chip test machines as well as sorting machines.

Essentially, Advantest and Teradyne have secured major orders from semiconductor giants. Advantest mainly holds orders for test equipment from Nvidia, AMD, Intel, and Samsung, while Teradyne has long held over 68% of orders from European and American customers and has a long-term close partnership with TSMC. Cohu primarily holds orders from Intel.

Since it takes at least 6 months to switch test platforms and due to their status as high-end process test definers, test machine suppliers start collaborating with important customers from the test specification and process planning stages. Unless semiconductor giants' positions in the industry change, newcomers will find it difficult to compete.

On the other hand, the Chinese government is fully subsidizing domestic semiconductor equipment manufacturers. Manufacturers like Beijing Huafeng Test and Control (Acco TEST) and Hangzhou Changchuan are using low-price and digital market imitation strategies to grab market share, which will make it even more difficult for Taiwanese test equipment companies, including Chroma, to make sales in mainland China. However, as regional competition intensifies, to overcome potential future challenges, Chroma will continue to develop higher-end platforms, expand new product lines, and actively develop markets outside of Taiwan and mainland China.

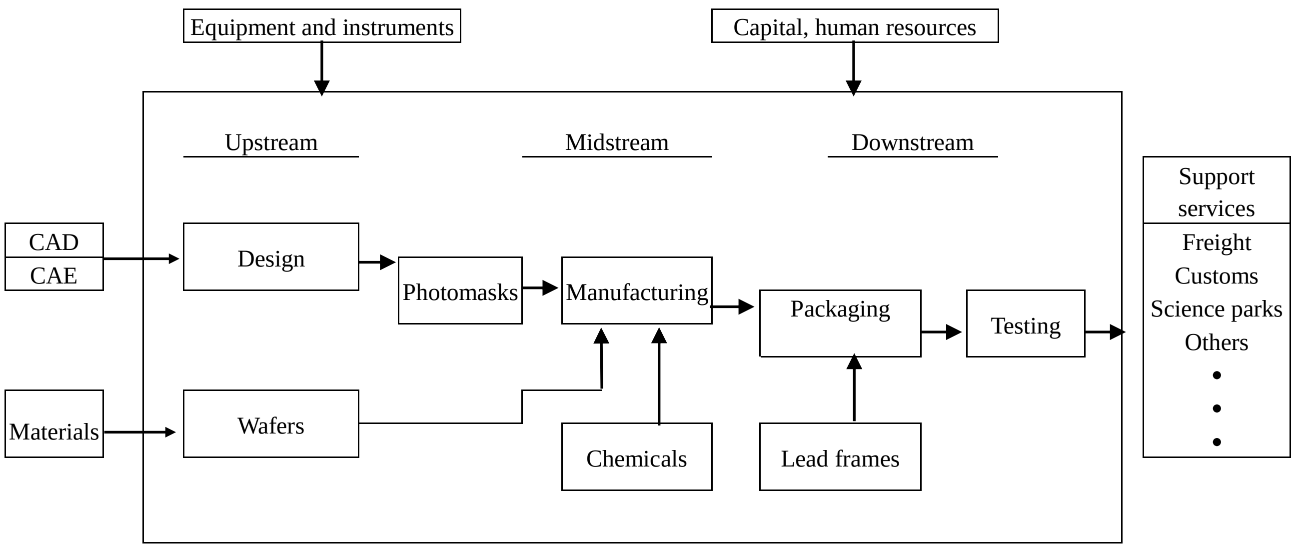
2. Upstream, Midstream, and Downstream Industry Relationships

(1) Testing Outsourcing Services

After years of development, Taiwan's semiconductor industry has established a unique vertical division of labor system. From IC design to photomask manufacturing, wafer fabrication, packaging, and testing, the IC manufacturing process is vertically segmented from upstream to downstream. By separating each production department, specialization and precision can be improved while reducing management difficulties. This approach also shortens production cycles, significantly reduces inventory, and lowers costs. At the same time, each production department directly faces international competition, which helps enhance the overall industry’s competitiveness.

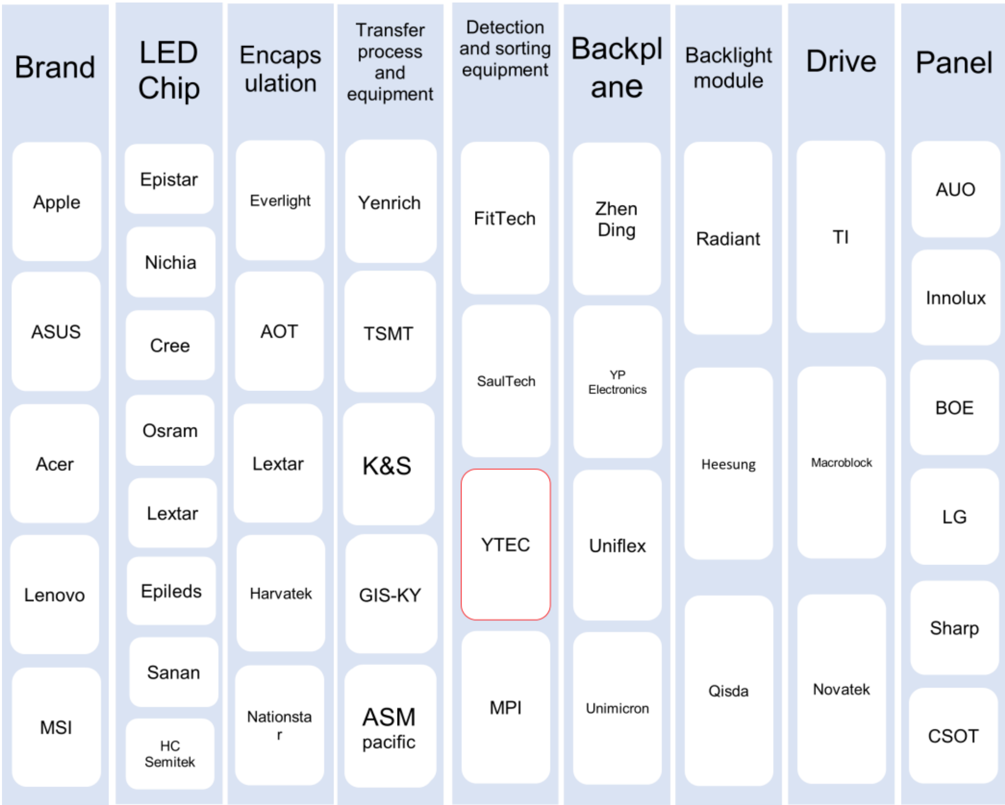
The entire IC manufacturing process begins with IC design. Once IC design is complete, it is handed over to photomask companies, who transfer the IC’s circuit layout onto a flat glass surface according to the predetermined chip manufacturing steps. This glass is called a photomask. After completing the IC photomask, IC manufacturing plants use microlithography technology to replicate the extremely fine line patterns from the photomask onto silicon wafers using photoresist and other chemical materials. Then, using nitric acid and other chemical solutions for cleaning and etching, the wafer manufacturing is complete. Next, the wafers are diced into chips, which are then connected to the lead frame with gold wires and encapsulated in insulating plastic or ceramic packages. The IC’s functionality is tested to ensure proper operation, completing the IC manufacturing process.

The IC design business is at the forefront of the IC industry system (as shown in the diagram below), followed by photomasks, wafer fabrication, packaging, testing, and so on. This forms a unique specialized division of labor system, distinct from the international model of vertically integrated upstream and downstream operations by major corporations, with this vast and intricate supporting ecosystem. This outlines the upstream, midstream, and downstream relationships in Taiwan’s IC industry:

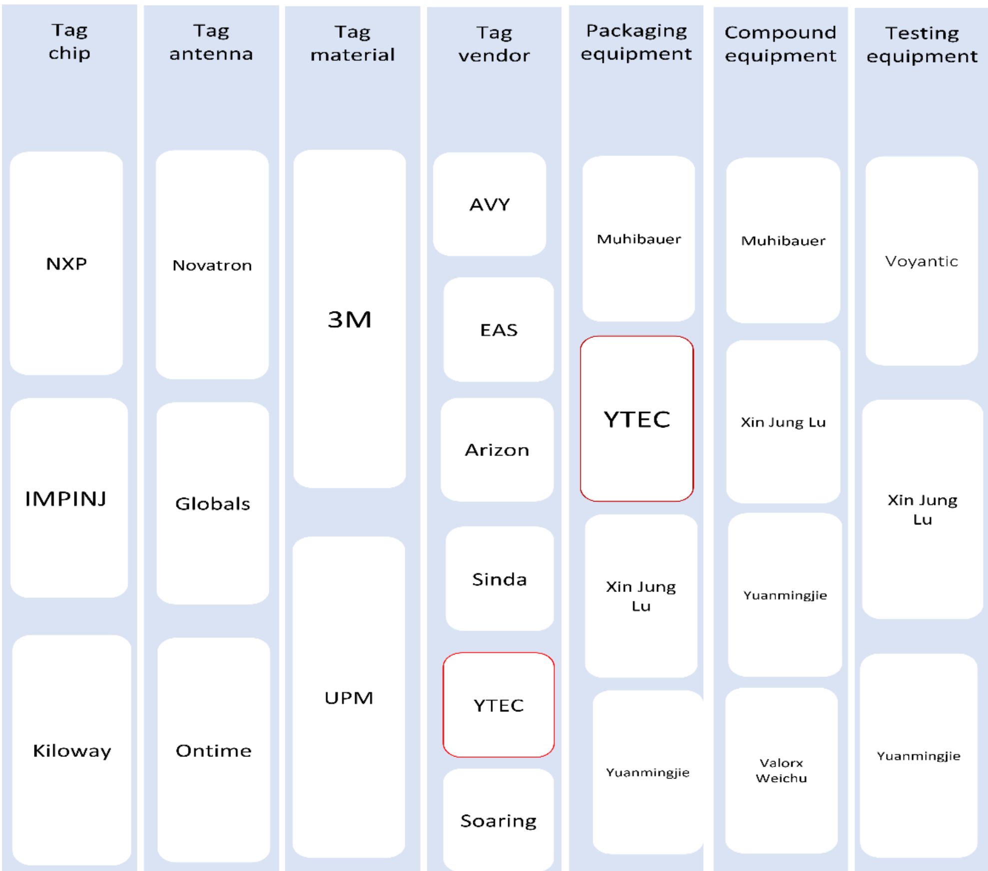


(2) Outsourced Cutting and Inspection Services

LED and Micro LED

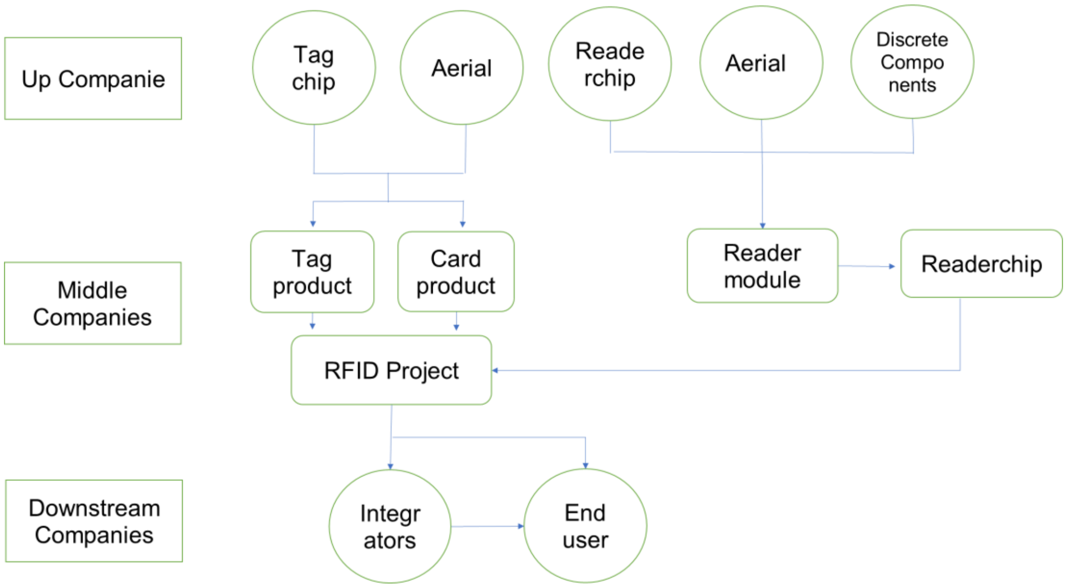


RFID



RFID Electronic Tags

The upstream consists mainly of chip and antenna manufacturers, the midstream consists mainly of tag, reader, and total solution providers, and the downstream consists mainly of end-users in various application markets and their system integrators.



(3) Machine Assembly and Other Product Sales

Based on different types of semiconductor ICs, Kinsus provides suitable equipment to semiconductor packaging and testing companies and IC design companies.

IC devices to be tested	**YoungTek**	**Users**
Digital IC Analog IC Mixed Signal IC Display IC Wireless Communication IC Others RFID LED Mini LED	IC tester IC sorting machine IC classification machine IC die bonding machine WLCSP die classification and packaging machine Optical automatic inspection machine RFID smart label flip-chip bonding machine LED automatic die bonding machine	Semiconductor packaging testing company Semiconductor IC design company

3. Product Development Trends

Our company has already deployed in the mainland China testing industry, bringing more convenience to customers, complete and appropriate and effective production and manufacturing solutions. Through Ginyuan’s many years of experience and R&D capabilities in the testing foundry field, we can gain an in-depth understanding of customers and push testing services to new milestones. Moreover, the rapid generation shift of IC products also presents a polarized trend in equipment investment. For IDM companies with huge capital, the investment in testing equipment often accounts for 20% or even higher of the total investment amount, and they have been outsourcing orders to professional testing factories. These products are mainly Memory and Logic products. As for Fabless (Design House) companies with smaller capital, considering operating costs and risks, they outsource their diversified products to competitive small testing factories, mainly for niche products. In terms of the development trend of IC product foundry, delivery time, service, quality, and cost are the keys to success or failure. Additionally, having professional testing talents who can respond in real-time to the rapid changes and increasing complexity of product life cycles is a prerequisite for successful professional testing foundries. Our main service offerings:

(1) Testing Outsourcing Services

4”-12” wafer testing, IC final electrical testing, Logic, Analog, Mixed-signal, Non-volatile memory, MCU, LCD driver IC, High speed/High pin count products and CIS, RF, MES, fingerprint recognition, SoC, etc. product testing.

(2) Inspection outsourcing, RFID outsourcing services

LED

The LED automotive market is primarily divided into smart headlights, interior lighting, and in-vehicle displays, as described below:

A. Smart Car Lights:

Traditional LED headlights mostly use single-source illumination, but with the rise of automotive safety awareness and the evolution of lighting technology, the new generation of automotive lighting is moving towards multi-source intelligent lighting systems. Within a single automotive lighting module, dozens or even hundreds of LEDs may be used. The application range has also evolved from basic road lighting to include indicator lighting and welcome lighting functions.

B. In-Car Lighting:

Traditional in-car lighting has been mainly focused on cabin lighting, but future in-car interior lighting will develop towards personalization and situational scenarios, providing different in-car lighting environments for drivers and passengers individually, such as more illuminated areas and adjustable situational lighting, which will require multiple LEDs to achieve.

C. In-Car Displays:

In the automotive field, Micro LEDs can integrate sensors into the same module. After introducing Micro LEDs into the driver's main display, dashboard, and central control systems, they can be combined into a single large screen, featuring curved surfaces, interactive smart cabins, and even real-time detection of occupants' biometrics, providing various immersive intelligent experiences. Related technology applied to car windows can display various information in real-time and can also be used in shopping mall displays, indoor mirrors, and glass surfaces.

LED components have advantages such as high efficiency, low power consumption, thinness, long lifespan, and design flexibility, and are widely used in the automotive field, gradually expanding their market share. According to DIGITIMES Research's forecast for the global automotive lighting market in January 2023, the overall market size will increase from $31.45 billion in 2021 to $42.14 billion in 2027, with the headlight market being the largest, accounting for around 67% of the total automotive lighting market in 2027.

In 2023, the global economy will gradually recover from the post-pandemic wave, but factors such as inflation, interest rate hikes, and the Russia-Ukraine war continue to affect end-user demand and inventory clearance speeds for the LED industry, leading to an economic downturn and weak demand, which in turn impacts profitability for businesses. Overall, the output value of Taiwan's LED industry showed contraction in the first half of 2022. Looking ahead to 2023-2025, although the LED automotive lighting market is still growing, mainland Chinese LED manufacturers are also gradually entering the related supply chain, posing pricing pressure and challenges for Taiwanese companies from established supply chains and brands in Europe, the US, Japan, and Korea.

Despite Taiwan's LED industry having a small domestic market and mostly consisting of small and medium-sized enterprises, it possesses excellent technical capabilities, OEM/ODM experience, flexibility, and customization advantages. With the clear trends and applications mentioned above, coupled with companies actively adjusting their R&D and production capabilities and moderately transforming to keep up with global trends and strengthen competitiveness, they will continue to bring innovative thinking to LED automotive lighting, keeping pace with the trends of autonomous driving and smart cars. The LED automotive lighting market will have unlimited possibilities.

RFID

RFID electronic tags: Electronic tags are widely used in access cards, key rings, animal leg rings, buried tags, etc. High-frequency RFID tags focus on production, with relatively low technical barriers, including Inlay, semi-finished tags, and finished tags. The application scenarios of RFID products are becoming more widespread, and as the amount of data continues to increase, RFID needs stronger data processing capabilities. RFID systems will gradually integrate with other high-tech technologies such as GPS and biometrics, gradually achieving cross-regional and cross-industry applications.

In the post-pandemic era, the global healthcare market is expected to reach approximately $12 billion by 2027, with a compound annual growth rate (CAGR) of around 21% between 2020 and 2027. The demand for food & drug safety traceability management is surging. In recent years, the consumption of labels in healthcare has been increasing, and RFID technology has been used for more intelligent and efficient management in the pharmaceutical field. The RFID-based traceability management system can track and control the entire life cycle, making a significant contribution to pandemic prevention and control.

RFID Electronic Tags

A. Lower cost. Looking at the development of electronic tags, especially in the area of high-frequency, long-distance electronic tags, they will gradually mature in the next few years and have broader prospects. The reduction in cost will further promote the application of radio frequency identification technology.

B. Smaller volume. Practical applications often require the volume of the tags to be small enough for use in special situations.

C. Longer operating distance. The distance limitation of passive radio frequency identification systems is mainly due to the limitation of the energy supplied by the electromagnetic beam to the tag. With the development of low-power IC design technology, the working voltage of electronic tags will be further reduced, and the required power consumption will be reduced to less than 5μW or even lower levels. The smaller energy required by the tags will further extend the operating distance of electronic tags.

D. Suitable for identification of high-speed moving objects. For high-speed moving objects, the transmission rate between the electronic tag and the reader needs to be increased so that the identification of high-speed objects can be completed in a short time, further shortening the processing time of the electronic tag.

E. Better security. The tag data needs to be strictly encrypted, and the communication process also needs to be encrypted, which requires more intelligent electronic tags with more complete encryption features, allowing the tags to better hide their information and prevent information from being obtained without authorization.

(3) Machine Assembly and Other Product Sales

Traditional IC test systems are limited by technology and material costs. In terms of functionality, they are divided into Logic, Memory and Mixed-Signal Testers. As IC functions are constantly being updated, SOC system chips and SiP applications are becoming more and more prevalent, and a single-function test system can no longer meet market demand. In recent years, thanks to the advancement of IC functions, test equipment with multiple functions has emerged, and has developed towards low power consumption, high precision, high reliability, and a trend of being lightweight, thin and small. The requirements for test speed and accuracy are also increasing.

YTEC is currently dedicated to the research and development of related machines, including the following items:

A. IC Test Handler: Equipped with industry standard test equipment (ATE), connected via GPIB to test ICs and sort products (JDEC Tray in/out).

B. IC Test Handler: Equipped with industry standard test equipment (ATE), connected via GPIB to test ICs and sort products (Tape Reel out).

C. WLCSP handler: Equipped with industry standard test equipment (ATE), connected via GPIB to test and sort products (wafer in tape out).

D. IC die bonder: Capable of automatically recognizing and picking up diced chips from a maximum 8-inch wafer on UV/Blue Tape, and accurately fixing the chips onto substrates with completed automatic dispensing.

E. LED die bonder: LED chips After the membrane expansion, it is installed on the die bonder, and the die bonder uses CCD, computer control, etc. to precisely mount multiple LED chips on the LED substrate.

F. AOI (Automated Optical Inspection) machine: Capable of high-speed and stable inspection of product appearance (six sides), with a maximum speed of up to 12,000 units per minute. It can classify good and defective products according to the set product appearance standards.

G. IC tester:

- S-series (Logic and Mixed-Signal Test System):

Equipped with logic, analog, and mixed-signal test boards, providing diverse testing solutions with parallel testing capability (256 sites) and offering various comprehensive and user-friendly test development tools, providing high-performance and cost-effective testing solutions.

- Gen.3 (Driver IC Tester):

Equipped with multiple RVS and HSIF high-speed channels and CPHY function, supporting high-speed interface mLVDS/P2P/MIPI testing requirements, offering cost-effective COG/COF testing solutions for large, medium, and small panel sizes.

- T-series (RF Test Equipment):

Equipped with multiple sets (4 sets) of VSG and VSA, supporting semi-duplex signal source testing, and capable of simultaneously supporting 8 or 16 ports. Supporting wireless communication protocols including various WiFi & BT, 5G_NR1, 4G_LTE, and NB-IoT, providing cost-effective integrated RF testing solutions.

- YT8K-series (Burn-In Test System):

A diverse range of aging test equipment, featuring high-power independent temperature control (high temperature) and non-independent temperature control (low and high temperature) models. Utilizing Ardentec's experience and capabilities in the ATE testing field, it provides more reliable and user-friendly solutions. It can also meet higher-level or more flexible configurations in various testing specifications, such as IO channels, VIH levels, and timing resolution.

4. Competitive Situation

Overall Competitive Niche:

Strong and stable management team

The company's management team has remained largely unchanged since its establishment, maintaining a high degree of cohesion and strengthening customer relationships and labor relations, establishing a good reputation and word-of-mouth.

Excellent R&D capabilities and independent proprietary R&D technologies

As IC functions become increasingly complex, the design of test programs and the utilization of test equipment become increasingly important. The company focuses on self-developing test equipment. Since successfully developing the "Full-Function Automatic Test Equipment" in 2001 and completing relevant verifications, it has achieved significant benefits in test cost control and laid a solid foundation in test-related fields.

Management with excellent cost control capabilities

Since its establishment, the company's management has always placed great emphasis on cost control. Capital expenditures are relatively low compared to industry peers, resulting in relative benefits. In the global business operating model, oversupply relative to demand is undoubtedly the biggest concern for profitability. The company has always maintained a high sensitivity to cost control and continues to improve.

Low-cost advantage in mass production

After establishing a considerable reputation in the market for providing customers with the best quality, delivery, and pricing, the company has achieved economies of scale in mass production. Additionally, benefiting from continuously improving cost control capabilities, overall operational benefits have become more apparent.

Emphasis on complementary and balanced product lines

Within the annual cycle, the distinct peak and off-peak seasons for consumer products can lead to drastic revenue fluctuations, impacting cash flow and operational planning. The company takes orders for consumer product testing, slicing and outsourcing, maintaining high equipment utilization rates. During off-peak seasons, it strengthens the sales of its own developed test equipment, balancing revenue fluctuations and enhancing profitability.

(1) Testing Outsourcing Services

Among the domestic vendors of the same level in the testing service industry, there are companies such as Superrich, Kinsus, Sigurd, TopaceSemi, and Lucesco. When customers choose their partners, they consider risk diversification and allocate their products to multiple partners for testing. Vendors with competitiveness (such as engineering capabilities, manufacturing cycle times, pricing, and services) undoubtedly enjoy stable orders. Our company has the ability to manufacture its own testing equipment, giving us a high degree of autonomy in testing technology. This allows us to meet customers' capacity needs, reduce production costs, and increase the competitive advantage of our company and our customers. At the same time, we also have more flexible service capabilities to meet the diverse needs of our customers. Furthermore, our company has also ventured into the optoelectronics industry and has achieved significant results in the development of testing and inspection technologies for LED products.

(2) Inspection outsourcing, RFID outsourcing services

LED

In terms of device sales and OEM services, Wen-Si and Winmate are competitors of Taiwanese LED companies.

RFID

Alien Technology, Impinj, Avery Dennison, Unitrace, and Unigroup are competitors in the RFID industry.

RFID Electronic Tags

A. Internal competition in the RFID electronic tag industry: One reason for the intensification of industry competition is the global economic downturn in 2023, leading to a decline in retail consumption. Another reason is the semiconductor capacity crunch and chip supply shortage in 2022, which caused manufacturers to stockpile, resulting in fiercer competition in the industry after 2023H2. Secondly, due to the expected growth in demand for the RFID industry in the future, companies in the industry are expanding into the Chinese market and overseas markets (Europe, America, Asia Pacific, Southeast Asia, etc.), increasing the overall supply chain capacity.

B. Bargaining power of customers in the RFID electronic tag industry: Customers in the industry may be consumers or users of the industry's products, or they may be commodity buyers. Customers' bargaining power is reflected in their ability to encourage sellers to lower prices, improve product quality, or provide better services. Influenced by changes in market supply and demand, buyers have bargaining advantages, and overall market price competition prompts sellers to adjust prices to respond to market changes. Due to the chip shortage issue in 2022, Chinese brand chips entered the market, and as lower-priced chips become more mature in the future, they are expected to gradually increase market share and adjust the bargaining space between supply and demand. In 2023, our company developed customers through multiple channels, deployed overseas market expansion, and provided solutions to increase market share and improve competitiveness.

C. Bargaining power of suppliers in the RFID electronic tag industry: Due to the chip supply shortage in 2022, chip prices continued to rise until the end of 2023. Chinese-made chips entered the market at prices lower than imported chips, and Alibaba Group's entry into the chip manufacturing industry may help balance chip prices. Additionally, in response to environmental issues, products in European and American regions are gradually requiring environmentally friendly and degradable materials for substrates, which will increase the cost of substrates, a future trend in the market. In 2023, our company negotiated with suppliers to reach a consensus on competitive prices and payment periods.

D. Threat of potential competitors in the RFID electronic tag industry: Potential competitors refer to companies that may enter and compete in the market, including some traditional printing label companies transitioning into the market, sharing existing resources and market share, and increasing market competition. For traditional printing companies entering the market, our company can play the role of a semi-finished material or production equipment supplier to achieve commercial transactions or cooperation models. As our company has been in the RFID industry for a long time and has extensive experience in electronic tag production and electronic tag manufacturing equipment, potential competitors are unlikely to pose a significant impact in the short term, and some may even become business partners.

(3) Machine assembly and other product sales

YoungTek’s automated equipment can be integrated with our company’s developed testers and can test products covering seven major functions: Logic, Mixed-Signal, Power, LCD Driver, Sensor, Burn-In, and RF. The testers can be combined with various Power Supplies & Instruments depending on the characteristics of the products to be tested, making them truly all-in-one IC testers. By integrating testers with automated equipment, we provide customers with a complete testing platform, optimizing the stability of their product testing. Our products have been successfully sold to domestic and international Design Houses and IDM companies.

(III) Technology and Research & Development Overview

The following table shows the company’s research and development expenses and their percentage of operating revenue for the past 4 years and the first quarter of 2024. All research and development projects aim to provide advanced technology and improve customer satisfaction, while contributing to the overall growth of the company’s operations.

1. The following table shows the company’s research and development expenses and their percentage of operating revenue for the past 4 years and the first quarter of 2024.

Unit: NT$ thousands

Items \ Year	2020	2021	2022	2023	March 31, 2024
Net Revenue	3,503,969	5,221,420	4,600,042	3,710,751	937,128
Research and development Expenses	302,956	341,476	361,065	328,373	81,161
Ratio of Research and Development Expenses to Net Revenue	8.65%	6.54%	7.85%	8.85%	8.66%

In 2024, the Company plans to invest approximately NT$349,845 thousand in research and development expenses, but will make appropriate adjustments based on global market conditions and the Company’s actual operating situation.

Successfully Developed Technologies or Products

Year	Research and Development Achievements	Year	Research and Development Achievements
2018	1. 12-inch Tape to Tape IC six-sided inspection and binning machine 2. Automotive diode die bonder 3. RFID multi-lane antenna production equipment 4. MVI automotive electronics inspection module 5. WGL Pattern Conversion Tool 6. Network-enabled industrial intelligent control moduleArtificial Intelligence (AI) high-speed six-sided inspection machine	2019	1. High resolution high precision timing edge generator 2. Application of AI technology in appearance defect inspection machine 3. PKB70 (Three-in-One) combination sub-millimeter LED high-speed die bonding machine 4. SB400G fully automatic chip flip chip bonder 5. Medium and high power brushless DC motor driver module 6. Artificial intelligence automatic optical inspection and sorting module 7. Power SiP advanced packaging process development
2020	1. YT5520 burn-in machine testing logic unit design 2. RFID wireless RF multi-lane chip mounter (FR10MP) 3. Fully automatic chip sorting machine (IS706) 4. Testing and sorting machine (YT6180) 5. Innovative advanced semiconductor packaging technologyHigh resolution high precision timing edge generator	2021	1. Basic technology development project for high-tech testing systems 2. High-speed high-resolution multi-channel mixed signal analysis function board 3. Wireless communication IC physical layer mass production testing solution 4. Programmable DC power supply unit design for semiconductor burn-in testing 5. Wafer-level encapsulated IC testing and sorting packaging machine 6. High-speed non-telecentric multi-sided inspection technology machine 7. Sub-millimeter LED high-speed die bonding machine
2022	1. Programmable power supply (DPB) 2. Serial vector control module (SPM) 3. Wireless communication IC physical layer mass production testing solution 4. RFID wireless RF high productivity multi-lane chip mounter (FR10MP) 5. Fully automatic vision adjustment system 6. Sub-millimeter LED high-speed die bonding machineBasic technology development project for high-tech testing systems	2023	1. High-speed test instrument for LCD driver components 2. Arithmetic Logic Pattern Generator (ALPG) 3. Highly efficient automotive diode rectifier full automatic assembly machine 4. RFID wireless radio frequency high productivity multi-lane chip mounter 5. Light sensor 5-side synchronous vision inspection system

(IV) Long and Short-Term Business Development Plans

1. Short-Term Business Development Plans

(1) Diversify product sales markets to reduce dependence on a single customer.

(2) Effectively manage the progress of product outsourcing and flexible scheduling to shorten delivery times and increase customer satisfaction.

(3) Implement ISO quality management effectively to establish a comprehensive and efficient quality assurance system, with the aim of developing markets with a high-quality image.

(4) Maintain close contact with material suppliers to increase their support, shorten the procurement cycle, speed up production in the factory, meet customer delivery requirements, and increase customer satisfaction.

(5) Continuously develop new Design House customers with ATE's existing product lines, assist in providing solutions and competitive proposals, increase the user base of test platforms, and integrate Design Houses with upstream and downstream OSATs.

(6) Develop new customer groups for new ATE product lines (S300, MIX2, AVI80, etc.) and provide customers with competitive solutions.

(7) Promote and continuously develop new product lines (Burn-In Tester), and cooperate with domestic Tier One reliability laboratories on the Burn-in Tester product line.

(8) In response to the impact of geopolitics, actively expand cooperation with OSATs in Southeast Asia and overseas.

(9) Establish localized production and manufacturing in mainland China to prevent the risk of being unable to export to the mainland due to geopolitical turmoil.

2. Long-Term Business Development Plans

(1) Strengthen customer support operations to assist customers in solving problems and maintain long-term cooperative relationships with customers.

(2) In line with rapid product changes, introduce expanded outsourcing services (standard test platforms, SLT, Burn-in Ovens), develop customers in other industries, and expand business scale.

(3) Continuously develop Taiwan's IC semiconductor testing and expand overseas customers in Europe, America, and Japan.

(4) Expand the business scope of electronic tag outsourcing, such as printing and coding. Provide customers with overall solutions to maintain long-term cooperation with customers.

(5) Increase equipment and expand business scale for stable gross profit margin growth.

(6) Develop partners for the third category of semiconductor test equipment and accelerate the development of high-voltage and high-current solutions to expand the testable range of existing ATE Testers.

(7) Continuously develop high-speed test equipment to meet the increasing computing and transmission speeds of high-end products such as GPUs, CPUs, AI, and various interfaces.

(8) Obtain support from domestic and overseas First Tier customers to jointly validate high-wattage Burn-in Testers, and after successful validation, introduce the equipment into cooperating reliability laboratories and OSAT factories.

(9) Establish overseas sales teams and actively and continuously visit high-end product customers to promote and lay the groundwork for the upcoming high-frequency ATE Testers and high-wattage Burn-in Testers.

(10) Leveraging the company's outsourcing production experience and ATE equipment's communication capabilities (SECS/GEM), develop automated production and unmanned factory solutions, and further provide integrated factory output sales solutions.

In the medium to long term, the US-China trade war continues to have an impact, and there are still variables in the overall global economy, end-user demand, semiconductor strategies in Europe, America, and mainland China, which require continued observation of subsequent impacts.

II. Market and Production Overview

(I) Market Analysis

1. Main Sales Regions for Products

Unit:NT$ thousands

Sales region	2021		2022		2023	
	Sales volume	%	Sales volume	%	Sales volume	%
Domestic sales	4,019,726	76.99	3,250,739	70.67	2,209,259	59.54
Export sales	1,201,694	23.01	1,349,303	29.33	1,501,493	40.46
Total	5,221,420	100.00	4,600,042	100.00	3,710,752	100.00

The main targets of our company's product sales and processing services are domestic semiconductor packaging and testing companies and passive component manufacturers, etc. As most of the IC design companies in the consumer electronics industry are located domestically, most of our company's customers are domestic companies and companies in mainland China. However, with the trend of internationalization in the semiconductor market, expanding the proportion of overseas customers is the direction of future efforts.

2. Future Market Supply and Demand and Growth

(1) Testing Outsourcing Services

According to statistics from the well-known industrial research institute TSIA, Taiwan's IC industry output value in 2023 will reach NT$4,342.8 billion, a decrease of 10.2% compared to 2022. Of this, the IC testing industry is NT$190.6 billion, a decrease of 12.8% compared to 2022.

In 2024, as demand stabilizes, IC design customers have already begun to place orders cautiously since 2023. The market is now scrambling for orders to ensure sufficient inventory sales. Under conservative production, it will be difficult to achieve new operational highs in 2024, and maintaining stable production will already be an achievement. However, with the rise of applications such as 5G, automotive, AI, and IoT, demand remains strong, making up for some of the shortfalls from moderate adjustments in certain product applications. Therefore, with varying demand across different products, and the impact of external uncertainties, the semiconductor industry still needs to continue monitoring the subsequent impacts in 2023.

(2) Inspection Outsourcing, RFID Outsourcing Services

<u>LED</u>

TrendForce's latest "Gold+ Member Market Report: Global LED Industry Database and LED Company Quarterly Updates" data shows that the ongoing Russia-Ukraine war has led to rising raw material prices and inflation. China's pandemic lockdown policies have also contributed to weak consumer market demand and rising inventory levels for end products. According to TrendForce's analysis, the LED market output value in 2022 will significantly decline to $14.214 billion (-19% YoY). Apart from the Mini LED backlight market growing by more than 40%, general lighting, architectural lighting, agricultural lighting, and ultraviolet LEDs have seen larger declines.

Looking through 2023, although the overall economy remains weak with many uncertainties, it is expected that by the end of 2Q23, end product inventory levels will return to normal levels, driving order development. Therefore, it is projected that the LED market output value will show single-digit growth in 2023.

Looking to the future, with the introduction of Micro LED in wearable devices, automotive displays, and large displays; the gradual ramp-up of Mini LED displays; continued penetration of automotive LEDs; stable growth of HDR/Mini LED automotive displays; increased demand for energy-saving agricultural lighting; and further expansion of LED display applications, TrendForce estimates that the LED market output value will grow to $21.013 billion by 2027, with a compound annual growth rate of 8% between 2022 and 2027. In the future, with the development of Micro/Mini LED technology, LED manufacturers will gradually move towards producing on 6/8-inch wafers. Major manufacturers include Nichia, ams OSRAM, Epistar, Everlight, Samsung LED, Sanan, and Huacan. TrendForce's analysis shows that the proportion of 6-inch and above GaN LED wafer production will reach 5% in 2022 and could potentially reach 15% by 2027.

TrendForce highlights the following growth applications with market potential:

A. Micro LED applications: Wearable devices have low PPI requirements, and the high brightness demand creates a niche in the outdoor market, making Micro LED a suitable next mass production application after large displays. TrendForce believes the real appeal of Micro LED combined with Apple Watch lies in integrating display and sensing components to a new level, reshaping the market positioning of the Watch product and establishing a solid foundation for creating new demand.

B. Automotive LED market: Looking through 2023, affected by overall economic weakness, the expiration of China's vehicle purchase tax cut at the end of 2022 (with no clear policy for 2023), global vehicle shipments are expected to show only single-digit growth. However, the penetration of advanced technologies such as Adaptive Driving Beam (ADB), Logo Lamps, (Smart) Ambient Lighting, Mini LED taillights, and Mini LED/HDR automotive displays is expected to drive growth in the automotive LED market in 2023.

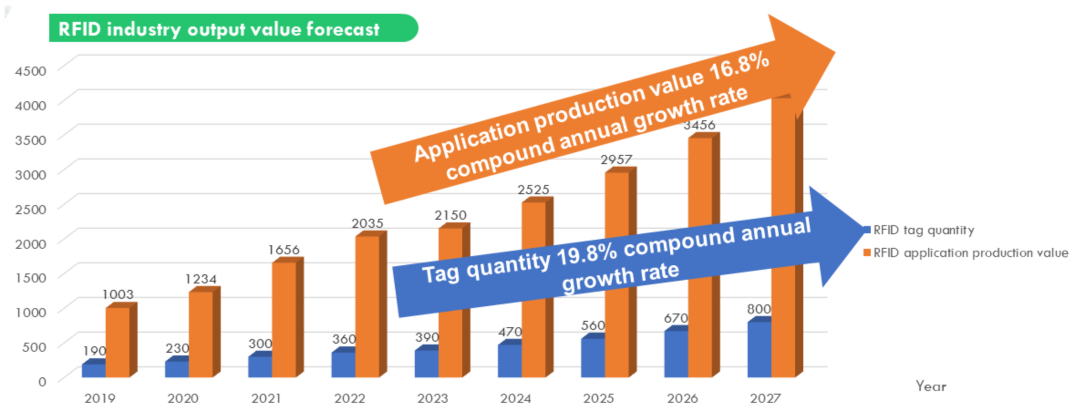
C. LED displays: Looking through 2023, global display panel inventory is expected to be digested by 2Q23. As demand in the Chinese market gradually recovers, visibility for display LED orders will improve. However, due to economic weakness in Europe and the US, the LED display market size is expected to achieve only single-digit growth in 2023. In the long run, display demands from markets such as virtual production, corporate meetings and educational spaces, control rooms, and sporting events will drive the growth of the LED display market.

D. Benefiting from high-end market and special project demand in China, Mini LED display (COB) manufacturers such as Samsung, LG Electronics, Leyard, Absen, BOE, Ledman, MTC, Cedar, CREATELED, and HCP are building production capacity, steadily driving Mini LED COB technology growth and yield improvement. This, however, also impacts the long-term development of the Indoor Small Pitch LED packaging market output value.

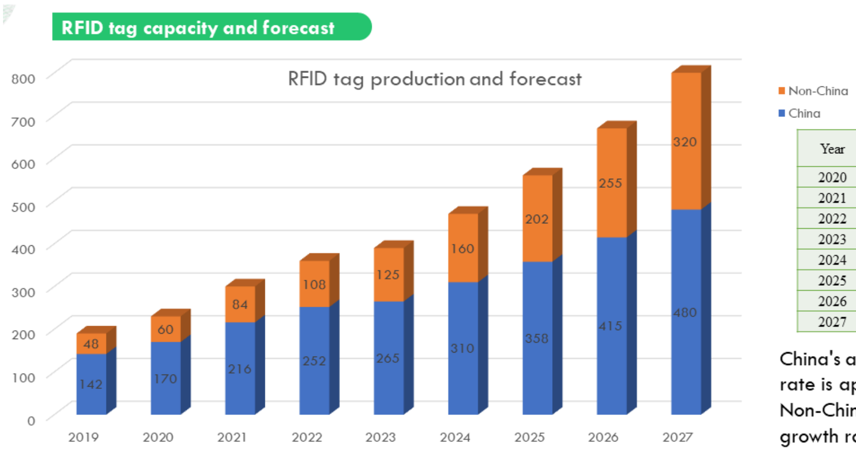
E. Agricultural lighting: With the demand for energy-saving and high-efficiency LED agricultural lighting in greenhouses/vertical farms, and the diversification of crop varieties as agricultural lighting technology matures, TrendForce estimates that the agricultural lighting LED market size will have a compound annual growth rate of 11% from 2022 to 2027.

F. Non-visible light market: Looking ahead to 2023, with the easing of China's pandemic policies, previously planned UV-C LED market applications may have the opportunity to roll out again. Additionally, with brands like Sony and Apple introducing augmented/virtual reality products equipped with eye-tracking technology, the European New Car Assessment Programme (Euro NCAP) planning to introduce an Active Driver Monitoring System in 2023 and fully implement it in 2025, and the next-generation Photoplethysmography (PPG) being introduced in smartwatches with new biometric functions such as body hydration, blood glucose, blood lipids, and blood alcohol concentration monitoring (in addition to existing heart rate and blood oxygen monitoring), the number of emitting and receiving elements used is expected to continue to increase, driving the IR LED market output value.

<u>RFID</u>

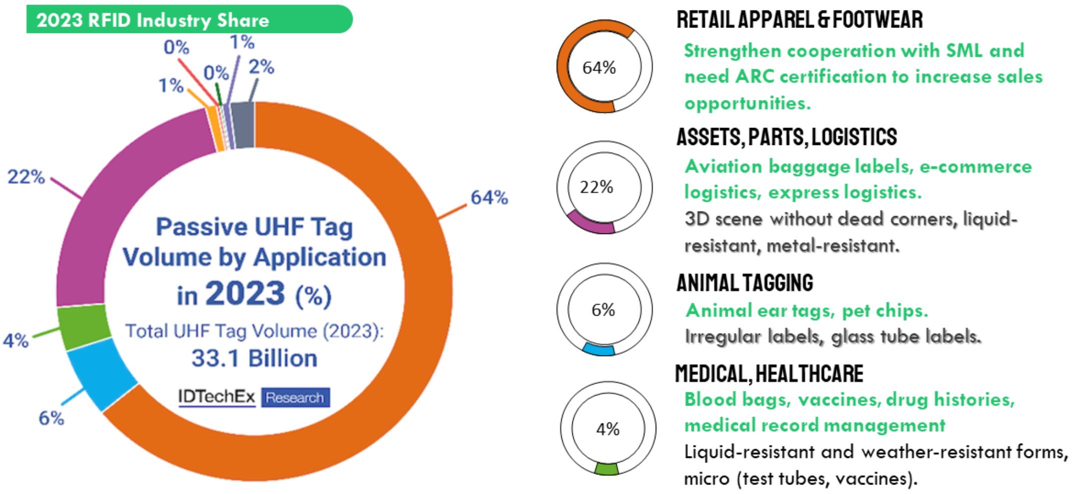


Taking the average tag price of 1 yuan as an example, the application value is more than 5 times the tag price.



Year	China growth rate	Non-China growth rate
2020	20%	25%
2021	27%	40%
2022	17%	29%
2023	5%	16%
2024	17%	28%
2025	15%	26%
2026	16%	26%
2027	16%	25%

China's annual compound growth rate is approximately 15%
Non-China annual compound growth rate is approximately 25%



<u>RFID Electronic Tags</u>

A. According to a report jointly released by Cainiao Global Express and the China Apparel and Innovation Research Institute titled "The Application of RFID in the Fast-Moving Consumer Goods Industry," the report shows that in 2024, China's ultra-high frequency RFID market is expected to reach 21.5 billion yuan. The global ultra-high frequency RFID tag market is growing steadily, and it is expected that in the next few years, global ultra-high frequency RFID tag shipments will maintain an annual growth rate of 10-20%. The production capacity of global ultra-high frequency RFID tags is concentrated in China, accounting for 60%-70% of the global ultra-high frequency RFID tag output. This is because, as a major manufacturing country, China is one of the major garment production bases for Europe and the United States. To support the industrial chain, China has also undertaken a large amount of low-value-added processing and manufacturing in the midstream of RFID. However, the demand market for China's ultra-high frequency RFID products is not booming, and its application is still in the initial stage. Foreign brands have a higher acceptance of RFID tags. With the rise of domestic brands and the increase in value-added in the garment industry, the application of RFID in China is expected to further improve.

B. According to data released by China's State Post Bureau, in 2023, the express delivery business volume reached 132 billion pieces, with an annual growth of around 10 billion pieces since 2021. With Cainiao Global Express(Alibaba's logistics business) laying out its market, it is preparing to introduce RFID into its express delivery business. Cainiao has a market share of over 50% in China's express delivery terminal market. After the actual introduction of RFID tags in the express delivery terminal, the annual quantity will see a significant increase.

(3) Test Equipment

Influenced by geopolitics, various countries continue to introduce new measures:

United States: August 2022 CHIPS and Science Act, October 2022 Department of Commerce announces new ban, October 2023 est expanding CHIPS Act and strengthening controls on sales of advanced chip manufacturing equipment and graphics chips to Chinese companies.

European Union: September 2023 European Union Chips Act officially takes effect.

South Korea: May 2022 K-Semiconductor War.

Japan: June 2021 Semiconductor Strategy Revival Plan, December 2023 long-term tax reduction plan for the semiconductor and other sectors.

China: The second phase of the Integrated Circuit National Fund worth 200 billion yuan (USD 28.5 billion), new infrastructure, Science and Technology Innovation Board, policies to promote the high-quality development of the integrated circuit industry and software industry in the new era, 14th Five-Year Plan (promoting the research and industrialization of large-size silicon wafers for third-generation semiconductors and power electronics, advancing the manufacturing of upstream electronic-grade polysilicon, and addressing the shortcomings in key areas such as basic components including silicon wafers for integrated circuits).

A. Overall, the IC manufacturing industry is expected to benefit from the demand driven by AI, high-performance computing, and automotive applications, and is likely to recover in 2024. It is estimated that the annual growth rate of Taiwan's IC manufacturing industry in 2024 will reach 14.3%. Although the first quarter of 2024 will still be in the off-season, it is expected that April 2024 will be the observation point to confirm whether there will be restocking in May and June during the peak season. However, it is still necessary to observe the pace of market demand recovery, as well as the development of inflation and geopolitical situations.

B. With the increasing use of GPUs, ASICs, communication equipment, and high-bandwidth DRAM, the sales of AI semiconductors in the downstream industrial, consumer electronics, and computing sectors are growing rapidly.

C. Advanced Driver Assistance Systems (ADAS) and Automotive Infotainment Systems will be the two main drivers for the development of automotive semiconductors. The compound annual growth rate of ADAS will reach 19.8%, accounting for 30% of the automotive semiconductor market in 2023. Infotainment will be the second-largest segment in the automotive semiconductor market. Overall, more and more automotive electronics will rely on chips, resulting in long-term and robust demand for semiconductors.

D. The memory market will show strong recovery momentum in 2024. The memory market has been in decline for two consecutive years, with a nearly 40% drop in 2023. In 2024, the rebound will be strong, with an estimated compound annual growth rate of over 5% by 2027.

E. The inventory level of OLED panel driver ICs is low, and this type of IC is transitioning from 40nm to 28nm production, with 28nm being the most robust process among mature processes in terms of capacity demand.

F. Mainland China has a high share of global semiconductor packaging and testing value, providing a large space for domestication of testing equipment. According to SIA data from 2021, mainland China accounted for 38% of the global semiconductor packaging and testing segment, making its market position more important than weaker segments like wafer fabrication and chip design, and providing a huge opportunity for domestication of testing equipment.

G. Some IDM companies are facing chip inventory issues in the automotive and industrial control sectors, so industry inventory clearance may continue until the second quarter of 2024.

(II) Major Product Uses and Manufacturing Processes

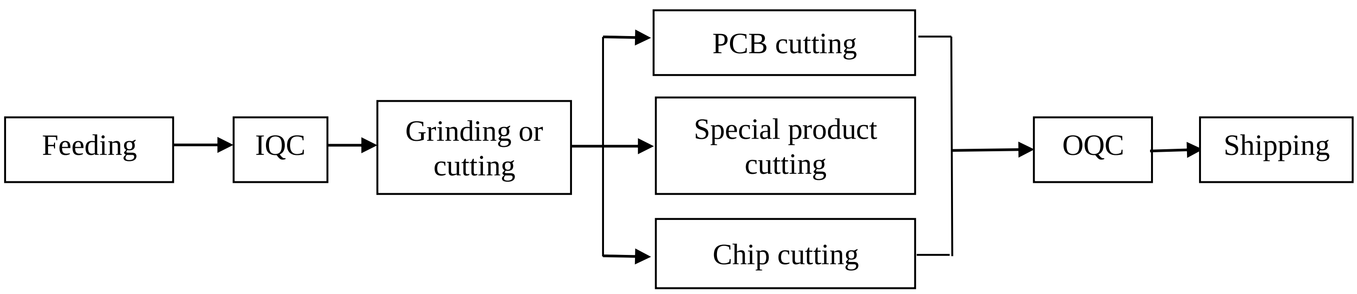
1. Major Product Uses

Major products or services	Important uses or functions
Wafers dicing and inspection services	Cut wafers into chips and perform screening and inspection.
Substrate dicing services	Mainly involves cutting substrates used for LED and PPTC production into particles to meet subsequent process requirements.
Wafer packaging and testing services	Primarily involves inspecting and packaging ICs for defects in the wafers themselves.
Final product testing services	Primarily involves verifying semiconductor component functionality, speed, tolerance, power consumption, emissions, and other characteristics against standards.
Inspection services	AOI and inspection services for LED & VSCEL products.
RFID outsourcing services	Outsourcing services for RFID Dry Inlay & Wet Inlay.
RFID electronic tags	1. Anti-counterfeiting: Each product has a unique RFID electronic tag that records all information about the product from the source manufacturer to the sales terminal. By scanning, detailed information records are generated.

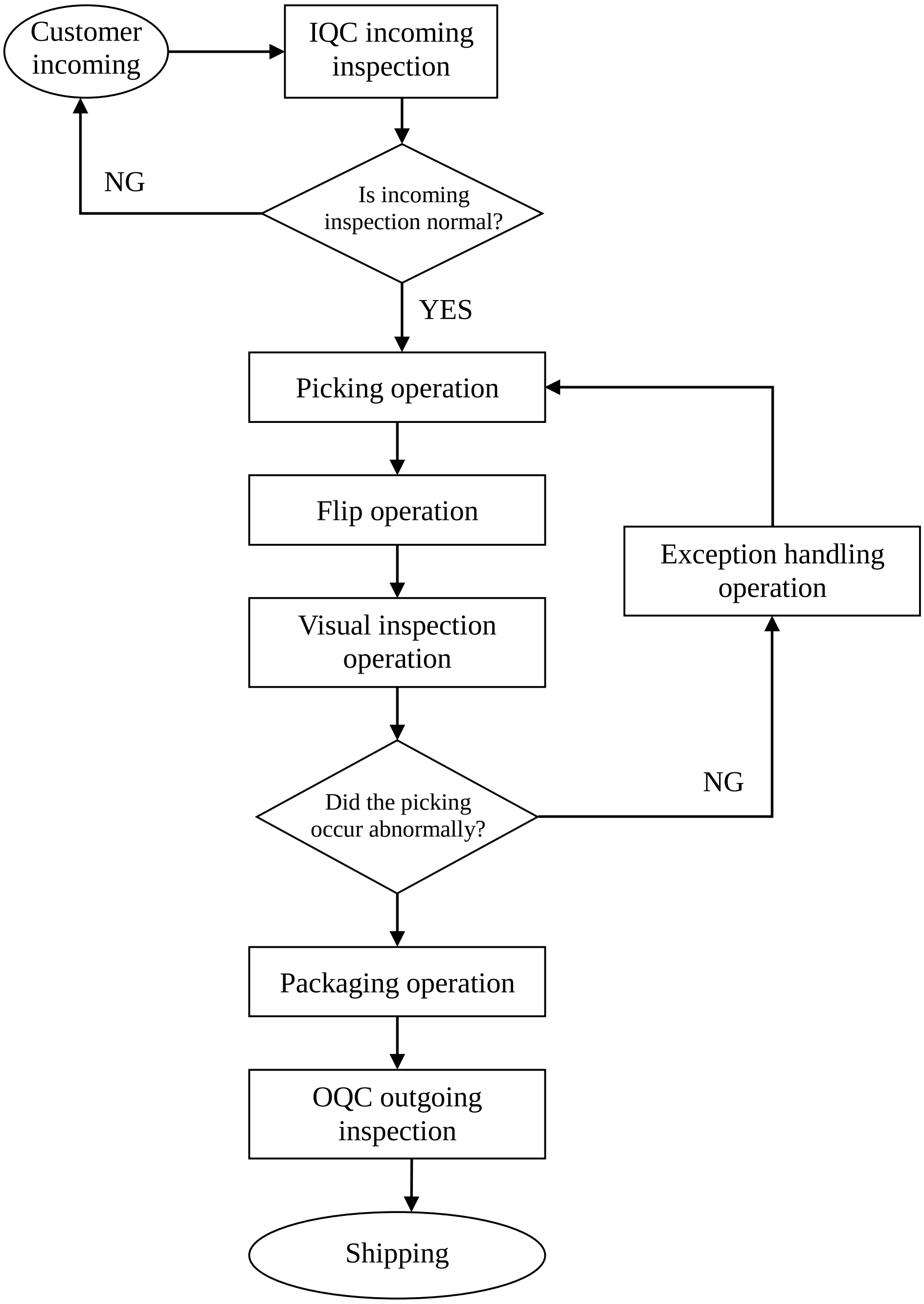
Major products or services	Important uses or functions
	2. Production line management: RFID electronic tags on the production line can conveniently and accurately record process information and process operation information, meeting the needs of flexible production. The records of worker numbers, time, operations, and quality inspection results can fully realize production traceability. It can also avoid mistakes caused by handwriting and visual information in the production environment. 3. Warehouse management: RFID electronic tags can effectively solve the information management of warehouse goods. You can instantly understand the location and storage status of goods. It plays an important role in improving warehouse efficiency and guiding production. 4. Valuable item management: Used for anti-theft, settlement, and after-sales guarantee of valuable items such as cameras, video cameras, laptops, CD players, jewelry, etc. RFID tags are attached or embedded in product packaging. Dedicated shelf scanners will instantly scan the goods to obtain real-time product records. 5. Book management, rental product management: By attaching electronic tags to books, you can conveniently receive book information and organize books without moving them, improving work efficiency and avoiding errors.
Machinery and equipment	1. The full-function IC tester is mainly suitable for engineering and mass production testing, with functions such as Function Pattern, DC and AC parameter measurement, test statistics reports, etc. 2. The IC & optoelectronic picking machine inspects through image data after wafer testing. Its multiple detection systems provide advanced inspection of chips, and then its precise picking and sorting system automatically identifies and collects good and bad chips. 3. The IC packaging machine (WLCSP) inspects through image data of wafers. Its multiple detection systems inspect the appearance of chips (6 sides), and then its precise testing system identifies good and bad chips. According to customer requirements, good chips are packaged in various forms (Reel & Tray). 4. The six-sided external inspection machine (AOI) uses six or eight CCD cameras to inspect six sides of the product and classify the product according to customer's appearance standards (passive components/LEDs).

2. Manufacturing Process

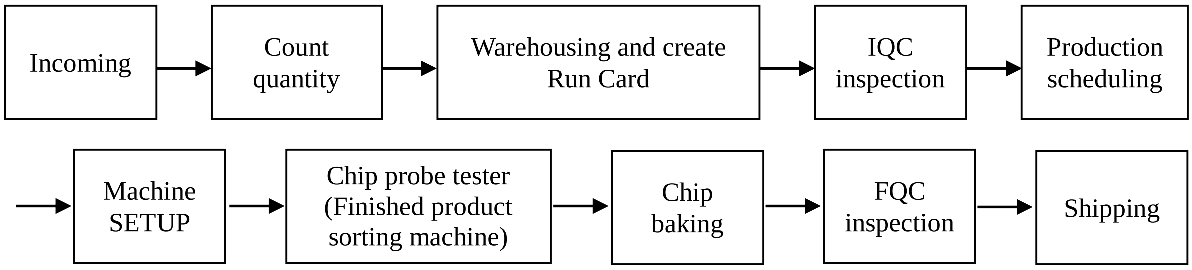
(1) Cutting



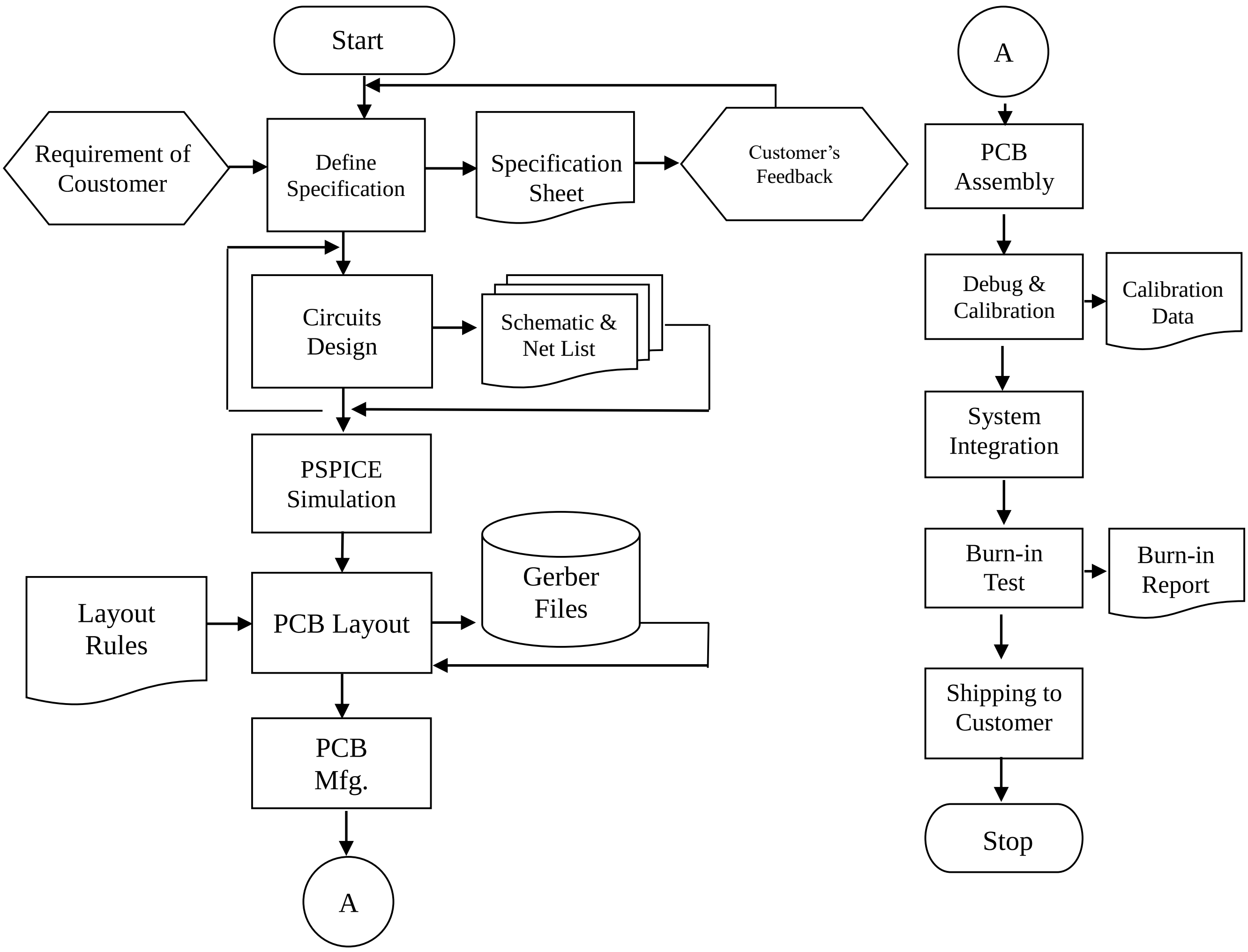
(2) Optoelectronic Picking



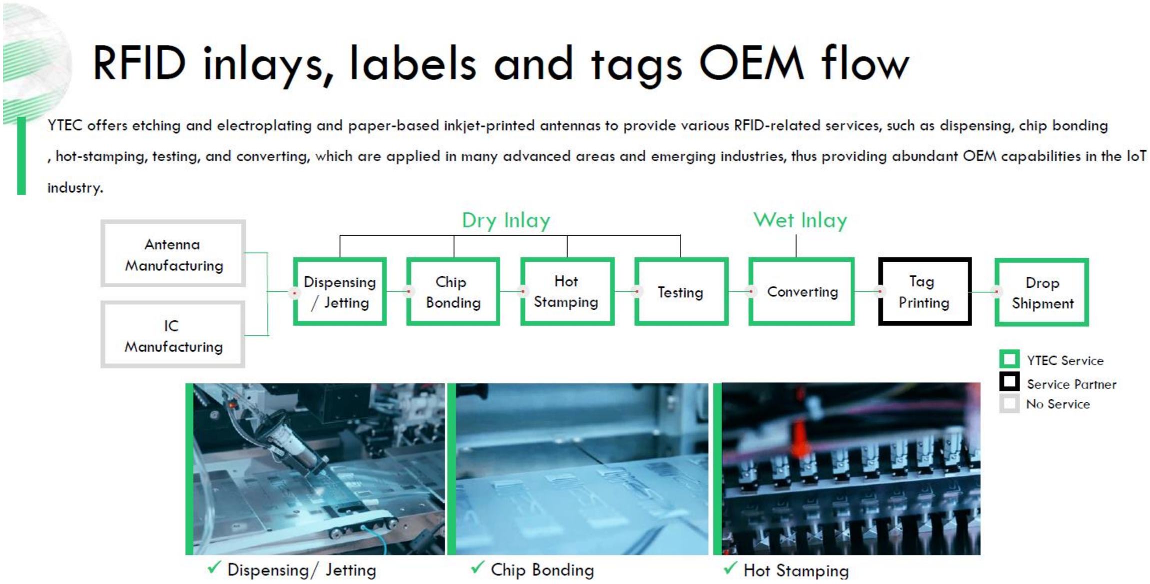
(3) Testing



(4) Machinery and Equipment



(5) RFID



(III) Supply Status of Main Raw Materials

The main raw materials used by the Company are ICs, capacitors, resistors, printed circuit boards, power supplies, and mechanical components for assembly machinery and equipment. All raw materials are obtained from stable and long-term cooperative suppliers, so the quality of procurement and delivery schedules are satisfactory.

(IV) Any Customer That Accounted for More Than 10% of Total Sales in any Single Year Over the Last Two Years

1. Major Suppliers

Unit:NT$ thousands

2022				2023				Up until the previous quarter of 2024			
Name	Amount	Percentage of net purchase amount for the entire year(%)	Relationship with Issuers	Name	Amount	Percentage of net purchase amount for the entire year(%)	Relationship with Issuers	Name	Amount	Percentage of net purchase amount up to the previous quarter for the current year	Relationship with Issuers
Company A	187,430	16.15		Company A	102,495	14.29		Company A	11,603	4.22	
Company B	137,745	11.87	-	Company B	56,900	7.93	-	Company B	14,492	5.27	-
Company C	52,800	4.55	-	Company C	41,400	5.77	-	Company C	25,074	9.12	-
Others	782,270	67.43	-	Others	516,410	72.01	-	Others	223,682	81.39	-
Net amount of goods purchased	1,160,245	100.00			717,205	100.00		Net amount of goods purchased	274,851	100.00	

2. Main Sales Customers

Unit: NT$ thousands

2022				2023				Up until the previous quarter of 2024			
Name	Amount	Percentage of net Sales amount for the entire year(%)	Relationship with Issuers	Name	Amount	Percentage of net Sales amount for the entire year(%)	Relationship with Issuers	Name	Amount	Percentage of net purchase amount up to the previous quarter for the current year(%)	Relationship with Issuers
Others	4,600,042	100.00	-	Others	3,710,751	100.00		Others	937,128	100.00	-
Net amount of Sales	4,600,042	100.00		Net amount of Sales	3,710,751	100.00		Net amount of Sales	937,128	100.00	

In the recent two years, the Company has not had any customers accounting for more than 10% of total sales revenue.

(V) Production Volume Values for the Recent Two Years

Unit: NT$ thousands/thousands of pieces/thousands of sets

Year / Production Volume Value / Main Product	2022			2023		
	Capacity	Output	Output value	Capacity	Output	Output value
Test Outsourcing	852,427	724,563	1,547,580	727,961	582,369	1,326,151
Outsourced cutting and inspection	8,675,732	5,205,439	742,267	3,932,382	1,966,191	600,850
Sales of assembly and other products	-	7	688,601	-	80	735,324
Total	9,528,159	5,930,009	2,978,449	4,660,343	2,548,640	2,662,325

(VI) Production Volume Values for the Recent Two Years

Unit: NT$ thousands/thousands of pieces/thousands of sets

Year / Production Volume Value / Main Product	2022				2023			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Quantity	Quality	Quantity	Quality	Quantity	Quality	Quantity	Quality
Test Outsourcing	598,924	1,922,782	125,639	467,366	426,416	1,522,639	155,953	325,752
Outsourced cutting and inspection	1,384,030	811,983	3,821,409	334,406	1,009,250	559,032	956,941	278,433
Sales of assembly and other products	4	515,974	3	547,531	26	127,588	54	897,308
Total	1,982,958	3,250,739	3,947,051	1,349,303	1,435,692	2,209,259	1,112,948	1,501,493

III. Personnel Information

Information on Employees for the Past Two Years and Up to the Printing Date of the Annual Report

Unit: People

Year		2022	2023	As of April 30, 2024
Amount of personnel	Manager	59	56	57
	Researchers	155	163	171
	Business Sales	31	40	38
	General Employees	437	430	427
	Direct Employees	635	553	550
	Total	1,317	1,242	1,243
Average age(years)		37.3	38.2	38.16
Average years of working(years)		6.87	7.63	7.68
Distribution of educational qualifications	PhD	0.2%	0.2%	0.1%
	Master’s Degree	11.2%	12.4%	12.5%
	College/University	64.2%	63.2%	64.6%
	High school	20.4%	20.1%	18.7%
	Below high school	4.1%	4.1%	4.1%

IV. Environmental Protection Expenditure Information

(I) In accordance with legal regulations, if a permit for installing pollution facilities or a pollution discharge permit is required, or pollution prevention fees should be paid, or a dedicated environmental protection unit and personnel should be established, an explanation of the application, payment, or establishment situation should be provided:

Our Putian Plant is engaged in the operations of optoelectronic materials, etc., and discharges wastewater into surface water bodies. On March 10, 2023, in accordance with the law, the dedicated wastewater personnel was changed from Class A to Class B, and the Hsinchu City Environmental Protection Bureau approved this change.

(II) Regarding the company’s major equipment investments for pollution prevention and their purposes and potential benefits: None.

(III) In the past two years and up to the date of the printing of the annual report, the company’s progress in improving environmental pollution, and if there were any pollution disputes, an explanation of the handling process should be provided:

The company has not had any pollution disputes in the past two years and up to the date of the printing of the annual report.

(IV) In the past two years and up to the date of the printing of the annual report, the total amount of losses suffered by the company due to environmental pollution, penalties, and future response policies and possible expenditures (including estimated losses, penalties, and compensations if no countermeasures are taken; if a reasonable estimate cannot be made, the fact that a reasonable estimate cannot be made should be stated):

The company has not had any pollution disputes in the past two years and up to the date of the printing of the annual report.

(V) Current pollution status and its impact on the company's profitability, competitive position, or capital expenditures, and expected significant environmental protection capital expenditures for the next two years: None.

(VI) Information related to the European Union's Restriction of Hazardous Substances (RoHS) Directive:

YoungTek Electronics' primary goal is to satisfy customers. In addition to continuously monitoring external regulatory requirements for hazardous substances, the company also obtained the IECQ QC080000 system certification in January 2011 and established control procedures for the management of hazardous substances to prevent pollution and ensure the continuous provision of products that meet customer requirements. The company has also introduced the European Union's environmental directives (RoHS) into its production processes to comply with customer and international environmental regulations.

V. Labor-Management Relations

(I) Employee Benefits, Retirement System and its Implementation, as Well as the Agreement and Measures for Protecting Employee Rights:

1. The Company contributes 6% of employees' salaries monthly to their individual retirement accounts at the Labor Insurance Bureau (new system) in accordance with the Labor Pension Act. In addition to the fixed 6% contribution by the employer, employees can also choose to make voluntary contributions to their personal retirement accounts. The Company's total contribution in 2023 was NT$40,215,000.

2. The Company has established a retirement policy in accordance with the Labor Standards Act, which applies to the service years of all formal employees before the implementation of the new system on July 1, 2005, and to those who choose to continue calculating their subsequent service years under the old system after the new system was implemented. The Company contributes 2% of the total salary amount monthly to a retirement fund account under the name of the Labor Retirement Reserve Supervision Committee at the Bank of Taiwan. At the end of each year, the Company estimates the balance of the labor retirement reserve account. If the balance is insufficient to pay the estimated retirement payments for the following year, the Company will make a lump-sum contribution to cover the

shortfall by the end of March of the following year. The Company's total contribution to the retirement fund in 2023 was NT$11,193,000.

3. The Company provides labor and health insurance, paid leave, free group insurance, health check-ups, quarterly bonuses, year-end bonuses, employee profit-sharing, marriage/funeral subsidies, annual trips, year-end parties and lucky draws, department gathering subsidies, and family days.

4. The Company grants year-end bonuses and performance bonuses based on the overall operation, department performance, and individual performance evaluations.

5. The Company has established an Employee Welfare Committee in accordance with the Employee Welfare Fund Act, regularly contributing welfare funds to provide employee benefits such as holiday vouchers, birthday vouchers, marriage/funeral subsidies, and subsidizing club activities like badminton, basketball, board games, and pop music clubs.

6. The Company holds labor-management meetings at least once every three months to provide a channel for expression and promote positive communication and maintain good labor-management relations.

7. To protect employee safety and workplace safety, in addition to holding regular occupational safety and health committee meetings, the Company has established the "Workplace Sexual Harassment Prevention, Appeal, and Disciplinary Measures" and the "Prevention Plan for Illegal Infringement during Job Duties" to prevent all employees from suffering physical or mental harm from others while performing their duties. Measures are also in place to properly prevent and handle workplace violence incidents to ensure employee physical and mental health. The "Labor Maternity Health Protection Implementation Measures" provide a safe, hygienic, healthy, and friendly workplace environment for pregnant, postpartum, and nursing employees to ensure the physical and mental health of female employees during pregnancy, childbirth, and nursing periods, thus achieving maternity labor health protection.

(II) Losses Due to Labor Disputes in the Past two Years and Estimated Future Amounts and Response Measures:

The Company's management recognizes that employees are the foundation for creating profits and has always valued labor-management relations. As a result, there have been no labor disputes or losses due to labor disputes, and it is not expected that labor disputes or losses will occur in the future.

(III) Employee Training and Education Expenditures

1. The Company formulates annual training plans each year based on the needs of employees, managers, and the Company, including training for new hires (pre-job training) and on-the-job training (skill upgrades and reinforcement training).

(1) New Employee Training: To help new employees quickly understand the knowledge required for the company and their work, the training unit arranges joint education and training on company organization, policies, business philosophy, company products, quality policies, environment, as well as labor safety and health education, fire safety awareness training. Each unit also provides pre-job training based on work requirements.

(2) On-the-job training: Supervisors provide timely guidance and instruction to their subordinates in the workplace. Additionally, all employees receive internal and external training based on work requirements. The company also periodically organizes management courses, professional courses, and general education lectures, and subsidizes language courses for employees to enhance their overall knowledge and work abilities.

2. Statistics and Expenditures on Employee Education and Training in 2023:

Type of Education and Training	**In-House Training**	**External Training**
Trainees	6,439 (Persons)	198 (Persons)
Expenditure	1,736 (Thousand NTD)	151 (Thousand NTD)
Main Courses Name	1. Orientation for new employees 2. Five core tool trainings: APQP (2nd edition)/CP&PPAP (4th edition) 3. Five core tool trainings: AIAG&VDA FMEA (1st edition) 4. Tool Status Code and Change Rule (Introduction to basic equipment status definitions) 5. AEO Authorized Economic Operator in Supply Chain Security 6. EQ Performance and Indexes (Introduction to equipment performance index definitions) 7. Five core tool trainings: MSA Measurement System Analysis (4th edition) / SPC Statistical Process Control (2nd edition) 8. Production Performance Indexes (OPAS Operational Performance Analysis - Definition of management indicators) 9. IATF 16949 Automotive Industry Process Audit (VDA6.3) Training 10. IATF 16949 Automotive Industry Process Audit (VDA6.5) Training 11. Overall Equipment Effectiveness (OPAS Operational Performance Analysis - Introduction to Overall Equipment Effectiveness definition) 12. Internal process promotion 13. TCA deployment and leadership development 14. Communication and Expression Skills	1. Basic CUDA Programming 2. “Company Law and Company Registration Practices” On-site Seminar 3. “Information Security Protection” and “Cloud Security” Audit Practices Seminar 4. “Manufacturing Materials System” Audit Practices 5. 2023 Global Semiconductor Market Trend Focus 6. [TSIA 2023Q3 IC Industry Dynamics Observation and Outlook and Special Topics] Seminar 7. Upstream Supply Chain Risk and Crisis Management 8. Contract Negotiation Skills - From Confidentiality, Procurement, Distribution Agency Contracts and Beyond 9. Regenerative Medicine and Technology Applications 10. Electronic Cooling Component Design and New Cooling Technologies 11. Job Description and Manpower/Competency Inventory and Training/Learning Map Applications (JDW) 12. 2023 Corporate Governance Evaluation Promotion Course

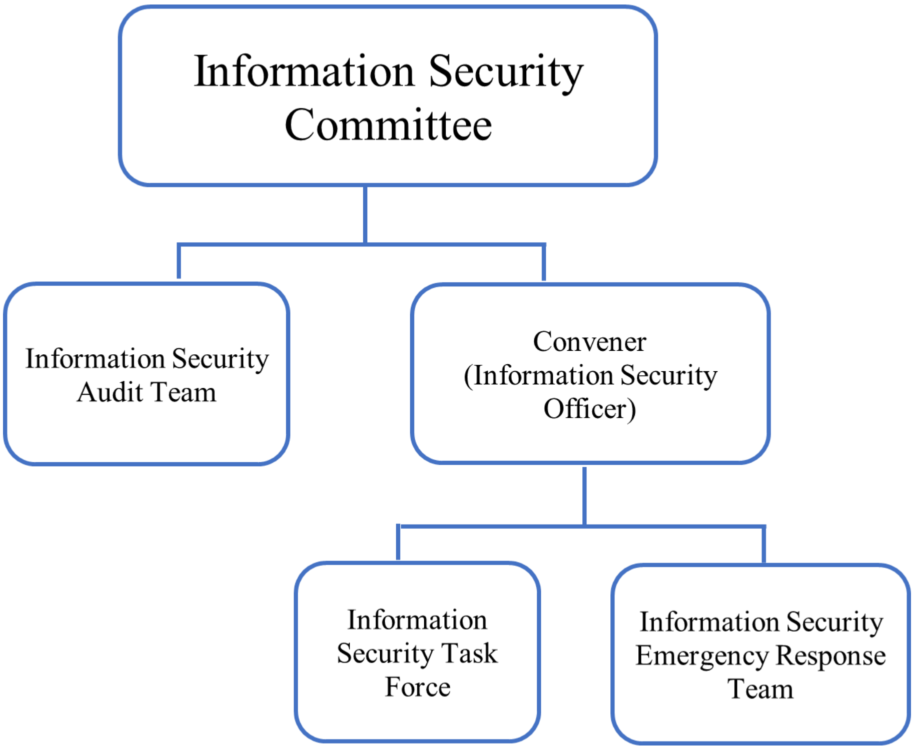
Type of Education and Training	In-House Training	External Training
	15. CIT Continuous Improvement Activities 16. Labor Standards Act Seminar 17. Disaster Prevention and Response Education and Training (First/Second Half of the Year) 18. Health and Fitness 19. ANSI ESD S20.20 Clause Training 20. ISO 26262:2018 Functional Safety Concept training program 21. IATF 16949 Five Core Tools Training - MSA 22. Team Consensus Camp / AP+KR Consensus Camp 23. Occupational Safety and Health Education and Training 24. ANSI ESD S20.20 Internal Auditor Training 25. RBA Training Courses	13. 2023 Occupational Injury and Illness Prevention and Protection Promotion Session 14. 2023 Promotion Session for Assisting Workplace Injury Workers to Return to Work 15. 2023 Management and Evaluation and Disciplinary Action Briefing for the R&D Alternative Military Service System 16. 2023 Labor Retirement System and Law Explanation Session 17. 2023 Water Conservation Education and Training for Park Companies 18. 2023 Workplace Equality and Sexual Harassment Prevention Seminar and Workplace Childcare Explanation 19. 2023 Semicon Taiwan 20. 5G/AIoT Artificial Intelligence Internet of Things Innovation Technology and Applications 21. AI and Enterprise Human-Machine Interaction Application Innovation Integration 22. Financial Analysis Indicators Interpretation and Business Risk Prevention 23. Process Equipment SECS and GEM Connection Technology (Hsinchu Class) 24. Wide Bandgap Device Technology and Future Application Trends International Industry Forum

VI. Data Security Management

(I) Describing the information and communication security risk management framework, information and communication security policies, specific management plans, and resources invested in information and communication security management, etc.

1. Information and Communication Security Risk Management Framework:

   According to the ISO27001:2022 version document number: ISMS-B-001 Information Security Organizational Management Procedure



The Information Technology Department (Information Security) is responsible for coordinating and implementing the company's information security policies, promoting information security messages, enhancing employees' information security and self-protection awareness, and regularly reporting information security achievements to the Deputy General Manager. It also audits and evaluates the effectiveness of the company's internal controls on information operations, and in order to protect the confidentiality, integrity and availability of information, establishes a "proactive information security detection and defense" architecture to avoid the risk of unauthorized use, damage or leakage of information.

2. Information and communication security policy: Strengthen personnel awareness, avoid data leakage, implement daily operations, and ensure service availability.

   According to the purpose of the information security policy, the information security objectives are as follows:

   (1) Regularly conduct information security education and training for all employees (for AEO), promote and strengthen employees' awareness of information security and their understanding of related responsibilities.

   (2) Protect the company's important information, prevent unauthorized access and modification, and ensure its accuracy and completeness.

   (3) Conduct internal audits regularly to ensure that relevant operations are being properly implemented.

   (4) Ensure that the company's critical core systems maintain a certain level of system availability.

3. Specific management plans and resources invested in information and communication security management are as follows:

   (1) Network hardware devices such as firewalls, email anti-virus, spam filters, blocking of malicious websites and messages, website filtering, and managed switches.

   (2) Software systems such as endpoint protection systems, backup management software, VPN authentication and encryption software, etc.

   (3) Telecommunication services such as multiple lines, off-site backup services, intrusion prevention services, etc.

   (4) Investment in human resources, daily system status checks, weekly regular backups and off-site storage of backup media, at least four information security training courses per year, annual system disaster recovery drills, and annual internal and external (certified public accountants: Deloitte & Touche) audits of information cycles.

   (5) Information security personnel: One information security supervisor and two information security staff members, responsible for information security architecture design, information security operations and monitoring, information security incident response and investigation, information security policy review and revision. The head of the information technology department regularly reports to the vice president.

(II) List Any Significant Losses, Potential Impacts, and Countermeasures due to Major Information and Communication Security Incidents in the Most Recent Fiscal Year and up to the Date of Printing of the Annual Report. If a Reasonable Estimate Cannot Be Made, Explain why a Reasonable Estimate Is not Possible: None.

VII. List the Parties, Main Contents, Restrictive Clauses, and Effective Periods of Existing and Expired Supply, Sales, Technical Cooperation, Engineering, Long-Term Loan, and Other Important Contracts That May Affect Shareholders' Equity as of the Date of Printing of the Annual Report: None.

Chapter 6 Finance Overview

I. Condensed Balance Sheets for the Last Five Years, Income Statements, and Auditors' Views

(I) Simplified Balance Sheet and Consolidated Statements of Comprehensive Income

1. Condensed Consolidated Balance Sheet

Unit: NT$ thousands

Items \ Year		Financial data for the most recent 5 years (Note 1)					Current year as of March 31, 2024 financial data (Note 4)
		2023	2023	2023	2023	2023	
Current assets		4,482,162	4,510,081	5,199,893	5,263,360	5,100,076	5,428,984
Property, plant and equipment		1,860,944	2,349,705	2,554,221	2,432,808	2,224,535	2,098,745
Intangible assets		44,877	38,697	32,605	30,842	30,213	32,057
Other assets		793,920	984,418	1,118,483	952,956	952,817	953,212
Total assets		7,181,903	7,882,901	8,905,202	8,679,966	8,307,641	8,512,998
Current liabilities	Before distribution	630,992	1,067,796	1,723,478	1,516,398	1,088,226	1,802,811
	After distribution	1,016,486	1,581,788	2,365,968	2,158,888	Note 2	Note 3
Non-current liabilities		202,968	116,180	305,836	126,504	303,698	195,678
Total liabilities	Before distribution	833,960	1,183,976	2,029,314	1,642,902	1,391,924	1,988,489
	After distribution	1,219,454	1,697,968	2,671,804	2,285,392	Note 2	Note 3
Equity attributable to owners of the parent company		5,781,186	6,009,915	6,692,399	6,815,074	6,699,342	6,289,983
Share capital		1,284,980	1,284,980	1,284,980	1,284,980	1,284,980	1,284,980
Capital surplus		2,428,030	2,449,818	2,461,818	2,454,456	2,439,724	2,440,706
Retained earnings	Before distribution	2,179,013	2,293,477	2,872,457	3,108,333	2,992,423	2,592,548
	After distribution	1,793,519	1,779,485	2,229,967	2,465,843	Note 2	Note 3
Other equity interest		(110,837)	(18,360)	73,144	(32,695)	(17,785)	(19,251)
Treasury shares		-	-	-	-	-	-
Non-controlling interests		181,263	175,018	183,489	221,990	216,375	215,526
Total equity	Before distribution	5,962,449	6,184,933	6,875,888	7,037,064	6,915,717	6,514,509
	After distribution	5,576,955	5,670,941	6,233,398	6,394,574	Note 2	Note 3

Note 1: The above financial information has been audited or reviewed by an accountant.
Note 2: The surplus for 2023 has been resolved by the Board of Directors, but has not yet been resolved for allocation by the shareholders' meeting.
Note 3: The surplus for the first quarter of 2024 has been resolved by the Board of Directors, but has not yet been resolved for allocation by the shareholders' meeting.

2. Condensed Consolidated Statements of Comprehensive Income

Unit: NT$ thousands

Item \ Year	Financial data for the recent 5 years (Note 1)					Current year as of March 31, 2024 financial data (Note 3)
	2023	2023	2023	2023	2023(Note 2)	
Operating Revenue	3,232,841	3,503,969	5,221,420	4,600,042	3,710,751	937,128
Gross Profit	828,005	1,126,662	2,025,286	1,621,593	1,048,426	276,599
Operating income (loss)	423,130	690,263	1,393,472	1,043,572	555,600	102,329
Non-operating income and expenses	119,768	(19,211)	(2,688)	103,657	8,882	46,436
Profit before tax	542,898	671,052	1,390,784	1,147,229	564,482	148,765
Net income for the period from continuing operations	422,254	520,692	1,089,669	890,041	523,953	111,726
Loss from discontinued operations	-	-	-	-	-	(7,017)
Net profit(Loss) for the period	422,254	520,692	1,089,669	890,041	523,953	104,709
Other comprehensive income/loss for the period(net of tax)	(49,194)	65,498	103,278	(79,013)	11,922	7,093
Total comprehensive income for the period	373,060	586,190	1,192,947	811,028	535,875	111,802
Net profit attributable to owners of the parent company	402,544	529,542	1,080,084	854,180	526,019	114,117
Net profit attributable to non-controlling interests	19,710	(8,850)	9,585	35,861	(2,066)	(9,408)
Total comprehensive income attributable to the owners of the parent company	360,890	592,435	1,184,476	772,527	541,490	112,651
Total comprehensive income attributable to non-controlling interests	12,170	(6,245)	8,471	38,501	(5,615)	(849)
Earnings per Share	3.13	4.12	8.41	6.65	4.09	0.89

Note 1: The above financial information has been audited or reviewed by an accountant.
Note 2: The surplus for 2023 has been resolved by the Board of Directors, but has not yet been resolved for allocation by the shareholders' meeting.
Note 3: The surplus for the first quarter of 2024 has been resolved by the Board of Directors, but has not yet been resolved for allocation by the shareholders' meeting.

(II) Concise Balance Sheet and Consolidated Income Statement Data - Individual

1. Concise Balance Sheet - Individual

Unit: NT$ thousands

Items \ Year		Financial data for the most recent 5 years (Note 1)				
		2023	2023	2023	2023	2023 (Note 2)
Current assets		3,568,624	3,575,330	4,248,200	4,236,679	4,383,609
Property, plant and equipment		1,263,074	1,865,877	2,176,609	2,142,683	2,064,240
Intangible assets		41,459	36,291	31,355	30,177	29,901
Other assets		1,596,856	1,696,581	1,765,271	1,538,196	1,387,308
Total assets		6,470,013	7,174,079	8,221,435	7,947,735	7,865,058
Current liabilities	Before distribution	636,590	1,048,679	1,361,601	1,006,157	1,008,844
	After distribution	1,022,084	1,562,671	2,004,091	1,648,647	(Note 2)
Non-current liabilities		52,237	115,485	167,435	126,504	156,872
Total liabilities	Before distribution	688,827	1,164,164	1,529,036	1,132,661	1,165,716
	After distribution	1,074,321	1,678,156	2,171,526	1,775,151	(Note 2)
Share capital		1,284,980	1,284,980	1,284,980	1,284,980	1,284,980
Capital surplus		2,428,030	2,449,818	2,461,818	2,454,456	2,439,724
Retained earnings	Before distribution	2,179,013	2,293,477	2,872,457	3,108,333	2,992,423
	After distribution	1,793,519	1,779,485	2,229,967	2,465,843	(Note 2)
Other equity interest		(110,837)	(18,360)	73,144	(32,695)	(17,785)
Treasury shares		-	-	-	-	-
Total equity	Before distribution	5,781,186	6,009,915	6,692,399	6,815,074	6,699,342
	After distribution	5,395,692	5,495,923	6,049,909	6,172,584	(Note 2)

Note 1: The above financial information has been audited or reviewed by an accountant.
Note 2: The surplus for 2023 has been resolved by the Board of Directors, but has not yet been resolved for allocation by the shareholders' meeting.

2. Concise Consolidated Income Statement - Individual

Unit: NT$ thousands

Items \ Year	Financial data for the most recent 5 years (Note 1)				
	2023	2023	2023	2023	2023(Note 2)
Operating Revenue	2,722,359	3,120,402	4,720,773	3,920,554	3,413,268
Gross Profit	923,164	1,231,704	1,950,080	1,493,914	1,084,041
Operating income (loss)	579,298	852,456	1,457,258	1,008,736	596,722
Non-operating income and expenses	(63,255)	(175,911)	(91,639)	82,896	(24,101)
Profit before tax	516,043	676,545	1,365,619	1,091,632	572,621
Net income for the period from continuing operations	402,544	529,542	1,080,084	854,180	526,019
Loss from discontinued operations	-	-	-	-	-
Net profit(Loss) for the period	402,544	529,542	1,080,084	854,180	526,019
Other comprehensive income/loss for the period(net of tax)	(41,654)	62,893	104,392	(81,653)	15,471
Total comprehensive income for the period	360,890	592,435	1,184,476	772,527	541,490
Earnings per Share	3.13	4.12	8.41	6.65	4.09

Note 1: The above financial information has been audited or reviewed by an accountant.
Note 2: The surplus for the first quarter of 2024 has been resolved by the Board of Directors, but has not yet been resolved for allocation by the shareholders' meeting.

(III) The Names of the Certified Public Accountants and Their Audit Opinions for the Recent Five Years

Year	Accounting Firm Name	Accountant Name	Audit Opinion
2019	Deloitte & Touche	Su-Li Fang, Ming-Hui Chen	Unqualified opinion plus other matters paragraph (Note 1)
2020	Deloitte & Touche	Su-Li Fang, Ming-Hui Chen	Unqualified opinion plus other matters paragraph (Note 1)
2021	Deloitte & Touche	Su-Li Fang, Ming-Hui Chen	Unqualified opinion plus other matters paragraph (Note 1)
2022	Deloitte & Touche	Su-Li Fang, Tung-Hui Yeh	Unqualified opinion plus other matters paragraph (Note 1)
2023	Deloitte & Touche	Ya-Yun Chang, Tung-Hui Yeh	Unqualified opinion plus other matters paragraph (Note 1)

Note 1: Included in the consolidated financial statements from 2019 to 2023, some of the financial statements of the investees accounted for using the equity method were not audited by Deloitte & Touche, but by other certified public accountants.
Note 2: Starting from the first quarter of 2023, the principal auditor has been changed from Su-Li Fang to Ya-Yun Chang.

(IV) If There Has Been a Change in the Certified Public Accountant in the Last Five Years, the Company, the Former and the Succeeding Certified Public Accountants Should Explain the Reasons for the Change: Not applicable.

II. Financial Analysis Over the Last Five Years

(I) Financial Analysis

Analysis Item (Note 3)	Year (Note 1)	Financial analysis over the last five years - Consolidated					For the year ended March 31, 2024 (Note 2)
		2023	2023	2023	2023	2023	
Financial structure (%)	Debt-to-asset ratio	16.98	21.54	22.79	18.93	16.75	23.48
	Long-term fund to property, plant and equipment ratio	331.31	268.17	284.25	294.46	324.54	319.72
Solvency (%)	Current ratio	440.95	285.13	301.71	347.10	468.66	301.14
	Quick ratio	386.63	237.09	243.13	273.60	356.85	230.65
	Interest coverage	26.13	74.77	229.71	102.52	31.55	103.87
Operating capability	Receivables turnover (times)	3.03	3.28	4.17	4.19	3.69	3.23
	Average collection period	120.46	111.28	87.53	87.11	98.91	113
	Inventory turnover (times)	4.57	4.50	4.31	3.16	2.69	2.61
	Payables turnover (times)	7.13	5.27	5.65	5.99	7.11	7.02
	Average sales days	79.86	81.11	84.69	115.50	135.68	139.85
	Property, plant and equipment turnover (times)	1.63	1.66	2.14	1.84	1.59	1.73
	Total asset turnover (times)	0.44	0.47	0.62	0.52	0.44	0.45
Profitability	Return on assets(%)	5.92	7.01	13.04	10.23	6.34	1.26
	Return on equity (%)	7.07	8.57	16.69	12.79	7.51	1.56
	Ratio of pre-tax income to paid-in capital (%) (Note 7)	42.25	52.22	108.23	89.28	43.93	11.03
	Net profit margin (%)	13.06	14.86	20.87	19.35	14.12	11.17
	Earnings per Share(NT$)	3.13	4.12	8.41	6.65	4.09	0.89
Cash Flow	Cash Flow Ratio(%)	126.86	34.47	67.23	85.72	47.72	11.05
	Cash Flow Adequacy Ratio(%)	134.43	123.03	107.38	107.44	96.11	84.61
	Cash reinvestment ratio (%)	7.68	1.34	4.95	4.76	(0.87)	1.59
Leverage	Operating Leverage	1.95	1.40	1.31	1.41	1.90	1.98
	Financial Leverage	105.38	101.34	100.44	101.09	103.44	101.37

Please explain the reasons for the changes in each financial ratio for the most recent two years. (If the increase or decrease is less than 20%, no analysis is required)

1. Increase in current ratio and quick ratio: Mainly due to the decrease in current liabilities (borrowings) in 2023
2. Decrease in interest coverage ratio, return on assets, return on equity, ratio of pretax net income to paid-in capital, earnings per share, and net profit margin: Mainly due to the decrease in net income after tax, net operating income, pretax net income, and net income attributable to owners of the parent company in 2023.
3. Decrease in cash flow ratio and cash reinvestment ratio: Mainly due to the decrease in net cash flow from operating activities in 2023.

Analysis Item(Note 3) / Year(Note 1)		Financial analysis over the last five years - Individual				
		2023	2023	2023	2023	2023
Financial structure(%)	Debt-to-asset ratio	10.65	16.23	18.60	14.25	14.82
	Long-term fund to property, plant and equipment ratio	461.84	328.29	319.21	323.97	323.97
Solvency(%)	Current ratio	560.58	340.94	312.00	421.08	434.52
	Quick ratio	485.92	277.17	246.20	319.56	343.04
	Interest coverage	335.66	294.13	564.84	291.40	117.91
Operating capability	Receivables turnover (times)	2.85	3.39	4.57	4.48	3.31
	Average collection period	127.89	107.67	79.87	81.47	110.27
	Inventory turnover (times)	3.91	4.11	4.25	2.87	2.87
	Payables turnover (times)	6.50	5.23	5.41	6.53	8.21
	Average sales days	93.26	88.81	85.88	127.18	127.18
	Property, plant and equipment turnover (times)	2.16	1.99	2.35	1.82	1.62
	Total asset turnover (times)	0.41	0.46	0.61	0.48	0.43
Profitability	Return on assets(%)	6.13	7.79	14.06	10.60	6.70
	Return on equity (%)	6.95	8.98	17.01	12.65	7.78
	Ratio of pre-tax income to paid-in capital (%) (Note 7)	40.16	52.65	106.28	84.95	44.56
	Net profit margin (%)	14.79	16.97	22.88	21.79	15.41
	Earnings per Share(NT$)	3.13	4.12	8.41	6.65	4.09
Cash Flow	Cash Flow Ratio(%)	167.23	60.75	74.76	133.23	47.97
	Cash Flow Adequacy Ratio(%)	134.10	128.47	111.69	106.94	91.78
	Cash reinvestment ratio (%)	6.94	2.51	4.64	6.02	(1.36)
Leverage	Operating Leverage	1.53	1.37	1.28	1.42	1.90
	Financial Leverage	100.27	100.27	100.17	100.37	100.83

Please explain the reasons for the changes in each financial ratio for the most recent two years. (If the increase or decrease is less than 20%, no analysis is required)

1. Accounts receivable turnover rate decreased: Mainly due to the decrease in net sales in 2023.
2. Interest coverage ratio, return on assets, return on equity, ratio of pre-tax net profit to paid-in capital, net profit margin, and earnings per share: Mainly due to the decrease in net income after tax, net operating income, pretax net income, and net income attributable to owners of the parent company in 2023.
3. Cash flow ratio and cash reinvestment ratio decreased: Mainly due to the decrease in net cash flow from operating activities in 2023.
4. Increase the operating leverage: Mainly due to the decrease in operating profit from operating activities in 2023.

Note 1: The financial data for the above years has been audited or reviewed by an accountant.

Note 2: Listed companies or companies whose stocks are traded over-the-counter should also include the financial data for the current year up to the previous quarter before the printing date of the annual report in the analysis.

Note 3: The following calculation formulas should be listed at the end of this table in the annual report:

1. Financial structure
   (1) Debt ratio = Total liabilities / Total assets.
   (2) Long-term fund to property, plant and equipment ratio = (Total equity + Non-current liabilities) / Net property, plant and equipment.
2. Solvency
   (1) Current ratio = Current assets / Current liabilities.
   (2) Quick ratio = (Current assets - Inventories - Prepaid expenses) / Current liabilities.
   (3) Interest coverage ratio = Income before income tax and interest expense / Interest expense for the period.
3. Operating capability
   (1) Receivables (including accounts receivable and notes receivable arising from operations) turnover ratio = Net sales / Average receivables (including accounts receivable and notes receivable arising from operations) balance.
   (2) Average collection days = 365 / Receivables turnover ratio.
   (3) Inventory turnover ratio = Cost of goods sold / Average inventory.
   (4) Payables (including accounts payable and notes payable arising from operations) turnover ratio = Cost of goods sold / Average payables (including accounts payable and notes payable arising from operations) balance.
   (5) Average days sales = 365 / Inventory turnover ratio.
   (6) Property, plant and equipment turnover ratio = Net sales / Average net property, plant and equipment.
   (7) Total asset turnover ratio = Net sales / Average total assets.
4. Profitability
   (1) Return on assets = [Net income after tax + Interest expense × (1 - Tax rate)] / Average total assets.
   (2) Return on equity = Net income after tax / Average total equity.
   (3) Net income ratio = Net income after tax / Net sales.
   (4) Earnings per share = (Net income attributable to owners of the parent - Preferred stock dividends) / Weighted average number of shares outstanding. (Note 4)
5. Cash Flow
   (1) Cash flow ratio = Net cash flow from operating activities / Current liabilities.
   (2) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent 5 years / (Capital expenditures + Increase in inventories + Cash dividends) for the most recent 5 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) (Note 5)
6. Leverage:
   (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses) / Operating income (Note 6).
   (2) Financial leverage = Operating income / (Operating income - Interest expenses).

Note 4: The following matters should be noted when calculating the earnings per share:

1. The weighted average number of common shares should be used, not the number of shares outstanding at year-end.
2. For cash capital increases or treasury stock transactions, the circulation period should be considered in calculating the weighted average number of shares.
3. For capitalization of retained earnings or capital reserves, the prior years' and interim earnings per share should be retroactively adjusted based on the capitalization ratio, without considering the issuance period of the capitalization.
4. If the preferred shares are non-convertible and cumulative, the dividends on preferred shares (whether paid or not) should be deducted from net income after tax or added to net loss after tax. If the preferred shares are non-cumulative, the preferred dividends should be deducted from net income after tax when there is net income after tax; no adjustment is needed when there is a loss.

Note 5: The following matters should be noted when analyzing cash flows:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows.
2. Capital expenditures refer to the annual cash outflow for capital investments.
3. Increase in inventories is included only when the ending balance exceeds the beginning balance; if inventories decrease at year-end, it is counted as zero.
4. Cash dividends include cash dividends on common and preferred shares.
5. Gross property, plant and equipment refers to the total amount of property, plant and equipment before deducting accumulated depreciation.

Note 6: The issuer should classify each operating cost and operating expense as fixed or variable based on its nature. If estimates or subjective judgments are involved, the reasonableness and consistency should be noted.

Note 7: If the company's shares have no par value or a par value other than NT$10, the aforementioned ratios involving paid-in capital should be calculated using the equity attributable to owners of the parent company in the balance sheet.

(II) Financial Analysis - Taiwan Accounting Standards for Business Entities: Not applicable.

III. The Company and its Affiliated Businesses Experienced Financial Turnover in the Recent Year and up Until the Date of the Annual Report's Printing. the Effects on the Company's Financial Situation Are Detailed: None.

IV. The Recent Annual Financial Report Audit Committee Review Report

YOUNGTEK ELECTRONICS CORP.

Audit Committee's Review Report

The consolidated financial statements and individual financial statements of Chuan Yuan Electronics Co., Ltd. for the year 2023 have been audited and completed by Deloitte & Touche, and an unqualified audit report has been issued (included in the aforementioned financial statements, some financial statements of investees accounted for using the equity method were not audited by Deloitte & Touche appointed by the Company, but were audited by other certified public accountants). It is considered that the Company's financial position, financial performance and cash flows are presented fairly. Together with the business report and profit distribution table, the Audit Committee has reviewed and found no discrepancies, and hereby reports in accordance with relevant laws and regulations.

To

YoungTek Electronics Corp.

Convener of the Audit Commitee: Meng-Hua Huang 黃夢華

March 14, 2024

V. The Most Recent Year's Financial Report: Including The Independent Auditors' Report, the Comparative Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows, and Notes or Schedules.

Stock code: 6261

YoungTek Electronics Corp. and Its Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report

For the Year Ended 2023 and 2022

Address: No. 13, Aly. 17, Ln. 99, Puding Rd., Hsinchu City, Taiwan

Telephone: (03)5711509

Notice to Reader

For the convenience of readers, this report has been translated into English from the original Chinese version. The English version has not been audited or reviewed by independent auditors. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Statement of Consolidated Financial Statements for Related Enterprises

For the year 2023 (from January 1, 2023 to December 31, 2023), the companies that should be included in the preparation of the consolidated financial statements of related enterprises in accordance with the "Principles for the Preparation of Consolidated Business Reports, Consolidated Financial Statements of Related Enterprises and Related Reports" are the same as the companies that should be included in the preparation of the parent-subsidiary consolidated financial statements in accordance with International Financial Reporting Standards No. 10. The relevant information that should be disclosed in the consolidated financial statements of related enterprises has been disclosed in the aforementioned parent-subsidiary consolidated financial statements, so no separate consolidated financial statements of related enterprises will be prepared.

Sincerely,

Company Name: YoungTek Electronics Corp.

Chairman: Ping-Lung Wang

March 14, 2024

Independent Auditors' Report

To: YoungTek Electronics Corp.,

Audit Opinion

The consolidated balance sheets of YoungTek Electronics Corp. and Its Subsidiaries as of December 31, **2023** and 2022, the consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the years ended December 31, 2023 and 2022, and notes to the consolidated financial statements (including a summary of significant accounting policies) have been audited by us.

In our opinion, based on our audit results and the audit reports of other auditors (please refer to the Other Matters section), the above consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretative Announcements approved and issued into effect by the Financial Supervisory Commission, and present fairly, in all material respects, the consolidated financial position of YoungTek Electronics Corp. and Its Subsidiaries as of December 31, 2023 and 2022, and their consolidated financial performance and consolidated cash flows for the years ended December 31, 2023 and 2022.

Basis of Audit Opinion

We have performed the audit work in accordance with the Regulations Governing the Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the consolidated financial statements section. The personnel of our firm subject to the independence rules have maintained independence from YoungTek Electronics Corp. and Its Subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant, and have fulfilled other responsibilities under the Code. The accountant believes that sufficient and appropriate audit evidence has been obtained to provide a basis for the audit opinion.

Key audit matter

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

This describes the key audit matters relating to the consolidated financial statements of YoungTek Electronics Corp. and Its Subsidiaries for the year 2023 as follows:

Recognition of Revenue

YoungTek Electronics Corp. and Its Subsidiaries have significant sales revenue, mainly from testing and processing, cutting and sorting processing, and machine assembly product sales. Please refer to Note 25 for details. Its self-developed products have higher gross margins. YoungTek Electronics Corp. is a listed company in Taiwan, and there may be an incentive to overstate revenue due to pressure from investors to grow its core business revenue. Therefore, the occurrence of the aforementioned sales is considered a key audit matter.

The auditor's audit procedures include (but are not limited to the following) evaluating the appropriateness of the revenue recognition accounting policies of YoungTek Electronics Corp. and Its Subsidiaries, understanding and testing the effectiveness of internal controls over the shipping process, and selecting samples to verify sales revenue related vouchers and checking for any abnormalities between sales targets and receipts or other documentation subjects.

Other matters

YoungTek Electronics Corp. has prepared the individual financial statements for 2023 and 2022, which have been audited by our certified public accountants and an unqualified opinion report with other matters paragraph has been issued for reference.

The consolidated financial statements included above were partially evaluated using the equity method based on the unaudited financial statements of invested companies, which were audited by other accountants. Therefore, with respect to the above consolidated financial statements, the opinion expressed by this accountant regarding the investment balances of the aforementioned companies evaluated using the equity method and their related shares of profit or loss was based on the audit reports of other accountants. As of December 31, 2023 and 2022, the investment balances of the aforementioned companies evaluated using the equity method were NT$27,566 thousand and NT$32,135 thousand, respectively, accounting for 0.33% and 0.37% of total consolidated assets, respectively. The shares of profit or loss of associates recognized using the equity method for the periods from January 1, 2023 to December 31, 2023 and from January 1, 2022 to December 31, 2022 were (NT$4,388) thousand and (NT$1,788) thousand, respectively, accounting for (0.78)% and (0.16)% of consolidated pre-tax net income, respectively.

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

The responsibility of management is to prepare consolidated financial statements that give a true and fair view in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretive Announcements endorsed and issued into effect by the Financial Supervisory Commission, and to maintain such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is also responsible for assessing the ability of YoungTek Electronics Corp. and Its Subsidiaries to continue as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless management intends to liquidate YoungTek Electronics Corp. and Its Subsidiaries or to cease operations, or has no realistic alternative but to do so.

YoungTek Electronics Corp. and Its Subsidiaries' governance units (including the Audit Committee) are responsible for overseeing the consolidated financial reporting process.

Auditor's responsibility for auditing consolidated financial statements

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

The accountant applies professional judgment and maintains professional skepticism in accordance with auditing standards during the audit. The accountant also performs the following tasks:

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of YoungTek Electronics Corp. and Its Subsidiaries.

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

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

the auditor's report. However, future events or conditions may cause YoungTek Electronics Corp. and Its Subsidiaries to cease to continue as a going concern.

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

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

The matters communicated with those charged with governance include the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during the audit.

The accountant also provides the governance entity with a statement that the personnel of the firm to which the accountant belongs have complied with the independence requirements of the Code of Ethics for Professional Accountants, and communicates with the governance entity about all relationships and other matters (including relevant safeguards) that could reasonably be thought to bear on the accountant's independence.

From the matters communicated with those charged with governance, we determine the key audit matters for the audit of the consolidated financial statements of YoungTek Electronics Corp. and Its Subsidiaries for the year 2023. We describe these matters in our auditor's report unless the law precludes public disclosure about the matter or, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche
Accountant Ya-Yun Chang

Accountant Tung-Hui Yeh

The approval document number from the Financial Supervisory Commission is: Financial Supervisory Commission Securities Examination No. 1110348898

The approval document number from the Financial Supervisory Commission is: Financial Supervisory Commission Securities Examination No. 0980032818

March 14, 2024

<u>*Notice to Reader*</u>

For the convenience of readers, this report has been translated into English from the original Chinese version. The English version has not been audited or reviewed by independent auditors. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

YOUNGTEK ELECTRONICS CORP. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2023 and 2022

Unit: NT$ thousands

Code	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 4 and 6)	$ 2,640,259	32	$ 3,088,125	36
1120	Current financial assets measured at fair value through other comprehensive income (Note 4 and 8)	62,204	1	39,898	-
1136	Current financial assets measured at amortized cost (Note 4, 9 and 34)	-	-	165,314	2
1170	Notes and accounts receivable (Note 4, 5, 10 and 25)	1,071,862	13	782,543	9
1180	Notes and accounts receivable due from related parties (Note 4 and 33)	93,208	1	63,580	1
1200	Other receivables (Note 10)	15,765	-	8,458	-
1210	other receivables – related parties (Note 33)	-	-	988	-
130X	Inventories (Note 4, 5, 11 and 30)	990,387	12	986,959	11
1470	Other current assets (Note 18)	226,391	2	127,495	2
11XX	Total amount of current assets	5,100,076	61	5,263,360	61
	Non-current assets				
1510	Financial assets measured at fair value through profit or loss (Note 4 and 7)	14,824	-	-	-
1517	Non-current financial assets measured at fair value through other comprehensive income (Note 4 and 8)	425,733	5	423,530	5
1535	Non-current financial assets measured at amortized cost (Note 4, 9 and 34)	20,950	-	17,595	-
1550	Investments accounted for using equity method (Note 4 and 13)	163,558	2	198,118	2
1600	Property, plant and equipment (Note 4, 14, 30,33 and 34)	2,224,535	27	2,432,808	28
1755	right-of-use asset (Note 4, 15 and 30)	200,226	3	165,236	2
1760	Net amount of investment property (Note 4, 16 and 30)	1,687	-	21,971	-
1780	Intangible assets (Note 4, 17 and 30)	30,213	1	30,842	1
1840	Deferred income tax assets (Note 4 and 27)	75,401	1	82,115	1
1915	Prepayments for business facilities	20,355	-	15,771	-
1975	Net defined benefit asset (Note 4 and 23)	26,977	-	15,001	-
1990	Other non-current assets (Note 18 and 33)	3,106	-	13,619	-
15XX	Total amount of non-current assets	3,207,565	39	3,416,606	39
1XXX	Total assets	$ 8,307,641	100	$ 8,679,966	100

Code	Liabilities and equities	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities				
2100	Short-term borrowings (Note 19)	$ -	-	$ 149,280	2
2130	Current contract liability (Note 4 and 25)	171,960	2	71,031	1
2170	Notes and accounts payable (Note 20)	326,257	4	422,286	5
2180	Accounts payable to related parties (Note 33)	15	-	-	-
2219	Other payables (Note 21 and 33)	393,749	5	513,067	6
2230	Current tax liabilities (Note 4 and 27)	158,437	2	150,694	2
2250	Current provisions (Note 4 and 22)	5,974	-	25,399	-
2280	Current lease liabilities (Note 4, 15 and 33)	20,818	-	18,320	-
	Current portion of long-term loans payable (Note 19)	-	-	153,549	2
2320	Other current liabilities (Note 21)	11,016	-	12,772	-
2399	Total amount of current liabilities	1,088,226	13	1,516,398	18
21XX					
	Non-current liabilities				
2540	Long-term borrowings (Note 19 and 34)	141,761	2	-	-
2580	Non-current lease liabilities (Note 4, 15 and 33)	154,853	2	119,420	1
2645	Guarantee deposits received	7,084	-	7,084	-
25XX	Total amount of non-current liabilities	303,698	4	126,504	1
2XXX	Total liabilities	1,391,924	17	1,642,902	19
	Equity attributable to owners of the Company (Note 24)				
	Share capital				
3110	Ordinary share	1,284,980	16	1,284,980	15
3200	Capital surplus	2,439,724	29	2,454,456	28
	Retained earnings				
3310	Legal reserve	1,155,550	14	1,067,713	12
3320	Special reserve	32,695	-	-	-
3350	Undistributed earnings	1,804,178	22	2,040,620	24
3300	Total amount of retained earnings	2,992,423	36	3,108,333	36
3400	Other equity interest	(17,785)	-	(32,695)	(1)
31XX	Total equity of owners of the company	6,699,342	81	6,815,074	78
36XX	Non-controlling interests (Note 12 and 24)	216,375	2	221,990	3
3XXX	Total equity	6,915,717	83	7,037,064	81
	Total liabilities and equities	$ 8,307,641	100	$ 8,679,966	100

The accompanying notes are an integral part of these consolidated financial statements.
(Please refer to the audit report dated March 14, 2024 by Deloitte & Touche)

Chairman: Ping-Lung Wang **Manager: Wei-Tang Hsiao** **Chief Accountant: Chiao-Fen Chen**

YOUNGTEK ELECTRONICS CORP. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

January 1 to December 31, 2023 and 2022

Unit: NT$ thousands, except earnings per share which is NT$

		2023		2022	
Code		**Amount**	**%**	**Amount**	**%**
4000	Operating revenue (Note 4, 25 and 33)	$ 3,710,751	100	$ 4,600,042	100
5000	Operating costs (Note 11, 17, 23, 26 and 33)	2,662,325	72	2,978,449	65
5900	Gross profit	1,048,426	28	1,621,593	35
	Operating expenses (Note 10, 17, 23, 26 and 33)				
6100	Selling expenses	117,910	3	154,169	3
6200	Administrative expenses	171,679	5	250,692	5
6300	Research and development expense	328,373	9	361,065	8
6450	Gain on reversal of expected credit losses	(27,582)	(1)	(55,664)	(1)
6000	Total amount of operating expenses	590,380	16	710,262	15
6500	Net amount of other revenue and cost (Note 4, 26 and 33)	97,554	3	132,241	3
6900	Net operating income	555,600	15	1,043,572	23
	Non-operating income and expenses				
7100	Interest revenue (Note 4 and 26)	44,913	1	29,235	1
7010	Other revenue (Note 4, 26 and 33)	20,056	1	27,218	-
7020	Other gains and losses (Note 4 and 26)	(24,643)	(1)	55,645	1
7050	Finance costs (Note 26 and 33)	(18,476)	(1)	(11,300)	-
7060	Share of profit or loss of associates accounted for using equity method (Note 4 and 13)	(12,968)	-	2,859	-
7000	Total non-operating income and expenses	8,882	-	103,657	2
7900	Profit before tax	$ 564,482	15	$ 1,147,229	25
7950	Income tax expense (Note 4 and 27)	40,529	1	257,188	5
8200	Net profit for the year	523,953	14	890,041	20
	Other comprehensive income (Note 23 and 24)				
8310	Items that will not be reclassified to profit or loss:				
8311	Determine the re-measurement amount of the benefit plan	561	-	20,832	-
8316	Unrealized valuation gains and losses from investment in equity instrument measured at fair value through other comprehensive income	24,509	1	(114,215)	(2)
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	(13,148)	(1)	14,370	-
8300	Total amount of other comprehensive income	11,922	-	(79,013)	(2)
8500	Total comprehensive income for the year	$ 535,875	14	$ 811,028	18
	Net profit attributable to:				
8610	Owner of this company	$ 526,019	14	$ 854,180	18
8620	Non-controlling interests	(2,066)	-	35,861	1
8600		$ 523,953	14	$ 890,041	19
	Total comprehensive income attributable to:				
8710	Owner of this company	$ 541,490	14	$ 772,527	17
8720	Non-controlling interests	(5,615)	-	38,501	1
8700		$ 535,875	14	$ 811,028	18
	Earnings per Share (Note 28)				
9750	Basis point	$ 4.09		$ 6.65	
9850	Dilution	$ 4.05		$ 6.53	

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

(Please refer to the audit report of Deloitte & Touche on March 14, 2024)

Chairman: Ping-Lung Wang **Manager: Wei-Tang Hsiao** **Chief Accountant: Chiao-Fen Chen**

YOUNGTEK ELECTRONICS CORP. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

January 1 to December 31, 2023 and 2022

Unit: NT$ thousands, except earnings per share which is NT$

		Equity attributable to owners of the Company									
				Retained earnings			Other equity interest items				
Code		**Share capital**	**Capital surplus**	**Statutory reserves**	**Special reserve**	**Undistributed earnings**	**Exchange differences on translation of foreign financial statements**	**Unrealized gains and losses from financial assets measured at fair value through other comprehensive income**	**Total**	**Non-controlling interests**	**Total equity**
A1	Balance as of January 1, 2022	$ 1,284,980	$ 2,461,818	$ 958,416	$ 18,360	$ 1,895,681	($ 93,532)	$ 166,676	$ 6,692,399	$ 183,489	$ 6,875,888
	2021 surplus allocation:										
B1	Legal reserve	-	-	109,297	-	(109,297)	-	-	-	-	-
B3	Special reserve	-	-	-	(18,360)	18,360	-	-	-	-	-
B5	The Company's cash dividend for shareholders	-	-	-	-	(642,490)	-	-	(642,490)	-	(642,490)
C3	Recipient of a gift	-	39	-	-	-	-	-	39	-	39
C7	Amount of changes recognized using the equity method for associates	-	(7,401)	-	-	-	-	-	(7,401)	-	(7,401)
D1	Net profit from January 1, 2022 to December 31, 2022	-	-	-	-	854,180	-	-	854,180	35,861	890,041
D3	Other comprehensive income from January 1, 2022 to December 31, 2022	-	-	-	-	20,832	11,730	(114,215)	(81,653)	2,640	(79,013)
D5	Total comprehensive income from January 1, 2022 to December 31, 2022	-	-	-	-	875,012	11,730	(114,215)	772,527	38,501	811,028
Q1	Disposal of current equity investments measured at fair value through other comprehensive income	-	-	-	-	3,354	-	(3,354)	-	-	-
Z1	Balance on December 31, 2022	1,284,980	2,454,456	1,067,713	-	2,040,620	(81,802)	49,107	6,815,074	221,990	7,037,064
	2022 surplus allocation:										
B1	Legal reserve	-	-	87,837	-	(87,837)	-	-	-	-	-
B3	Special reserve	-	-	-	32,695	(32,695)	-	-	-	-	-
B5	The Company's cash dividend for shareholders	-	-	-	-	(642,490)	-	-	(642,490)	-	(642,490)
C3	Recipient of a gift	-	143	-	-	-	-	-	143	-	143
C7	Amount of changes recognized using the equity method for associates	-	(14,872)	-	-	-	-	-	(14,872)	-	(14,872)
C17	Distribution of overdue dividends that have been capitalized from capital surplus	-	(3)	-	-	-	-	-	(3)	-	(3)
D1	Net profit from January 1, 2023 to December 31, 2022	-	-	-	-	526,019	-	-	526,019	(2,066)	523,953
D3	Other comprehensive income from January 1, 2023 to December 31, 2022	-	-	-	-	561	(9,599)	24,509	15,471	(3,549)	11,922
D5	Total comprehensive income from January 1, 2023 to December 31, 2022	-	-	-	-	526,580	(9,599)	24,509	541,490	(5,615)	535,875
Z1	Balance on December 31, 2023	$ 1,284,980	$ 2,439,724	$ 1,155,550	$ 32,695	$ 1,804,178	($ 91,401)	$ 73,616	$ 6,699,342	$ 216,375	$ 6,915,717

The accompanying notes are an integral part of these consolidated financial statements.
(Please refer to the audit report of Deloitte & Touche on March 14, 2024)

Chairman: Ping-Lung Wang **Manager: Wei-Tang Hsiao** **Chief Accountant: Chiao-Fen Chen**

YOUNGTEK ELECTRONICS CORP. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

January 1 to December 31, 2023 and 2022

Unit: NT$ thousands

Code		2023	2022
	Cash flows from operating activities		
A10000	Net profit before tax for the year	$ 564,482	$ 1,147,229
A20010	Revenue expense and loss items:		
A20100	Depreciation expense	586,665	546,785
A20200	Amortization expense	11,340	9,359
A20300	Gain on reversal of expected credit losses	(27,582)	(55,664)
A20400	Net losses on financial assets measured at fair value through profit or loss	176	-
A20900	Financial costs	18,476	11,300
A21200	Interest revenue	(44,913)	(29,235)
A21300	Dividend revenue	(16,344)	(16,153)
A22300	Share of profit or loss of associates accounted for using equity method	12,968	(2,859)
A22500	Gains on disposals of property, plant and equipment	(51,195)	(80,611)
A23700	Impairment loss recognized in profit or loss, property, plant and equipment	-	109,616
A23700	Loss for market price decline and obsolete and slow-moving inventories	42,312	20,672
A24100	Net foreign exchange loss (gain)	19,686	(51,600)
A29900	Disposal of subsidiary losses	343	-
A29900	Lease modification gains	-	(508)
A30000	Net changes in operating assets and liabilities		
A31150	Notes and accounts receivable	(289,188)	609,046
A31160	Notes and accounts receivable due from related parties	(28,640)	(39,461)
A31180	Other receivables	(755)	15,486
A31200	Inventories	(85,808)	(313,358)
A31240	Other current assets	(99,239)	(16,973)
A32125	Contract liability	100,929	(29,530)
A32150	Notes and accounts payable	(90,777)	(151,473)
A32160	Accounts payable to related parties	15	(628)
A32180	Other payables	(78,522)	(92,159)
A32200	Provisions for liabilities	(19,425)	(5,527)
A32230	Other current liabilities	(1,756)	6,874
A32240	Net defined benefit liability	(11,415)	(10,666)
A33000	Cash flow from operations	511,833	1,579,962
A33100	Interest received	44,434	27,523
A33200	Dividend received	21,739	40,431
A33300	Interest paid	(18,379)	(11,423)
A33500	Income tax paid	(40,374)	(336,632)
AAAA	Net cash inflow from operating activities	519,253	1,299,861
	Cash flows from investing activities		
B00020	Sales of current financial assets measured at fair value through other comprehensive income	$ -	$ 18,673
B00040	Acquisition of financial assets at amortized cost	(3,355)	(17)
B00050	Disposal of financial assets at amortized cost	161,453	-
B00100	Acquisition of financial assets measured at fair value through profit or loss	(15,000)	-
B02700	Purchase of property, plant and equipment	(332,918)	(310,478)
B02800	Proceeds from disposal of non-current assets, plant and equipment	61,312	89,953
B03700	Increase of refundable deposit	(100)	(100)
B03800	Decrease of refundable deposit	2,113	-
B04500	Purchase of intangible assets	(9,057)	(7,573)
B06700	Decrease (increase) in other non-current assets	8,466	(8,466)
B07100	Increase (decrease) in prepaid equipment fees	(4,584)	6,510
BBBB	Net cash outflow from investing activities	(131,670)	(211,498)
	Cash flows from financing activities		
C00200	Decrease of short-term debt	(153,500)	-
C01600	Long-term borrowings	141,256	-
C01700	Repayment of long-term borrowings	(153,600)	-
C04020	Principal repayment of lease liabilities	(24,911)	(22,410)
C04500	Distributing cash dividends	(642,490)	(642,490)
C09900	Recipient of a gift	143	39
C09900	Payment of cash dividends transferred to capital surplus	(3)	-
CCCC	Net cash outflow from financing activities	(833,105)	(664,861)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(2,344)	71,810
EEEE	Net (decrease) increase in cash and cash equivalents	(447,866)	495,312
E00100	Beginning balance of cash and cash equivalents	3,088,125	2,592,813
E00200	Ending balance of cash and cash equivalents	$ 2,640,259	$ 3,088,125

The accompanying notes are an integral part of these consolidated financial statements.
(Please refer to the audit report dated March 14, 2024 by Deloitte & Touche)

Chairman: Ping-Lung Wang **Manager: Wei-Tang Hsiao** **Chief Accountant: Chiao-Fen Chen**

YOUNGTEK ELECTRONICS CORP. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 to December 31, 2023 and 2022

(Unless otherwise noted, amounts are in thousands of New Taiwan dollars)

1. Company History

YoungTek Electronics Corp. (hereinafter referred to as the Company or YTEC) was approved and established as a limited company in Hsinchu City on July 22, 1991. Its main businesses are electronic component manufacturing, machinery equipment manufacturing, and manufacturing for export.

The Company's stock has been listed and traded on the Taipei Exchange (TPEX) in Taiwan since March 29, 2004.

On January 1, 2015, the company merged with Wecon Automation Machinery Corp. by way of absorption merger, with Wecon being the dissolved company and the company being the surviving company.

This consolidated financial report is expressed in the Company's functional currency of New Taiwan Dollars.

2. Date and Procedures of Approval of the Financial Statements

This consolidated financial report was approved by the board of directors for release on March 14, 2024.

3. Application of New and Amended Standards and Interpretations

(1) The first application of International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), Interpretations (IFRICs) and Standing Interpretations (SICs) (hereinafter referred to as "IFRS Accounting Standards") recognized and issued into effect by the Financial Supervisory Commission (hereinafter referred to as the "FSC").

The applicable amendments to the IFRS accounting standards approved and issued by the Financial Supervisory Commission will not result in significant changes to the Group's accounting policies.

(2) IFRS accounting standards approved by the Financial Supervisory Commission applicable in 2024

New, Revised and Amended Standards or Interpretations	Effective date of International Accounting Standards Board (IASB) issuance
Amendment to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 01, 2024 (Note 2)
Amendment to IAS 1 “Classification of Liabilities as Current or Non-current”	January 01, 2024
Amendment to IAS 1 “Non-current Liabilities with Covenants”	January 01, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 01, 2024 (Note 3)

Note 1: Unless otherwise noted, the above newly issued/amended/revised standards or interpretations are effective for annual reporting periods beginning on or after the respective effective dates.

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

Note 3: The disclosure requirements are partly exempted upon the first application of this amendment.

As of the date of issuance of these consolidated financial statements, the Group assessed that the amendments to other standards and interpretations will not have a material impact on its financial position and financial performance.

(3) IFRS Accounting Standards Issued by the IASB but Not Yet Endorsed and Issued into Effect by the FSC

New, Revised and Amended Standards or Interpretations	Effective date issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture”	Undetermined
IFRS 17 “Insurance Contracts”	January 01, 2023
Amendments to IFRS 17	January 01, 2023
Amendment to IFRS 17 "Initial Application of IFRS 17 and IFRS 9–Comparative Information	January 01, 2023
Amendment to IAS 21 “Lack of Exchangeability”	January 01, 2025 (Note 2)

Note 1: Unless otherwise noted, the above newly issued/amended/revised standards or interpretations are effective for annual reporting periods beginning on or after the respective effective dates.

Note 2: Applicable to annual reporting periods beginning on or after January 1, 2025. When initially applying the amendments, the effect will be recognized in retained earnings at the date of initial application. When the presenting currency of the Group is different from its functional currency, the effect will be recognized as an adjustment to the foreign currency translation reserve within equity at the date of initial application.

As of the date of approval for issuance of these consolidated financial statements, the Group is still evaluating the impact of the amendments to other standards and interpretations on its financial position and financial performance, which will be disclosed when the evaluation is completed.

4. Summary of Significant Accounting Policies

(1) Declaration of Compliance

This consolidated financial report is prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS accounting standards endorsed and issued into effect by the Financial Supervisory Commission.

(2) Basic editing

Except for financial instruments measured at fair value, this consolidated financial report is prepared on the historical cost basis.

Fair value measurement is categorized into Level 1 to Level 3 based on the observability and significance of the relevant inputs:

1. Level 1 inputs: Refers to quoted prices (unadjusted) in active markets for identical assets or liabilities that are observable at the measurement date.

2. Level 2 inputs: Refer to observable inputs for the asset or liability other than quoted prices included in Level 1, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

3. Level 3 inputs: Refers to unobservable inputs for the asset or liability.

(3) The criteria for distinguishing between current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for trading purposes;

2. Assets to be realized within 12 months after the balance sheet date; and

3. Cash and cash equivalents (excluding any restricted cash that is not available for exchange or use to settle liabilities for more than twelve months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for trading purposes;

2. Liabilities due to be settled within twelve months after the balance sheet date (regardless of whether refinancing or rearrangement of payment terms occurs between the balance sheet date and the date of approval of the financial statements, these liabilities are still classified as current liabilities), and

3. Liabilities cannot be unconditionally deferred until at least 12 months after the balance sheet date. However, if the terms of a liability provide that, at the option of the counterparty, it could result in its settlement by the issuance of equity instruments, such terms do not affect its classification.

Items that are not classified as current assets or current liabilities are classified as non-current assets or non-current liabilities.

(4) Merger Fundamentals

This consolidated financial report includes the financial reports of the Company and the entities controlled by the Company (subsidiaries). The consolidated statements of comprehensive income have included the operating income and losses of the subsidiaries acquired or disposed of during the period from the date of acquisition or until the date of disposal. The financial reports of the subsidiaries have been adjusted to align their accounting policies with those of the Group. In preparing the consolidated financial statements, all inter-entity transactions, account balances, income and expenses have been fully eliminated. The total comprehensive income of the subsidiaries is attributed to the owners of the Company and non-controlling interests, even if the non-controlling interests become a deficit balance.

When the change in a parent company's ownership interest in a subsidiary does not result in a loss of control, it is accounted for as an equity transaction. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the parent.

When the Group loses control over a subsidiary, the gain or loss on disposal is the difference between: (1) the fair value of the consideration received and the fair value of any retained investment in the former subsidiary at the date when control is lost, and (2) the carrying amounts of the former subsidiary's assets (including goodwill), liabilities and any non-controlling interests. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

For details of subsidiaries, shareholding ratios, and business operations, please refer to Note 12 and Table 7.

(5) Business combinations

Corporate mergers are accounted for using the acquisition method. Acquisition-related costs are expensed in the period in which the costs are incurred and the services are received.

Goodwill is measured as the excess of the sum of the fair value of the consideration transferred and the fair value of the acquirer's previously held equity interest in the acquiree as of the acquisition date over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred and the fair value of the acquirer's previously held equity interest in the acquiree as of the acquisition date, the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. Other non-controlling interests are measured at fair value.

(6) Foreign currency

When an entity prepares financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded by translating them into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign currency denominated monetary items are translated at the closing exchange rate on each balance sheet date. Exchange differences arising on the settlement of monetary items or on translating monetary items are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values were determined. Exchange differences arising on the translation of these items are recognized in profit or loss for the current period, except for exchange differences arising on the translation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Foreign currency non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and are not retranslated.

When preparing consolidated financial statements, the assets and liabilities of foreign operations (including subsidiaries, associates, joint ventures or branches whose operations are located in a country or currency different from the Company) are translated into New Taiwan Dollars at the exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period, and the resulting exchange differences are recognized in other comprehensive income and attributed to owners of the Company and non-controlling interests, respectively.

(7) Inventories

Inventories include raw materials, work in process, semi-finished goods, and finished goods. Inventories are measured at the lower of cost and net realizable value, and for determining the cost and net realizable value, they are compared on an individual item basis except for inventories within the same category. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories is calculated using the weighted average method.

(8) Investments in Associates

An associate enterprise refers to an enterprise in which the Group has significant influence, but is not a subsidiary or a joint venture.

The Group adopts the equity method for investments in associated companies in a merger.

Under the equity method, investments in associates are initially recognized at cost, and the subsequent carrying amount is increased or decreased by the investor's share of the profit or loss and other comprehensive income of the associate and by distributions received. Additionally, changes in the equity of the associate are recognized in proportion to the investor's ownership interest.

The excess of the cost of acquisition over the Company's share of the net fair value of the associate's identifiable assets and liabilities at the date of acquisition is recognized as goodwill, which is included in the carrying amount of the investment and is not amortized. If the Company's share of the net fair value of the associate's identifiable assets and liabilities at the date of acquisition exceeds the cost of acquisition, the excess is recognized as current income.

When an affiliated company issues new shares, if the Group does not subscribe according to its shareholding ratio, resulting in a change in its shareholding ratio, and causing an increase or decrease in the net equity value of its investment, the increase or decrease is adjusted to capital surplus – changes in the net equity value of affiliated companies recognized using the equity method and investments accounted for using the equity method. However, if the failure to subscribe according to the shareholding ratio or the acquisition results in a decrease in the ownership interest in the affiliated company, the amount recognized in other comprehensive income related to that affiliated company is reclassified according to the reduced proportion, and the accounting basis is the same as that which the affiliated company must follow if it were to directly dispose of the related assets or liabilities. If the aforementioned adjustment should debit the capital surplus, but the capital surplus arising from investments accounted for using the equity method is insufficient, the difference is debited to retained earnings.

When the Group's share of losses in an associate equals or exceeds its interest in that associate (including the carrying amount of the equity method investment in the associate and other long-term interests that are in substance part of the Group's net investment in the associate), further losses are not recognized. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal or constructive obligations, or has made payments on behalf of the associate.

When assessing impairment, the Group considers the overall carrying amount of the investment (including goodwill) as a single asset and compares the recoverable amount with the carrying amount to test for impairment. Any recognized impairment loss is also considered part of the investment's carrying amount. Any reversal of an impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group shall cease to use the equity method from the date when its investment no longer qualifies as an associate, and shall measure at fair value the retained investment. The difference between the fair value of any retained investment and proceeds from disposal, and the carrying amount of the investment at the date when the equity method was discontinued, shall be recognized in profit or loss for the period. In addition, the entity shall account for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

Profits or losses arising from upstream, downstream and sidestream transactions between the Group and its associates are recognized in the consolidated financial statements only to the extent that they are not related to the Group's interests in the associates or subsidiaries.

(9) Property, plant and equipment

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

Except for owned land which is not depreciated, the remaining property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, with each significant part being depreciated separately. The Group review the estimated useful lives, residual values and depreciation methods at least at the end of each year, 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.

(10) Investment property

Investment property refers to property held for earning rental income or capital appreciation, or both. Investment property also includes land held for currently undetermined future use.

Investment properties originally owned are measured initially at cost (including transaction costs), and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Investment properties are depreciated on a straight-line basis.

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

(11) Goodwill

The goodwill acquired in a business combination is measured at the amount recognized as of the acquisition date as cost, and subsequently measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each cash-generating unit or group of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

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

When disposing of an operation within a cash-generating unit to which goodwill has been allocated, the goodwill associated with that operation is included in the carrying amount of the operation when determining the gain or loss on disposal.

(12) Intangible assets

1. Retrieved individually

Individually acquired intangible assets with finite useful lives are initially measured at cost, and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis over their useful lives, and the Group review the estimated useful lives, residual values, and amortization methods at least at the end of each year, and account for the effect of changes in accounting estimates prospectively. Intangible assets with indefinite useful lives are stated at cost less accumulated impairment losses.

2. Internal generation – Research and development expenditure

Research expenditures are recognized as expenses when incurred.

3. acquired in a business combination

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

4. Derecognition

Upon derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss for the current year.

(13) Impairment of property, plant and equipment, right-of-use assets, investment properties and intangible assets (other than goodwill)

The Group assesses at each balance sheet date whether there is any indication that property, plant and equipment, right-of-use assets, investment properties and intangible assets (excluding goodwill) may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. If it is not possible to estimate the recoverable amount of the individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to individual cash-generating units on a reasonable and consistent basis.

For indefinite-lived intangible assets and intangible assets not yet available for use, impairment tests are conducted at least annually and whenever there is an indication of impairment.

The recoverable amount is the higher of fair value less costs of disposal and its value in use. When the recoverable amount of an individual asset or cash-generating unit is less than its carrying amount, the carrying amount of that asset or cash-generating unit is reduced to its recoverable amount, and an impairment loss is recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years (net of amortization or depreciation). A reversal of an impairment loss is recognized in profit or loss.

(14) Financial instruments

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

At initial recognition, financial assets and financial liabilities are measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability, except for financial assets or financial liabilities measured at fair value through profit or loss. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities measured at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial asset

Conventional transactions of financial assets are recognized and derecognized using settlement date accounting.

(1) Measurement types

The types of financial assets held by the Group are financial assets measured at fair value through profit or loss, financial assets measured at amortized cost, and equity instrument investments measured at fair value through other comprehensive income.

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

Financial assets measured at fair value through profit or loss include those mandatorily measured at fair value through profit or loss and those designated as measured 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 as measured at fair value through other comprehensive income, and debt instrument investments that do not qualify to be classified as measured at amortized cost or measured at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are measured at fair value, with dividends, interest, and re-measurement gains or losses recognized in other gains and losses. Please refer to Note 32 for the determination of fair value.

B. Financial assets at amortized cost

If the Group investment in financial assets meets the following two conditions at the same time, it is classified as a financial asset measured at amortized cost:

a. It is held under a business model whose objective is to hold financial assets to collect contractual cash flows; and

b. The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable measured at amortized cost, other receivables, and time deposits with original maturities over 3 months) are measured at amortized cost, which is the total carrying amount determined using the effective interest method, less any impairment losses after initial recognition. Any foreign exchange gains or losses are recognized in profit or loss.

Except for the following two cases, interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset:

a. For purchased or originated credit-impaired financial assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

b. For financial assets that are not credit-impaired at purchase or origination, but subsequently become credit-impaired, interest income should be calculated by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period after the asset becomes credit-impaired.

A credit-impaired financial asset refers to a situation where the issuer or debtor is experiencing significant financial difficulty, default, has a high probability of bankruptcy or other financial restructuring, or the active market for the financial asset has disappeared due to financial difficulties.

Cash equivalents include time deposits and bonds with repurchase agreements that are highly liquid, readily convertible to a known amount of cash within 3 months from the date of acquisition, and subject to an insignificant risk of changes in value. They are used to meet short-term cash commitments.

C. Equity investments measured at fair value through other comprehensive income

At the time of initial recognition, the Group may make an irrevocable election to designate investments in equity instruments for contingent consideration that are not held for trading and not accounted for in a business combination at fair value through other comprehensive income.

Equity instrument investments measured at fair value through other comprehensive income are measured at fair value, with subsequent changes in fair value reported in other comprehensive income and accumulated in other equity. Upon disposal of the investment, the cumulative gain or loss is directly transferred to retained earnings and not reclassified to profit or loss.

Dividends on equity instruments measured at fair value through other comprehensive income are recognized in profit or loss when the Group's right to receive payment is established, unless the dividend clearly represents a recovery of part of the investment cost.

(2) Impairment of financial assets

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

Accounts receivable are recognized for allowance for credit losses based on expected credit losses over the duration. For other financial assets, it is first assessed whether credit risk has increased significantly since original recognition. If the risk has not increased significantly, an allowance for credit losses is recognized based on 12-month expected credit losses. If the risk has increased significantly, an allowance for credit losses is recognized based on lifetime expected credit losses.

Expected credit losses are the weighted average credit losses weighted by the risk of default occurring. 12-month expected credit losses represent the expected credit losses that could arise from default events possible within 12 months after the reporting date for a financial instrument, while lifetime expected credit losses represent the expected credit losses that could arise from all possible default events over the expected life of a financial instrument.

For internal credit risk management purposes, the Group determines that the following situations represent a default of a financial asset without considering the collateral held:

A. There is internal or external information indicating that the debtor is no longer able to repay the debt.

B. Overdue for more than 90 days, unless there is reasonable and supportable information showing that a longer period for the delay in payment is more appropriate.

Impairment losses on all financial assets are recognized by reducing the carrying amount through an allowance account.

(3) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards of ownership of the asset have been transferred to another enterprise.

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

2. Equity instrument

The debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of financial liabilities and equity instruments.

The equity instruments issued by the Group are recognized at the amount obtained after deducting the direct issuance costs.

When reacquiring the entity's own equity instruments, it is recognized in equity and deducted from equity. The carrying amount is calculated using the weighted average method based on the type of stock, and the purchase, sale, issuance, or cancellation of the entity's own equity instruments is not recognized in profit or loss, depending on the reason for reacquisition.

3. Financial liability

(1) Subsequent Evaluation

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

(2) Derecognition of financial liabilities

When derecognizing a financial liability, the difference between its carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized as profit or loss.

(15) Provisions for liabilities

The amount recognized as a provision for liabilities is the best estimate of the expenditure required to settle the obligation at the balance sheet date, taking into account the risks and uncertainties of the obligation. Provisions for liabilities are measured at the present value of the estimated cash flows required to settle the obligation.

Warranty

The obligation to guarantee that the product conforms to the agreed specifications is based on management's best estimate of the expenditure required to settle the Group's obligations, and is recognized as revenue when the related goods are recognized.

(16) Revenue recognition

After identifying the performance obligations from customer contracts, the Group will allocate the transaction price to each performance obligation and recognize revenue when each performance obligation is satisfied.

If several contracts are signed almost simultaneously with the same customer (or a related party of the customer), and the promised goods or services under those contracts constitute a single performance obligation, the Group treats them as a single contract.

For contracts where the period between the transfer of goods or services and the receipt of consideration is within 1 year, the transaction price is not adjusted for the effects of a significant financing component.

1. Sales revenue of merchandise

The revenue from the sale of goods comes from outsourced testing, outsourced cutting and picking, and the sale of assembled machines. Since customers have set prices and usage rights for outsourced testing and outsourced cutting and picking products upon arrival at the designated location, and bear the primary responsibility for resale as well as the risk of obsolescence, the Group recognizes revenue and accounts receivable at that point. For machine sales and assembled products, the Group recognizes revenue and accounts receivable after installation is completed and the customer accepts the product, thereby fulfilling the main performance obligation.

During toll processing, control over the ownership of the processed products has not been transferred, so revenue is not recognized at the time of toll processing.

(17) Leases

The Group assesses on the contract inception date whether the contract is (or contains) a lease.

1. The Group is the lessor.

When the lease terms transfer substantially all the risks and rewards incidental to ownership of the asset to the lessee, the lease is classified as a finance lease. All other leases are classified as operating leases.

Under an operating lease, lease payments after deducting lease incentives are recognized as income on a straight-line basis over the relevant lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as an expense on a straight-line basis over the lease term.

2. The Group is the lessee.

Except for low-value asset leases and short-term leases that are eligible for recognition exemptions, where the lease payments are recognized as expenses on a straight-line basis over the lease term, all other leases recognize right-of-use assets and lease liabilities at the commencement date of the lease.

The right-of-use asset is initially measured at cost (including the initial measurement of the lease liability, lease payments made before the commencement date less any lease incentives received, initial direct costs, and estimated costs for restoring the underlying asset) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, adjusted for any re-measurement of the lease liability. The right-of-use asset is presented separately on the consolidated balance sheet.

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

Lease liabilities are initially measured at the present value of the lease payments. If the implicit interest rate in the lease is readily determinable, the lease payments are discounted using that rate. If that rate is not readily determinable, the lessee's incremental borrowing rate is used.

Subsequently, the lease liability is measured at amortized cost using the effective interest method, and interest expense is allocated over the lease term. If there is a change in future lease payments due to changes in the lease term, expected payments under residual value guarantees, or indices or rates used to determine lease payments, the Group remeasures the lease liability and adjusts the right-of-use asset accordingly. However, if the carrying amount of the right-of-use asset has been reduced to zero, the remaining re-measurement amount is recognized in profit or loss. The lease liability is presented separately in the consolidated balance sheet.

(18) Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred.

(19) Government grants

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

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes the related costs for which the grants are intended to compensate as expenses.

If the government subsidies are used to compensate for expenses or losses incurred, or are intended to provide immediate financial assistance to the Group without future related costs, they are recognized in profit or loss in the period when they are receivable.

(20) Employee benefits

1. Short-term employee benefits

Short-term employee benefit related liabilities are measured at the undiscounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

When determining the retirement plan for defined contribution retirement plans, the amount of retirement benefits to be contributed is recognized as an expense during the period when the employee provides services.

The defined benefit costs (including service cost, net interest, and re-measurements) of the defined benefit retirement plan are actuarially determined using the projected unit credit method. Service cost and net interest on the net defined benefit liability (asset) are recognized as employee benefit expenses as incurred. Re-measurements (comprising actuarial gains and losses, the effect of changes in the asset ceiling, and the return on plan assets excluding interest) are recognized in other comprehensive income and retained earnings in the period in which they occur, and are not subsequently reclassified to profit or loss.

The net defined benefit liability (asset) is the deficit (surplus) of the defined benefit retirement plan. The net defined benefit asset cannot exceed the present value of the refund of contributions or the reduction of future contributions from the plan.

(21) Income tax

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

1. Current income tax

The Group determines its current income (loss) based on the laws and regulations established in each income tax filing jurisdiction, which is used to calculate the income tax payable (recoverable).

According to the Income Tax Act of the Republic of China, the income tax on undistributed earnings is recognized in the year when the shareholders' meeting resolution is made.

Adjustments to income tax payable for prior years are included in the current income tax.

2. Deferred tax

Deferred income tax is calculated based on the temporary differences arising between the carrying amounts of assets and liabilities and their respective tax bases used in the computation of taxable income. Deferred income tax assets and liabilities are not recognized for temporary differences that arise from the initial recognition of assets and liabilities in a transaction other than a business combination and that affect neither accounting nor taxable profits at the time of the transaction, and where there is no equal taxable or deductible temporary difference.

In addition, deferred income tax liabilities are not recognized for taxable temporary differences arising from the initial recognition of goodwill.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are recognized when it is probable that there will be taxable income available against which deductible temporary differences or tax credits resulting from the purchase of machinery and equipment, research and development expenditures, etc., can be utilized.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets relating to deductible temporary differences arising from such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

3. Current and deferred income tax

Current and deferred income taxes are recognized in profit or loss, except for current and deferred income taxes related to items recognized in other comprehensive income or directly in equity, which are respectively recognized in other comprehensive income or directly in equity.

5. Significant Accounting Judgments and Assumptions, and Key Sources of Estimation Uncertainty

When adopting accounting policies, the management of the Group must make judgments, estimates, and assumptions based on historical experience and other relevant factors for items where relevant information is not readily available from other sources. Actual results may differ from these estimates.

Significant Accounting Judgments and Assumptions, and Key Sources of Estimation Uncertainty

(1) Estimated impairment of financial assets

The estimated impairment for accounts receivable is based on the Group's assumptions about the probability of default and the loss given default. The Group considers historical experience, current market conditions, and forward-looking information to make assumptions and select inputs for the impairment assessment. Please refer to Note 10 for the significant assumptions and inputs used. If the actual future cash flows are less than the Company's expectations, a material impairment loss may occur.

(2) Impairment of inventories

Net realizable value of inventories refers to the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale, based on current market conditions and historical sales experience of similar products. Changes in market conditions could materially impact these estimates.

6. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and petty cash	$ 549	$ 1,057
Bank checks and demand deposits	953,218	1,036,088
Cash equivalents (investments with original maturities within 3 months)		
Bank time deposit	1,686,492	2,050,980
	$ 2,640,259	$ 3,088,125

The interest rate range for bank deposits on the balance sheet date is as follows:

	December 31, 2023	December 31, 2022
Cash in banks	0.001%~5.78%	0.001%~4.250%

7. Financial instruments measured at fair value through profit or loss

	December 31, 2023	December 31, 2022
Non-current financial assets		
Non-derivative financial assets mandatorily measured at fair value through profit or loss		
- Limited Partnership	$ 14,824	$ -

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

	December 31, 2023	December 31, 2022
Current		
Equity investments measured at fair value through other comprehensive income	$ 62,204	$ 39,898
Non-current		
Equity investments measured at fair value through other comprehensive income	425,733	423,530
	$487,937	$463,428

(1) Equity investments measured at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Current		
Domestic investment		
Listed stocks	$ 62,204	$ 39,898
Non-current		
Domestic investment		
Listed stocks	$317,240	$212,065
Unlisted stocks	5,000	5,000
Subtotal	322,240	217,065
Foreign investment		
Unlisted stocks	103,493	206,465
	$425,733	$423,530

The Group invests in domestic and foreign stocks according to strategic objectives, and expects to profit through the investments. The Group's management believes that recognizing the short-term fair value fluctuations of these investments in profit or loss would not be consistent with the aforementioned investment plan, and therefore chooses to designate these investments as measured at fair value through other comprehensive income.

9. Financial assets at amortized cost

	December 31, 2023	December 31, 2022
Current		
Domestic investment		
Time deposits with original maturity over 3 months (1)	$ -	$165,314
Non-current		
Domestic investment		
Time deposits with original maturity over 1 year (1)	20,950	17,595
	$ 20,950	$182,909

(1) As of December 31, 2023 and 2022, the range of interest rates for time deposits with original maturities over 3 months were 0.160% to 1.450% per annum and 0.160% to 2.880% per annum, respectively.

(2) For information on financial assets measured at amortized cost pledged as collateral, see Note 34.

10. Notes receivable, accounts receivable, and other receivables

	December 31, 2023	December 31, 2022
Notes receivable		
Accounts receivable arising from operations	$ 74,847	$ 33,488
Measure the total carrying amount at amortized cost.	1,023,152	803,346
Less: Provision for losses	(26,137)	(54,291)
	997,015	749,055
Net amount of notes and accounts receivable	$ 1,071,862	$ 782,543
Other receivables		
income tax refund receivable	$ 6,073	$ 3,240
Earned revenue receivable	3,176	2,697
Others	6,516	2,521
	$ 15,765	$ 8,458

The Group's average credit period for the sale of goods is 90 to 180 days. Accounts receivable are non-interest bearing, and adequate collateral is obtained where necessary to mitigate the risk of financial loss from default. The Group uses other publicly available financial information and historical transaction records to rate major customers. The Group continuously monitors credit exposures and the credit ratings of counterparties, and manages credit risk through annual reviews and approved credit limits for counterparties.

The Group recognizes an allowance for doubtful accounts for expected credit losses over the lifetime of receivables. Lifetime expected credit losses are calculated using a provision matrix that considers the customer's past default records, current financial condition, and industry economic conditions. Since the Group's credit loss experience shows no significant difference in loss patterns among different customer groups, the provision matrix is not further segregated by customer groups, but rather establishes the expected credit loss rate based solely on the number of days the receivables are past due.

If there is evidence that the counterparty is facing severe financial difficulties and the Group cannot reasonably expect to recover the amount, such as the counterparty undergoing liquidation, the Group directly writes off the relevant receivables. However, the pursuit of recovery activities will continue, and any amount recovered from the pursuit will be recognized in profit or loss.

The Group measures the allowance for doubtful accounts receivable as follows based on the provision matrix:

December 31, 2023

	Not overdue	91 to 120 days	121 to 150 days	151 to 180 days	181 days or more	Total
Expected credit loss rate	-	6.72%	7.83%	9.95%	19.37%	-
Total account amount	$ 833,099	$ 62,045	$ 15,452	$ 11,090	$ 101,466	$1,023,152
Loss allowances (lifetime expected credit losses)	-	(4,167)	(1,210)	(1,104)	(19,656)	(26,137)
Amortized cost	$ 833,099	$ 57,878	$ 14,242	$ 9,986	$ 81,810	$ 997,015

December 31, 2022

	Not overdue	91 to 120 days	121 to 150 days	151 to 180 days	181 days or more	Total
Expected credit loss rate	-	3.27%	8.08%	13.26%	50.37%	-
Total account amount	$ 560,992	$ 122,732	$ 20,545	$ 3,485	$ 95,592	$ 803,346
Loss allowances (lifetime expected credit losses)	-	(4,014)	(1,661)	(462)	(48,154)	(54,291)
Amortized cost	$ 560,992	$ 118,718	$ 18,884	$ 3,023	$ 47,438	$ 749,055

The changes in the allowance for doubtful accounts receivable are as follows:

	2023	2022
Beginning balance	$ 54,291	$109,161
Less: Reversal of impairment loss for the current year	(27,582)	(55,664)
Foreign currency translation differences	(572)	794
Year-end balance	$ 26,137	$ 54,291

11. Inventories

	December 31, 2023	December 31, 2022
Finished goods	$480,661	$340,083
Semi-finished product	2,677	6,793
Work in process	241,338	241,698
Supplies	265,711	398,385
	$990,387	$986,959

The nature of cost of goods sold is as follows:

	2023	2022
Cost of inventory sold	$ 2,620,013	$ 2,957,777
Loss for market price decline and obsolete and slow-moving inventories	42,312	20,672
	$ 2,662,325	$ 2,978,449

12. Subsidiary

(1) Subsidiaries included in the consolidated financial statements

This consolidated financial statements are prepared for the following entities:

Company name of investment	Subsidiary name	Business nature	Percentage of shares held % December 31, 2023	Percentage of shares held % December 31, 2022	Instructions
YTEC	YTEC Holding (Samoa) Co., Ltd.	Investment holdings	100.00	100.00	—
	Jiuhongxin Technology Co., Ltd. (Jiuhongxin)	Research and development of chemical raw materials	-	100.00	Note 1 and 3
	Shinshou Automation Co., Ltd. (Shinshou)	Precision Instrument Wholesale Industry	-	100.00	Note 1 and 3
	Wecon Limited (Samoa)	Investment holdings	100.00	100.00	Note 1
	Wecon Automation Machinery Corp. (Wecon Automation)	Automated mechanical trading	100.00	100.00	Note 1
YTEC Samoa Company	YTEC (Hong Kong) Global Limited (YTEC HK Company)	Investment holdings	100.00	100.00	—
	Clear Reach Limited	Investment holdings	100.00	100.00	—
	Suzhou YoungTek Microelectronics Ltd. (Suzhou YoungTek)	The design of integrated circuits; testing, packaging, and processing of chips; technology development, technical services, and technical consulting in the field of semiconductors and integrated circuits; computer software design and development; sales of semiconductors, electronic products, electromechanical equipment, and electronic components; repair, rental, and sale of mechanical equipment; import and	100.00	100.00	—

Company name of investment	Subsidiary name	Business nature	Percentage of shares held % December 31, 2023	Percentage of shares held % December 31, 2022	Instructions
		export of various goods and technologies, for self-operation or as agents.			
YTEC HK	Xiamen YoungTek Electronics Ltd. (Xiamen YoungTek)	Research, development, production and processing of high brightness light emitting diodes and LED chips inspection equipment, as well as providing related technical consultation and services	100.00	100.00	Note 5
	Yangzhou YoungTek Electronics Ltd. (Yangzhou YoungTek)	Research, development, production, and processing of frequency control and selection components (wireless RF tags) and related equipment, and provision of related technical consulting and services	45.00	45.00	Note 2
Clear Reach Limited	YoungTek Micro Electronics (Shenzhen) Ltd. (Shenzhen YoungTek)	Wafer and integrated circuit testing outsourcing, and providing related technical consulting and services	89.04	89.04	—
Wecon Limited (Samoa)	YoungTek Micro Electronics (Shenzhen) Ltd. (Shenzhen YoungTek)	Wafer and integrated circuit testing outsourcing, and providing related technical consulting and services	10.96	10.96	—
Suzhou YoungTek	Anhui Utest Electronics Ltd. (Anhui Utest)	Manufacture and sale of semiconductor device dedicated equipment; manufacture and sale of industrial automatic control computer software and hardware and auxiliary equipment; design and sale of integrated circuit chips and products; software development and sales; sale of semiconductors, electronic products, electronic components, electronic dedicated equipment; machinery equipment maintenance, rental; technical services, development, consulting, promotion.	100.00	-	Note 1 and 4

Note 1: In 2023 and 2022, since Jiuhongxin, Shinshou, Wecon Limited (Samoa), Wecon Automation and Anhui Utest were not significant subsidiaries, their financial statements were not audited by an accountant; however, the Group's management believes that if the financial statements of the aforementioned insignificant subsidiaries were audited by an accountant, it would not result in a material difference.

Note 2: The company's shareholding ratio is 45%, but the company's management evaluates that it still has control over Yangzhou YoungTek after considering the absolute majority of voting rights held by other shareholders.

Note 3: Based on operational planning, the Company's board of directors resolved on March 15, 2023 to liquidate Jiuhongxin and Shinshou. The liquidation processes were completed on October 11, 2023 and October 29, 2023, respectively.

Note 4: Suzhou YoungTek invested CNY 1,000 thousand in Anhui Utest Electronics Ltd. on March 15, 2023, with a 100% shareholding ratio as of December 31, 2023.

Note 5: Based on operational planning, the company resolved at the board meeting on March 14, 2024 to dispose of Xiamen YoungTek.

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

Subsidiary name	Percentage of equity and voting rights held by non-controlling interests	
	December 31,2023	December 31,2022
Yangzhou YoungTek	55.00%	55.00%

For information on the principal places of business and countries of incorporation, please refer to Table 8.

Subsidiary name	Profit or loss attributable to non-controlling interests		Non-controlling interests	
	2023	2022	December 31, 2023	December 31, 2022
Yangzhou YoungTek	($ 2,066)	$ 35,861	$ 216,375	$ 221,990

The following is a summary of financial information for subsidiaries with significant non-controlling interests, prepared before the elimination of intercompany transactions:

	December 31, 2023	December 31, 2022
Current assets	$277,478	$420,671
Non-current assets	148,173	167,618
Current liabilities	(27,177)	(184,671)
Non-current liabilities	(5,065)	-
Equity	$393,409	$403,618
Ownership belongs to:		
Owner of this company	$177,034	$181,628
Non-controlling interests in subsidiaries	216,375	221,990
	$393,409	$403,618

	2023	2022
Operating revenue	$300,263	$528,892
Current year net profit (loss)	($ 3,756)	$ 65,202
Other comprehensive income	(3,549)	2,642
Total comprehensive income	($ 7,305)	$ 67,842
Net (loss) profit attributable to:		
Owner of this company	($ 1,690)	$ 29,341
Non-controlling interests of subsidiaries	(2,066)	35,861
	($ 3,756)	$ 65,202
Total comprehensive income attributable to:		

	2023	2022
Owner of this company	($ 1,690)	$ 29,341
Non-controlling interests of subsidiaries	(5,615)	38,501
	($ 7,305)	$ 67,842

Cash flow		
Operating activities	$ 50,264	$119,539
Investing activities	(1,328)	(17,029)
Fundraising event	-	(58,128)
Effects of Changes in Foreign Exchange Rates	(6,454)	2,522
Net cash inflow	$ 42,482	$ 46,904

13. Investments accounted for using equity method

	December 31, 2023	December 31, 2022
Investments in Associates	$163,558	$198,118
Individually insignificant associated companies		
Tian Zheng International Precision Machinery Co., Ltd. (Tian Zheng)	$135,992	$165,983
Sissca Co., Ltd (Sissca Co., Ltd) (formerly Sigold Optics Inc.)	27,566	32,135
	$163,558	$198,118

On the balance sheet date, the Group's ownership interest and voting rights percentage in the Associate are as follows:

Company Name	December 31, 2023	December 31, 2022
Tian Zheng	14.60%	16.22%
Sissca (originally "Sigold")	15.52%	15.52%

Tian Zheng

	2023	2022
Share of profits enjoyed by the Group		
Current year net profit (loss)	($ 8,580)	$ 4,647

Sissca (originally "Sigold")

	2023	2022
Share of profits enjoyed by the Group		
Current year net profit (loss)	($ 4,388)	($ 1,788)

Sissca Co., Ltd merged and acquired Sigold Optics Inc. on October 20, 2022, and YTEC's shareholding ratio changed from 24% to 15.52%.

The Group hold less than 20% of the voting rights of Tian Zheng and Sissca. After considering that the management has one seat on the board of directors, it has significant influence, so the equity method is still adopted for evaluation.

The share of profit or loss and other comprehensive income of equity-accounted investees and the Group for 2023 and 2022 was recognized based on the audited financial statements of the associates for the same periods.

14. Property, plant and equipment

	December 31, 2023	December 31, 2022
For personal use	$ 2,165,441	$ 2,370,759
Operating lease	59,094	62,049
	$ 2,224,535	$ 2,432,808

(1) For personal use

	Own land	Buildings	Machinery and equipment	Testing equipment	Transportation equipment	Office equipment	Leasehold improvements	Other devices	Equipment awaiting inspection and ongoing projects	Total
Cost										
Balance on January 01, 2023	$ 28,893	$ 1,146,167	$ 8,127,343	$ 55,685	$ 14,107	$ 61,746	$ 7,104	$ 174,804	$ 108,267	$ 9,724,116
Addition	-	15,086	196,081	888	-	386	15,639	30,303	41,871	300,254
Disposal	-	(6,838)	(307,627)	(1,800)	(1,391)	-	-	(561)	-	(318,217)
Net exchange differences	-	(2,720)	(23,954)	-	(56)	(885)	-	(359)	(33)	(28,007)
Reclassification	13,208	41,545	41,993	-	-	-	-	(985)	(26,891)	68,870
Balance on December 31, 2023	$ 42,101	$ 1,193,240	$ 8,033,836	$ 54,773	$ 12,660	$ 61,247	$ 22,743	$ 203,202	$ 123,214	$ 9,747,016
Accumulated depreciation										
Balance on January 01, 2023	$ -	$ 738,106	$ 6,044,580	$ 51,245	$ 9,982	$ 58,839	$ 4,411	$ 128,733	$ -	$ 7,035,896
Addition	-	58,883	473,950	2,662	1,633	1,244	3,519	13,792	-	555,683
Disposal	-	(6,838)	(297,451)	(1,800)	(1,377)	-	-	(94)	-	(307,560)
Net exchange differences	-	(1,407)	(22,895)	-	(47)	(1,024)	-	(180)	-	(25,553)
Reclassification	-	19,244	(7,804)	-	-	548	-	(1,533)	-	10,455
Balance on December 31, 2023	$ -	$ 807,988	$ 6,190,380	$ 52,107	$ 10,191	$ 59,607	$ 7,930	$ 140,718	$ -	$ 7,268,921
Accumulated impairment										
Balance on January 01, 2023	$ -	$ -	$ 317,461	$ -	$ -	$ -	$ -	$ -	$ -	$ 317,461
Disposal	-	-	(540)	-	-	-	-	-	-	(540)
Net exchange differences	-	-	(4,267)	-	-	-	-	-	-	(4,267)
Balance on December 31, 2023	$ -	$ -	$ 312,654	$ -	$ -	$ -	$ -	$ -	$ -	$ 312,654
Net amount on December 31, 2023	$ 42,101	$ 385,252	$ 1,530,802	$ 2,666	$ 2,469	$ 1,640	$ 14,813	$ 62,484	$ 123,214	$ 2,165,441
Cost										
Balance on January 01, 2022	$ 28,893	$ 1,129,278	$ 7,761,427	$ 56,681	$ 10,682	$ 60,182	$ 5,939	$ 150,523	$ 27,636	$ 9,231,241
Addition	-	15,860	175,859	40	3,275	794	1,165	23,972	93,028	313,993
Disposal	-	-	(47,587)	-	-	-	-	(241)	-	(47,828)

	Own land	Buildings	Machinery and equipment	Testing equipment	Transportation equipment	Office equipment	Leasehold improvements	Other devices	Equipment awaiting inspection and ongoing projects	Total
Net exchange differences	-	2,489	24,736	-	50	770	-	159	-	28,204
Reclassification	-	(1,460)	212,908	(1,036)	100	-	-	391	(12,397)	198,506
Balance on December 31, 2022	$ 28,893	$ 1,146,167	$ 8,127,343	$ 55,685	$ 14,107	$ 61,746	$ 7,104	$ 174,804	$ 108,267	$ 9,724,116
Accumulated depreciation										
Balance on January 01, 2022	$ -	$ 681,805	$ 5,626,492	$ 42,141	$ 8,798	$ 57,008	$ 2,339	$ 118,148	$ -	$ 6,536,731
Addition	-	56,287	437,024	10,038	1,134	1,661	2,072	10,187	-	518,403
Disposal	-	-	(38,262)	-	-	-	-	(224)	-	(38,486)
Net exchange differences	-	965	15,248		19	170	-	622	-	17,024
Reclassification	-	(951)	4,078	(934)	31	-	-	-	-	2,224
Balance on December 31, 2022	$ -	$ 738,106	$ 6,044,580	$ 51,245	$ 9,982	$ 58,839	$ 4,411	$ 128,733	$ -	$ 7,035,896
Accumulated impairment										
Balance on January 01, 2022	$ -	$ -	$ 205,292	$ -	$ -	$ -	$ -	$ -	$ -	$ 205,292
Addition	-	-	109,616	-	-	-	-	-	-	109,616
Net exchange differences	-	-	2,553	-	-	-	-	-	-	2,553
Balance on December 31, 2022	$ -	$ -	$ 317,461	$ -	$ -	$ -	$ -	$ -	$ -	$ 317,461
Net amount on December 31, 2022	$ 28,893	$ 408,061	$ 1,765,302	$ 4,440	$ 4,125	$ 2,907	$ 2,693	$ 46,071	$ 108,267	$ 2,370,759

The self-used real estate, plant and equipment of the Group are depreciated on a straight-line basis over the following useful lives:

Buildings	
Main factory building	15 to 41 years
Engineering System	8 to 41 years
Machinery and equipment	2 to 10 years
Testing equipment	3 to 6 years
Transportation equipment	2 to 6 years
Office equipment	3 to 10 years
Leasehold improvements	3 to 11 years
Other devices	3 to 8 years

The optoelectronic foundry business faced price competition in the market, and the Group expected a decrease in future cash inflows from certain machinery and equipment used for optoelectronic foundry production, as well as an assessment that some other equipment was idle, resulting in a recoverable amount lower than the carrying amount (using the value in use). As a result, the Group recognized an impairment loss of NT$109,616 thousand in 2022. The Group used the value in use as the recoverable amount for this machinery and equipment, with a discount rate of 11.26% applied. The impairment loss was included in other gains and losses in the consolidated statement of comprehensive income.

No impairment loss was recognized in 2023.

For information on self-used real estate, factories and equipment pledged as collateral for borrowings, please refer to Note 34.

(2) Operating lease

	Buildings
Cost	
Balance on January 1, 2023 and December 31, 2022	$106,362
Accumulated depreciation	
Balance on January 01, 2023	$ 44,313
Depreciation expense	2,955
Balance on December 31, 2023	$ 47,268
Net amount on December 31, 2023	$ 59,094
Cost	
Balance on January 1, 2022 and December 31, 2022	$106,362
Accumulated depreciation	
Balance on January 01, 2022	$ 41,359
Depreciation expense	2,954
Balance on December 31, 2022	$ 44,313
Net amount on December 31, 2022	$ 62,049

The Group leases out houses and buildings under operating leases with a lease term of 5 years. All operating lease contracts contain a clause for adjusting the rent in accordance with market rental rates when the lessee exercises the renewal option. The lessee does not have a preferential purchase right over the assets at the end of the lease term.

As of December 31, 2023 and 2022, the Group received security deposits of NT$6,830 thousand for operating lease agreements.

The total amounts of future lease payments to be received for operating leases of the company's own properties, plants and equipment are as follows:

	December 31, 2023	December 31, 2022
Year 1	$ 29,838	$ 29,719
Year 2	30,070	29,838
Year 3	30,091	30,070
Year 4	30,091	30,091
Year 5	2,508	30,091
5 years or more	-	2,508
	$122,598	$152,317

The Group depreciates leased real estate, plants and equipment under operating leases on a straight-line basis over the following useful lives:

Buildings	
Main factory building	35 years

The amount of business leasing real estate, plant and equipment of the Group is not pledged as collateral for borrowing.

15. Lease Agreement

(1) Right-of-use asset

	December 31, 2023	December 31, 2022
Carrying amount of right-of-use assets		
Land	$173,253	$135,438
Building	26,973	29,798
	$200,226	$165,236
Addition of right-of-use assets	$ 63,005	$ 328
Depreciation expense of right-of-use assets		
Land	$ 11,448	$ 8,969
Building	16,056	12,345
Machinery and equipment	-	3,196
	$ 27,504	$ 24,510

(2) Lease liabilities

	December 31, 2023	December 31, 2022
Lease liabilities carrying amount		
Current	$ 20,818	$ 18,320
Non-current	$154,853	$119,420

The range of discount rates for lease liabilities is as follows:

	December 31, 2023	December 31, 2022
Land	3.15%	3.15%
Building	2.40%~3.15%	3.15%
Machinery and equipment	-	2.69%

(3) Important Leasing Activities and Terms

The Group leases certain machinery and equipment for product manufacturing and research and development purposes for a period of 5 years. At the end of the lease term, the Group may choose to purchase the equipment at its nominal value at that time, with no renewal or purchase option.

The Group also lease certain land and buildings as factories and offices for a period of 2 to 20 years. At the end of the lease term, the Group have no preferential rights to purchase the leased land and buildings.

As of December 31, 2023 and 2022, the Group's refundable deposits paid for operating lease agreements were both NT$1,474 thousand.

(4) Other leasing information

	2023	2022
Short-term lease expenses	$ 12,845	$ 23,453
Total cash outflow for leases	($ 42,905)	($ 49,620)

The Group chooses to apply the recognition exemption for short-term leases to leases of buildings, machinery and equipment, and transportation equipment that meet the criteria for short-term leases, and does not recognize the related right-of-use assets and lease liabilities for those leases.

16. Investment property

Completed Investment property	**2023 Beginning balance**	**This year's increase**	**This year's decrease**	**Reclassification**	**Year-end balance**
Cost					
Land	$ 13,208	$ -	$ -	($ 13,208)	$ -
Buildings	33,633	-	(2,465)	(24,812)	6,356
Total	46,841	$ -	($ 2,465)	($ 38,020)	6,356
Accumulated depreciation					
Buildings	24,870	$ 523	($ 2,465)	($ 18,259)	4,669
Net amount	$ 21,971				$ 1,687

Finished investment properties	**2022 Beginning balance**	**This year's increase**	**Reclassification**	**Year-end balance**
Cost				
Land	$ 13,208	$ -	$ -	$ 13,208
Buildings	33,633	-	-	33,633
Total	46,841	$ -	$ -	46,841
Accumulated depreciation				
Buildings	23,952	$ 918	$ -	24,870
Net amount	$ 22,889			$ 21,971

The lease term for investment properties is 3 to 5 years. At the end of the lease term, the lessee does not have the preferential right to purchase the investment property.

As of December 31, 2023 and 2022, the Group received security deposits of NT$154 thousand from operating lease contracts for investment properties.

The total amount of future lease payments to be received for investment properties under operating leases is as follows:

	December 31, 2023	December 31, 2022
Year 1	$ 180	$ 179

Investment properties are depreciated on a straight-line basis over the following estimated useful lives:

Main building	33 to 41 years
Engineering System	5 to 10 years

The fair value of investment properties is estimated by the Group's management based on the recent announced sales prices in the surrounding areas of the investment properties. After assessment, there is no indication of impairment, and the fair value obtained from the evaluation is as follows:

	December 31, 2023	December 31, 2022
Fair value	$ 6,260	$ 25,325

All investment properties of the Group are owned by equity.

17. Intangible assets

	Computer software cost	Goodwill	Patents	Others	Total
Cost					
Balance as of January 1, 2023	$ 34,052	$ 2,583	$ 68,157	$ 16,494	$ 121,286
Retrieved individually	9,057	-	-	-	9,057
Net exchange differences	(48)	-	-	(48)	(96)
Reclassification	1,658	-	-	-	1,658
Balance as of December 31, 2023	$ 44,719	$ 2,583	$ 68,157	$ 16,446	$ 131,905

	Computer software cost	Goodwill	Patents	Others	Total
Accumulated amortization					
Balance as of January 1, 2023	$ 25,988	$ -	$ 49,949	$ 14,507	$ 90,444
Amortization expense	4,011	-	6,045	1,284	11,340
Net exchange differences	(44)	-	-	(48)	(92)
Balance as of December 31, 2023	$ 29,955	$ -	$ 55,994	$ 15,743	$ 101,692
Net amount on December 31, 2023	$ 14,764	$ 2,583	$ 12,163	$ 703	$ 30,213
Cost					
Balance as of January 1, 2022	$ 28,906	$ 2,583	$ 68,157	$ 13,990	$ 113,636
Retrieved individually	5,113	-	-	2,460	7,573
Net exchange differences	33	-	-	44	77
Balance as of December 31, 2022	$ 34,052	$ 2,583	$ 68,157	$ 16,494	$ 121,286
Accumulated amortization					
Balance as of January 1, 2022	$ 24,119	$ -	$ 43,884	$ 13,028	$ 81,031
Amortization expense	1,842	-	6,065	1,452	9,359
Net exchange differences	27	-	-	27	54
Balance as of December 31, 2022	$ 25,988	$ -	$ 49,949	$ 14,507	$ 90,444
Net amount on December 31, 2022	$ 8,064	$ 2,583	$ 18,208	$ 1,987	$ 30,842

Apart from goodwill, amortization expense is recognized on a straight-line basis over the following useful lives:

Computer software cost	2 to 5 years
Patents	10 to 11 years
Others	2 to 10 years

Summarized by function, amortization expenses:

	2023	2022
Operating costs	$ 1,863	$ 1,641
Administrative expenses	1,539	1,119
Research and development costs	7,938	6,599
	$ 11,340	$ 9,359

18. Other assets

	December 31, 2023	December 31, 2022
Prepayments	$163,881	$ 84,608
Office supplies	43,990	41,142
Overpaid sales tax	16,117	339
Guarantee deposits paid (Note 15)	2,076	4,123
Guarantee deposits paid to related parties (Note 33)	1,030	1,030
Restricted assets	-	8,466
Others (Note)	2,403	1,406
	$229,497	$141,114
Current	$226,391	$127,495
Non-current	3,106	13,619
	$229,497	$141,114

Note: It mainly refers to temporary payment, payment on behalf of others, etc.

19. Borrowing

(1) Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured loan		
Bank loan	$ -	$149,280

The interest rate for revolving bank loans was 5.81% as of December 31, 2022.

(2) Long-term borrowings

	December 31, 2023	December 31, 2022
Guaranteed borrowings (Note 34)		
Bank loan	$141,761	$153,549
Less: Listed as part due within one year	-	(153,549)
Long-term borrowings	$141,761	$ -

The loan interest rate is calculated using a floating interest rate based on the LIBOR interest rate, and the interest rate is reset every 3 months. The loan maturity dates are May 28, 2024 and June 11, 2023. As of December 31, 2023 and 2022, the effective interest rates were 4.12% and 5.38% respectively.

20. Notes and accounts payable

	December 31, 2023	December 31, 2022
Accounts payable		
Arising from business operations	$326,257	$422,286

The Group has established financial risk management policies to ensure that all payables are repaid within the pre-agreed credit terms.

21. Other liabilities

	December 31, 2023	December 31, 2022
Current		
Other payables		
Payroll and bonuses	$164,595	$184,773
Employee compensation payable (Note 26)	111,173	118,200
Payable on machinery and equipment	64,801	94,762
Compensation payable to directors and supervisors (Note 26)	5,320	8,500
Accounts payable to related parties (Note 33)	-	2,703
Others (Note)	47,860	104,129
	$393,749	$513,067
Other liabilities		
Others (Temporary Receipts and Collections on Behalf)	$ 11,016	$ 12,772

Note: Mainly for paying electricity bills, insurance premiums, and other payable fees.

22. Provisions for liabilities

	December 31, 2023	December 31, 2022
Current		
Employee benefits (1)	$ 4,902	$ 5,824
Warranty (2)	1,072	19,575
	$ 5,974	$ 25,399

	Employee benefits	Warranty	Total
Balance on January 01, 2023	$ 5,824	$ 19,575	$ 25,399
Added this year	4,902	1,100	6,002
Current year turnover/usage	(5,824)	(19,603)	(25,427)
Balance on December 31, 2023	$ 4,902	$ 1,072	$ 5,974
Balance on January 01, 2022	$ 5,671	$ 25,255	$ 30,926
Added this year	5,824	19,876	25,700
Current year turnover/usage	(5,671)	(25,556)	(31,227)
Balance on December 31, 2022	$ 5,824	$ 19,575	$ 25,399

(1) The provision for employee benefit liabilities is an estimate of the vested long-term service leave entitlements of employees.

(2) The warranty liability provision is based on the sales product contract agreement, and is the present value of the Group management's best estimate of the future outflow of economic benefits resulting from warranty obligations. The estimate is based on historical warranty experience, adjusted for factors such as new materials, process changes, or other factors affecting product quality.

23. Post-employment benefit plans

(1) Defined contribution plans

The retirement fund system applicable to YTEC, Jiuhongxin, Shinshou and Wecon Automation in the Group under the "Labor Pension Act" is a defined contribution retirement plan administered by the government. 6% of the employees' monthly salaries are contributed to their individual accounts at the Labor Insurance Bureau.

The employees of the Group's subsidiaries in mainland China are members of a local government-operated retirement benefit plan. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit plan to fund the plan. The Group's obligation for this government-operated retirement benefit plan is limited to the contribution of the specified amount.

(2) Defined benefit plans

According to the "Labor Standards Act" of our country, the Company's retirement pension system is a government-managed defined benefit retirement plan. The payment of employee retirement pensions is calculated based on years of service and the average salary of the six months prior to the approved retirement date. The Company contributes 2% of the total monthly salary of employees to the employee retirement fund, which is deposited in a dedicated account at the Bank of Taiwan under the name of the Labor

Retirement Fund Supervisory Committee. At the end of each year, if it is estimated that the account balance is insufficient to pay the estimated number of employees reaching retirement age in the following year, the difference will be contributed by the end of March of the following year. The dedicated account is entrusted to the Bureau of Labor Funds of the Ministry of Labor for management, and the Group has no right to influence the investment management strategy.

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

	2023	2022
Present value of a defined benefit obligation	$ 91,362	$ 93,786
Plan assets fair value	(118,339)	(108,787)
Net defined benefit asset	($ 26,977)	($ 15,001)

The changes in the net defined benefit liability (asset) are as follows:

	Present value of a defined benefit obligation	Plan assets fair value	Net interest on the net defined benefit liability (asset)
January 01, 2022	$ 110,256	($ 93,759)	$ 16,497
Service cost			
Past service cost	68	-	68
Interest expense (revenue)	904	(769)	135
Recognized in profit or loss	972	(769)	203
Re-measurement			
Plan asset returns (excluding amounts included in net interest)	-	(6,763)	(6,763)
Actuarial (profit) loss			
— Changes in demographic assumptions	(5,024)	-	(5,024)
— Changes in financial assumptions	(10,262)	-	(10,262)
— Experience adjustments	1,217	-	1,217
Recognized in other comprehensive income	(14,069)	(6,763)	(20,832)
Employer contribution	-	(10,869)	(10,869)
Benefits payment	(3,373)	3,373	-
December 31, 2022	93,786	(108,787)	(15,001)
Service cost			

	Present value of a defined benefit obligation	Plan assets fair value	Net interest on the net defined benefit liability (asset)
Past service cost	-	-	-
Interest expense (revenue)	1,369	(1,588)	(219)
Recognized in profit or loss	1,369	(1,588)	(219)
Re-measurement			
Plan asset returns (excluding amounts included in net interest)	-	(5,725)	(5,725)
Actuarial losses (gains)			
— Changes in demographic assumptions	3,972	-	3,972
— Changes in financial assumptions	2,016	-	2,016
— Experience adjustments	(824)	-	(824)
Recognized in other comprehensive income	5,164	(5,725)	(561)
Employer contribution	-	(11,196)	(11,196)
Benefits payment	(8,957)	8,957	-
December 31, 2023	$ 91,362	($ 118,339)	($ 26,977)

The amounts of the defined benefit plan recognized in profit or loss by function are summarized as follows:

	2023	2022
Summarized by function		
Operating costs	($ 149)	$ 147
Selling expenses	(13)	11
Administrative expenses	(10)	9
Research and development costs	(47)	36
	($ 219)	$ 203

The Group is exposed to the following risks due to the retirement pension system under the "Labor Standards Act":

1. Investment risk: The Bureau of Labor Funds of the Ministry of Labor invests the labor retirement funds through self-management and entrusted operations in domestic (overseas) equity securities, debt securities, bank deposits, and other targets. However, the amount of plan assets that can be allocated by the company

is calculated based on a return rate no lower than the two-year fixed deposit rate of local banks.

2. Interest rate risk A decline in interest rates of government bonds/corporate bonds will increase the present value of the defined benefit obligation, but the return on debt investments of the plan assets will also increase accordingly, resulting in a partially offsetting effect on the net defined benefit liabilities.

3. Salary risk: The calculation of the present value of the defined benefit obligation is based on the future salaries of plan members. Therefore, an increase in the salaries of plan members will result in an increase in the present value of the defined benefit obligation.

The present value of the defined benefit obligations of the Group is actuarially determined by a qualified actuary. The significant assumptions used for the measurement date are as follows:

	December 31, 2023	**December 31, 2022**
Discount rate	1.31%	1.46%
Expected salary increase rate	3.00%	3.00%
Expected rate of return on assets	1.31%	1.46%

The overall expected rate of return on plan assets is estimated based on historical return trends and the actuary's forecasts of the market in which the assets are invested during the duration of the related obligations, taking into account the management of the plan assets and the impact of the minimum return.

If there are reasonable possible changes in the significant actuarial assumptions, while holding all other assumptions constant, the present value of the defined benefit obligation would increase (decrease) by the following amounts:

	December 31, 2023	**December 31, 2022**
Discount rate		
Increase by 0.50%	($ 6,633)	($ 6,971)
Decrease by 0.50%	$ 7,232	$ 7,614
Expected salary increase rate		
Increase by 0.50%	$ 7,072	$ 7,458
Decrease by 0.50%	($ 6,560)	($ 6,903)

Therefore, the above sensitivity analysis may not reflect the actual changes in the present value of the defined benefit obligations.

	December 31, 2023	December 31, 2022
Expected amount to be contributed within 1 year	$ 11,520	$ 11,424
Determine the average vesting period for defined benefit obligations.	15 years	16 years

24. Equity

(1) Share capital

	December 31, 2023	December 31, 2022
Authorized Capital (Thousand Shares)	150,000	150,000
Authorized capital	$ 1,500,000	$ 1,500,000
Number of shares issued and fully paid (thousand shares)	128,498	128,498
Issued capital	$ 1,284,980	$ 1,284,980

There was no significant change in the share capital of the Company. The issued ordinary shares have a par value of NT$10 each and carry one voting right per share and the right to receive dividends.

Of the authorized capital, 5,000 thousand shares are reserved for employee stock option certificates.

(2) Capital surplus

	December 31, 2023	December 31, 2022
Used to make up for losses, distribute cash or allocate to capital (Note 1)		
Shares issued at premium	$ 2,275,616	$ 2,275,616
Overflow merge	89,710	89,710
Employee stock options	15,948	15,948
Convertible corporate bond subscription rights	2,176	2,176
Changes in equity of investment in associates accounted for using equity method	1,646	1,646
Only for compensating losses (Note 2)		
Changes in equity of investment in associates accounted for using equity method	$ 45,935	$ 60,807

	December 31, 2023	December 31, 2022
Recognition of changes in the ownership interests of subsidiaries	8,514	8,514
Donated assets	179	39
	$ 2,439,724	$ 2,454,456

Note 1: This type of capital reserve can be used to cover losses, or when the company has no losses, it can be used to distribute cash or be capitalized. However, when capitalized, it is limited to a certain percentage of the paid-in capital each year.

Note 2: This type of capital surplus is the amount recognized from changes in equity interests in subsidiaries when the Company did not actually acquire or dispose of the subsidiaries' equity interests, or the adjustment to capital surplus recognized by the Company using the equity method for its subsidiaries.

(3) Policy on Retained Earnings and Dividends

The Company resolved to amend the Articles of Incorporation at the shareholders' meeting held on June 13, 2023, stipulating that the Company's profit distribution or loss compensation may be made at the end of each semi-fiscal year. If there is a surplus in the Company's semi-fiscal year settlement, tax payments shall be made first, accumulated losses shall be covered, and then 10% of the statutory surplus reserve shall be provided; however, this is not the case when the legal reserve has reached the Company's paid-in capital. Special reserve shall be provided or reversed in accordance with laws and regulations or as required by the competent authority. If there is still a surplus, the board of directors shall, together with the accumulated undistributed surplus, formulate a surplus distribution proposal based on the Company's dividend policy. If the distribution is made by issuing new shares, it shall be subject to a resolution of the shareholders' meeting.

For the distribution of the aforementioned surplus, statutory surplus reserve, and capital reserve in cash, the board of directors is authorized to make the distribution with a resolution passed by two-thirds or more of the directors present at a meeting attended by a majority of all directors, and report to the shareholders' meeting.

According to the Company's surplus distribution policy before the revision of the Articles of Incorporation, if the Company has a surplus after the annual settlement, it shall pay taxes in accordance with the law, make up for accumulated losses, and then set aside 10% as a legal reserve. The remaining amount shall be set aside or reversed as a special reserve in accordance with laws and regulations. If there is still a balance, combined with the accumulated undistributed surplus, the board of directors shall propose a surplus distribution proposal and submit it to the shareholders' meeting for resolution to distribute dividends to shareholders.

The policy for distributing employee and director compensation stipulated in the Company's articles of incorporation is referenced in Note 26(8) Employee Compensation and Compensation for Directors and Supervisors.

The Company, taking into account future capital requirements and long-term financial planning, and meeting shareholders' demands for cash inflows, proposes a distribution plan in accordance with the law by the board of directors each year and submits it to the shareholders' meeting for resolution. Among them, the distribution of shareholder dividends may be made in cash or stock, but the proportion of cash dividend distribution shall not be less than 20% of the total dividend amount.

The statutory surplus reserve should be appropriated until its balance reaches the total paid-in capital of the company. When the company has no deficit, the portion of the statutory surplus reserve exceeding 25% of the total paid-in capital may be capitalized or distributed in cash.

This company held annual general meetings on June 13, 2023 and June 15, 2022, respectively, and resolved to distribute the profits for 2022 and 2021 as follows:

	2022	**2021**
Legal reserve	$ 87,837	$109,297
Special reserve	$ 32,695	($ 18,360)
Cash dividend	$642,490	$642,490
Cash dividend per share (NT$)	$ 5.0	$ 5.0

At the board meeting on March 14, 2024, the company proposed the following distribution of 2023 surplus:

	2023
Legal reserve	$ 52,658
Special reserve	($ 14,910)
Cash dividend	$513,992
Cash dividend per share (NT$)	$ 4.0

The aforementioned cash dividend has been resolved for distribution by the board of directors, while the remaining amount is yet to be resolved at the expected shareholders' meeting to be held on June 19, 2024.

(4) Special reserve

	2023	**2022**
Beginning balance	$ -	$ 18,360
Provision of special reserve		
Amount of other equity items appropriated	32,695	-
Reversal of special reserve		
Reversal of other equity deduction items	-	(18,360)
Year-end balance	$ 32,695	$ -

(5) Other equity interest items

1. Exchange differences on translation of foreign financial statements

	2023	2022
Beginning balance	($ 81,802)	($ 93,532)
Current period generation		
Translation differences of foreign operating entities	(9,599)	11,730
Other comprehensive income for the year	(9,599)	11,730
Year-end balance	($ 91,401)	($ 81,802)

2. Unrealized gains and losses from financial assets measured at fair value through other comprehensive income

	2023	2022
Beginning balance	$ 49,107	$166,676
Unrealized gains or losses		
Equity instrument	24,509	(114,215)
Disposal of equity instrument cumulative losses transferred to retained earnings	-	(3,354)
Year-end balance	$ 73,616	$ 49,107

(6) Non-controlling interests

	2023	2022
Beginning balance	$221,990	$183,489
Current year net profit (loss)	(2,066)	35,861
Other comprehensive income for the year		
Exchange differences on translation of foreign financial statements	(3,549)	2,640
Year-end balance	$216,375	$221,990

25. Revenue

	2023	2022
Revenue from contracts with customers		
Processing income	$ 2,337,641	$ 3,759,313
Sales revenue	984,643	436,520
Other revenue	388,467	404,209
	$ 3,710,751	$ 4,600,042

(1) Contract balance

	December 31, 2023	**December 31, 2022**	**January 01, 2022**
Accounts receivable (Note 10)	$ 997,015	$ 749,055	$ 1,224,274
Contract liability			
Current contract liability	$ 171,960	$ 71,031	$ 100,561

The changes in contract liabilities are mainly due to the difference between the timing of satisfying performance obligations and the timing of customer payments.

The amount from the contract liabilities at the beginning of the year and the performance obligations satisfied in prior periods that were recognized as revenue during the year is as follows:

	2023	**2022**
From contract liabilities at the beginning of the year		
Product sales	$ 70,999	$100,395

For the analysis of revenues from main products and services, please refer to Note 38.

26. Net income of continuing operations

(1) Net other revenue and cost

	2023	**2022**
Gains on disposals of property, plant and equipment	$ 51,195	$ 80,611
Operating lease rental income	49,837	55,502
Depreciation expense on leased assets	(2,955)	(2,954)
Depreciation expense on investment property	(523)	(918)
	$ 97,554	$132,241

(2) Interest revenue

	2023	2022
Cash in banks	$ 44,913	$ 29,235

(3) Other revenue

	2023	2022
Dividend revenue	$ 16,344	$ 16,153
Others	3,712	11,065
	$ 20,056	$ 27,218

(4) Other gains and losses

	2023	2022
Net foreign exchange (losses) gains	($ 25,779)	$172,393
Impairment loss recognized in profit or loss, property, plant and equipment	-	(109,616)
Net losses on financial assets measured at fair value through profit or loss	(176)	-
Loss on disposal of a subsidiary (Note 29)	(343)	-
Others	1,655	(7,132)
	($ 24,643)	$ 55,645

(5) Financial costs

	2023	2022
Bank loan interest	$ 13,282	$ 7,532
Interest on lease liabilities	5,149	3,757
Other interest expense	45	11
	$ 18,476	$ 11,300

(6) Depreciation and Amortization

	2023	2022
Property, plant and equipment	$558,638	$521,357
Right-of-use asset	27,504	24,510
Investment property	523	918
Intangible assets	11,340	9,359
Total	$598,005	$556,144
Depreciation expenses summarized by function		
Operating costs	$540,829	$507,820
Operating expenses	42,358	35,093
Other operating income and expenses	3,478	3,872
	$586,665	$546,785

	2023	2022
Amortization expenses summarized by function		
Operating costs	$ 1,863	$ 1,641
Operating expenses	9,477	7,718
	$ 11,340	$ 9,359

(7) Employee benefits expenses

	2023	2022
Post-employment benefits		
Defined contribution plans	$ 40,243	$ 40,659
Defined benefit plans (Note 23)	(219)	203
	40,024	40,862
Other employee benefits	1,156,322	1,367,837
Total employee benefit expenses	$ 1,196,346	$ 1,408,699
Summarized by function		
Operating costs	$ 759,875	$ 914,573
Operating expenses	436,471	494,126
	$ 1,196,346	$ 1,408,699

(8) Employee compensation and directors' and supervisors' remuneration

In accordance with the provisions of the Company's Articles of Incorporation, employee compensation and remuneration for directors and supervisors are allocated from the pre-tax profit for the current year, after deducting the amounts for employee and director/supervisor compensation, at a rate no less than 2% and no more than 5%, respectively. The estimated employee compensation and remuneration for directors and supervisors for 2023 and 2022 were resolved by the board of directors on March 14, 2024 and March 15, 2023, respectively, as follows:

Percentage estimation

	2023	2022
Employee compensation	9.26%	9.70%
Directors' and supervisors' remuneration	0.84%	0.70%

Amount

	2023	2022
	Cash	Cash
Employee compensation	$ 59,000	$118,200
Directors' and supervisors' remuneration	5,320	8,500

After the issuance date of the annual consolidated financial statements, if the amounts are still subject to change, they will be treated as changes in accounting estimates and adjusted in the following year.

The actual distribution amounts of employee compensation and directors' and supervisors' compensation for 2022 and 2021 are not different from the recognized amounts in the 2022 and 2021 consolidated financial statements.

Regarding the information on employee compensation and directors' and supervisors' compensation resolved by the Company's board of directors, please visit the "Market Observation Post System" of the Taiwan Stock Exchange for more details.

(9) Foreign currency exchange (loss) gain

	2023	**2022**
Total foreign exchange gain	$ 63,659	$227,392
Total foreign exchange loss	(89,438)	(54,999)
Net (loss) profit	($ 25,779)	$172,393

27. Income tax from continuing operations

(1) Income tax recognized in profit or loss

The main components of income tax expense are as follows:

	2023	**2022**
Current income tax		
Producer of the year	$ 63,659	$232,411
Prior year adjustments	(29,802)	-
Deferred tax		
Producer of the year	6,714	24,777
Income tax expense recognized in profit or loss	$ 40,529	$257,188

The reconciliation between accounting profit and income tax expense is as follows:

	2023	**2022**
Net profit before tax from continuing operations	$ 564,482	$ 1,147,229
Income tax expense calculated at the statutory tax rate on profit before tax	$ 108,373	$ 238,030
Deductible items when determining taxable income	(42,260)	(4,236)
Unrecognized deductible temporary difference	4,218	23,394
Adjustments of current income tax expense for prior years during the current year	(29,802)	-

	2023	2022
Income tax expense recognized in profit or loss	$ 40,529	$ 257,188

The applicable tax rate for subsidiaries in China is 25%; taxes arising in other jurisdictions are calculated based on the applicable tax rates of the respective jurisdictions.

(2) Current tax liabilities

	December 31, 2023	December 31, 2022
Current tax liabilities		
Income tax payable	$158,437	$150,694

(3) Deferred income tax assets

The changes in deferred income tax assets are as follows:

2023

Deferred income tax assets	Beginning balance	Recognized in profit or loss	Year-end balance
Temporary difference			
Allowance to reduce inventory to market	$ 44,774	($ 24,721)	$ 20,053
Deferred revenue	25,336	20,471	45,807
Provisions for liabilities	3,915	(3,701)	214
Provision for losses	2,810	(2,474)	336
Others	5,280	3,711	8,991
	$ 82,115	($ 6,714)	$ 75,401

2022

Deferred income tax assets	Beginning balance	Recognized in profit or loss	Year-end balance
Temporary difference			
Allowance to reduce inventory to market	$ 40,537	$ 4,237	$ 44,774
Deferred revenue	32,078	(6,742)	25,336
Provisions for liabilities	5,051	(1,136)	3,915
Provision for losses	9,287	(6,477)	2,810
Others	19,939	(14,659)	5,280
	$ 106,892	($ 24,777)	$ 82,115

(4) Deductible temporary differences, unused loss carryforwards for which no deferred income tax asset was recognized in the consolidated balance sheets

	December 31, 2023	December 31, 2022
Loss carryforward		
Expiration in 2023	$ -	$ 154,820
Expiration in 2024	125,755	125,755
Expiration in 2025	166,441	166,441
Expiration in 2026	152,141	152,141
Expiration in 2027	144,639	144,639
Expiration in 2028	33,669	-
	$ 622,645	$ 743,796
Deductible temporary difference	$ 1,141,426	$ 1,140,497

(5) Circumstances of income tax assessment

For the Company's profit-seeking enterprise income tax filing, tax cases up to and prior to 2021 have been assessed by the tax collection authorities.

28. Earnings per Share Unit: NT$ Per Share

	2023	2022
Basic earnings per share	$ 4.09	$ 6.65
Diluted earnings per share	$ 4.05	$ 6.53

The numerator for earnings per share and the denominator for weighted-average number of common shares are calculated as follows:

Net profit for the year

	2023	2022
Net profit attributable to owners of the Company	$526,019	$854,180

Shares/Units Thousand Shares

	2023	2022
The weighted average number of common shares used to calculate basic earnings per share	128,498	128,498
Potential impact of dilutive ordinary shares:		
Employee compensation	1,309	2,403
The weighted average number of common shares used to calculate diluted earnings per share	129,807	130,901

If the Group has the option to pay employee compensation in stock or cash, when calculating diluted earnings per share, it is assumed that employee compensation will be paid in stock. If the potential common stock has a dilutive effect, it is included in the weighted average number of shares outstanding to calculate diluted earnings per share. Before deciding on the number of shares to be issued as employee compensation in the following year, the dilutive effect of such potential common stock continues to be considered when calculating diluted earnings per share.

29. Disposal of subsidiaries

The board of directors of the Group resolved on March 15, 2023 to dissolve Jiuhongxin and Shinshou, and completed the liquidation on October 11 and October 29, 2023.

2023

(1) The consideration received

	Jiuhongxin	Shinshou
Total consideration received	$ 133	$ 203

(2) Analysis of assets and liabilities over which control was lost

	Jiuhongxin	Shinshou
Net Assets Disposed	$ 137	$ 542

(3) Profit from disposal of subsidiaries

	Jiuhongxin	Shinshou
The consideration received	$ 133	$ 203
Net Assets Disposed	(137)	(542)
Loss on disposal	($ 4)	($ 339)

(4) Net cash inflows from disposal of subsidiaries

	Jiuhongxin	Shinshou
Consideration received in cash and cash equivalents	$ 133	$ 203
Less: The remaining balance of cash and cash equivalents for disposal	(133)	(203)
	$ -	$ -

30. Information on cash flow

(1) Non-cash transactions

Except as disclosed in other notes, the Group engaged in the following non-cash investing and financing activities in 2023 and 2022:

In 2023 and 2022, the Group reclassified inventories of NT$57,745 thousand and NT$202,836 thousand, respectively, to property, plant and equipment. Additionally, in 2023 and 2022, the Group reclassified net property, plant and equipment of NT$17,433 thousand (cost NT$25,237 thousand less accumulated depreciation NT$7,804 thousand) and NT$102 thousand (cost NT$16,339 thousand less accumulated depreciation NT$16,237 thousand), respectively, to inventories. Furthermore, in 2022, the Group reclassified right-of-use assets of NT$2,585 thousand (cost NT$21,997 thousand less accumulated depreciation NT$19,412 thousand) to property, plant and equipment. In 2022, the Group also reclassified net property, plant and equipment of NT$9,037 thousand (cost NT$9,988 thousand less accumulated depreciation NT$951 thousand) to right-of-use assets. Additionally, in 2023, the Group reclassified net property, plant and equipment of NT$483 thousand (cost NT$2,140 thousand less accumulated depreciation NT$1,657 thousand) to investment properties. In 2023, the Group also reclassified net investment properties of NT$20,244 thousand (cost NT$40,160 thousand less accumulated depreciation NT$19,916 thousand) to property, plant and equipment. Furthermore, in 2023, the Group reclassified net property, plant and equipment of NT$1,658 thousand (booked as equipment awaiting inspection and construction in progress) to intangible assets (refer to Notes 14, 15, 16 and 17).

31. Capital Risk Management

The Group conducts capital management to ensure that it can continue as a going concern while maximizing the return to shareholders through the optimal balance of debt and equity. The overall strategy of the Group remains unchanged.

The consolidated capital structure of the company consists of net debt (i.e. borrowings less cash and cash equivalents) and equity (i.e. share capital, capital surplus, retained earnings and other equity items).

The Group does not need to comply with other external capital requirements.

The key management personnel of the Group periodically review the capital structure of the Group, including consideration of the costs and related risks of various types of capital. Based on the recommendations of the key management personnel, the Group will balance its overall capital structure by paying dividends, issuing new shares, buying back shares, issuing new debt or repaying old debt.

32. Financial instruments

(1) Information on fair value – Financial instruments not measured at fair value

The Group's management believes that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values.

(2) Fair value information – Financial instruments measured at fair value on a recurring basis

1. Fair value level

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Limited partnership	$ -	$ -	$ 14,824	$ 14,824
Financial assets measured at fair value through other comprehensive income				
Equity instrument investment				
— Domestic listed (over-the-counter) stocks	$ 379,444	$ -	$ -	$ 379,444
— Unlisted domestic stocks	-	-	5,000	5,000
— Unlisted foreign stocks	-	-	103,493	103,493
Total	$ 379,444	$ -	$ 108,493	$ 487,937

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income				
Equity instrument investment				
— Domestic listed (over-the-counter) stocks	$ 251,963	$ -	$ -	$ 251,963
— Unlisted domestic stocks	-	-	5,000	5,000
— Unlisted foreign stocks	-	-	206,465	206,465
Total	$ 251,963	$ -	$ 211,465	$ 463,428

There were no transfers between Level 1 and Level 2 fair value measurements in 2023 and 2022.

2. Reconciliation of financial instruments measured at fair value within Level 3

2023

	Equity instruments measured at fair value through profit or loss	Equity instruments measured at fair value through other comprehensive income	Total
Beginning balance	$ -	$ 211,465	$ 211,465
Recognized in profit or loss (other gains and losses)	(176)	-	(176)
Recognized in other comprehensive income (unrealized valuation of financial assets measured at fair value through other comprehensive income)	-	(102,972)	(102,972)
Purchase	15,000	-	15,000
Year-end balance	$ 14,824	$ 108,493	$ 123,317

2022

	Equity instruments measured at fair value through other comprehensive income
Beginning balance	$252,578
Disposal	(9,101)
Transfer to the 3rd grade	(32,012)
Year-end balance	$211,465

3. Valuation techniques and inputs for Level 3 fair value measurements

Domestic and overseas unlisted (over-the-counter) equity and limited partnership investments are valued using the asset approach, or based on the trading prices of similar stocks in an active market, adjusted for liquidity, to obtain their fair value.

(3) Categories of Financial Instruments

	December 31, 2023	December 31, 2022
Financial asset		
Measured at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss	$ 14,824	$ -
Measured at fair value through other comprehensive income		
Equity instrument investment	487,937	463,428
Financial assets at amortized cost (Note 1)	3,835,971	4,135,069
Financial liability		
Measured at amortized cost (Note 2)	570,107	915,755

Note 1: The balance includes cash and cash equivalents, notes receivable and accounts receivable (including related party amounts), other receivables (including related party amounts), and restricted assets measured at amortized cost that are included as financial assets.

Note 2: The balance includes short-term borrowings, notes and accounts payable (including related party amounts), other payables (including related party amounts), and long-term borrowings (including the portion due within one year), which are financial liabilities measured at amortized cost.

(4) Financial Risk Management Objectives and Policies

The Group's major financial instruments include equity investments, trade receivables, trade payables, borrowings, and lease liabilities. The Group's financial management department provides services to its business units, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the Group's operations through internal risk reports analyzing exposures by degree and extent of risks. These risks include market risk (including foreign currency risk, interest rate risk, and other price risk), credit risk, and liquidity risk.

The Group uses derivative financial instruments to hedge its exposure in order to mitigate the impact of such risks. The use of derivative financial instruments is governed by policies approved by the board of directors of the Group, which are the written principles for foreign exchange risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investment of remaining liquidity. Internal auditors continuously review compliance with policies and exposure limits. The Group does not engage in transactions involving financial instruments (including derivative financial instruments) for speculative purposes.

The financial management department regularly provides reports at the operational management meetings of the consolidated companies to mitigate exposure risks.

1. Market risk

   The operating activities of the Group expose it to the primary financial risks of foreign exchange rate fluctuations (refer to (1) below) and interest rate fluctuations (refer to (2) below). The Group engages in derivative financial instruments to manage its exposure to foreign exchange rate risks, including the use of forward foreign exchange contracts to hedge against the exchange rate risks arising from exporting equipment or providing services to other regions.

   The merger of companies has not changed the exposure to market risks of financial instruments and the management and measurement methods for such exposures.

   (1) Currency risk

   The Company and several subsidiaries engage in sales and purchases transactions denominated in foreign currencies, which exposes the Group to foreign exchange risk. The Group manages foreign exchange risk within policy-permitted limits by utilizing forward foreign exchange contracts to manage risk.

   The Group refers to Note 36 for the book amounts of monetary assets and monetary liabilities denominated in non-functional currencies (including monetary items denominated in non-functional currencies that have been eliminated in the consolidated financial statements) and the book amounts of derivative instruments with foreign exchange risk exposure as of the balance sheet date.

   Sensitivity analysis

   The Group is mainly affected by fluctuations in the US dollar, Chinese renminbi and Japanese yen exchange rates.

   The following table details the sensitivity analysis of the Group when the New Taiwan Dollar (functional currency) appreciates by 5%, 5%, and 10% against the US dollar, Chinese renminbi, and Japanese yen, respectively. The 5% and 10% are the sensitivity rates used by the Group when reporting foreign exchange risk to key management personnel and represent management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and forward foreign exchange contracts designated as cash flow hedges. The (negative) positive numbers in the table indicate that when the functional currency of each entity within the Group appreciates by 5%, 5%, and 10% against the relevant foreign currencies, the pre-tax net profit will (decrease) increase by the respective amounts.

	The Impact of the US Dollar		The Impact of the Chinese Renminbi		The Impact of the Japanese Yen	
	2023	2022	2023	2022	2023	2022
Net income (loss) before tax	($32,923)	($ 407)	($36,245)	($ 8,993)	($ 1,730)	($10,288)

The change in sensitivity mainly arises from the outstanding U.S. dollar, Chinese renminbi, and Japanese yen-denominated receivables and payables of the consolidated companies that were not cash flow hedged on the balance sheet date. The Group's sensitivity to the U.S. dollar exchange rate increased this year, mainly due to an increase in U.S. dollar-denominated bank deposits and an increase in U.S. dollar-denominated sales resulting in an increase in the balance of U.S. dollar-denominated accounts receivable. The Group's sensitivity to the Renminbi exchange rate increased this year, mainly due to an increase in Renminbi-denominated sales resulting in an increase in the balance of Renminbi-denominated accounts receivable. The Group's sensitivity to the Japanese yen exchange rate decreased this year, mainly due to a decrease in Japanese yen-denominated bank deposits.

(2) Interest rate risk

Due to the consolidated entities simultaneously holding fixed and floating rate assets, the company is exposed to interest rate risk. The Group manages interest rate risk by maintaining an appropriate mix of fixed and floating rate exposures.

On the balance sheet date, the carrying amounts of financial assets and financial liabilities of the Group exposed to interest rate risk are as follows:

	December 31, 2023	**December 31, 2022**
With fair value interest rate risk		
— Financial asset	$ 1,707,442	$ 2,233,889
— Financial liability	175,671	137,740
Cash flow interest rate risk		
— Financial asset	954,208	1,045,545
— Financial liability	141,761	302,829

<u>Sensitivity analysis</u>

The following sensitivity analysis is determined by the interest rate exposure of non-derivative instruments on the balance sheet date. For floating rate assets and liabilities, the analysis is based on the assumption that the outstanding asset and liability amounts on the balance sheet date were outstanding throughout the reporting period. The change in rates used to report interest rates internally to key management personnel is an increase or decrease of 0.1%, which also represents management's assessment of a reasonably possible range of changes in interest rates.

If the interest rate increases/decreases by 0.1%, with all other variables remaining constant, the Group's pre-tax net profit for 2023 and 2022 will increase/decrease by NT$812 thousand and NT$743 thousand, respectively.

(3) Other price risk

The Group is exposed to equity price risk arising from equity securities investments. The company's management manages the risk by maintaining a diversified investment portfolio.

Sensitivity analysis

The following sensitivity analysis is based on the equity price exposure as of the balance sheet date.

If the equity price rises/falls by 1%, the pre-tax profit or loss in 2023 will increase/decrease by NT$148 thousand due to the increase/decrease in the fair value of financial assets measured at fair value through profit or loss. In 2023 and 2022, pre-tax other comprehensive income will increase/decrease by NT$4,879 thousand and NT$4,634 thousand, respectively, due to the increase/decrease in the fair value of financial assets measured at fair value.

The Group's sensitivity to investments in equity securities has not changed significantly compared to the previous year.

2. Credit risk

Credit risk refers to the risk of financial loss to the Group resulting from a counterparty's failure to meet contractual obligations. As of the balance sheet date, the maximum exposure to credit risk that could cause financial loss to the Group due to the counterparty's failure to perform obligations and the financial guarantees provided by the Group is primarily from:

(1) The carrying amount of financial assets recognized in the consolidated balance sheet.

(2) The contingent liabilities arising from financial guarantees provided by the Group.

To mitigate credit risk, the management of the Group has assigned a dedicated team responsible for determining credit limits, approving credit, and carrying out other monitoring procedures to ensure that appropriate actions have been taken to recover overdue receivables. Furthermore, the Group reviews the recoverable amount of each receivable on the balance sheet date to ensure that appropriate impairment losses have been provided for uncollectible receivables. Based on this, the Company's management believes that the credit risk of the Group has been significantly reduced.

The credit risk of the Group is mainly concentrated in the top six customers prior to the merger. As of December 31, 2023 and 2022, the percentages of total accounts receivable from the aforementioned customers were 34% and 47%, respectively.

3. Liquidity risk

The Group maintains sufficient cash and cash equivalents to support the Group's operations and mitigate the effects of cash flow fluctuations through management and maintenance. The Group's management monitors the use of bank credit facilities and ensures compliance with borrowing covenant terms.

As of December 31, 2023 and 2022, the unused short-term bank credit facilities of the Group are described in the following (2) Credit facilities.

(1) Liquidity and Interest Rate Risk Table for Non-Derivative Financial Liabilities

The remaining contractual maturity analysis of non-derivative financial liabilities is prepared based on the earliest date on which the Group may be required to repay the financial liabilities according to the undiscounted cash flows (including principal and estimated interest) of the financial liabilities. Therefore, bank borrowings which the Group may be required to repay immediately are included in the earliest period in the following table, regardless of the probability of the bank exercising its right to demand immediate repayment;
the maturity analysis of other non-derivative financial liabilities is prepared based on the agreed repayment dates.

The undiscounted interest amount of the cash flows paid with a floating interest rate is derived based on the expected borrowing rate as of the balance sheet date.

December 31, 2023

	Payable on demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	5 years or more
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 310,098	$ 318,579	$ 91,344	$ 7,084	$ -
Floating rate instrument	-	-	-	142,160	-
Lease liabilities	2,319	4,638	18,698	49,538	144,248
	$ 312,417	$ 323,217	$ 110,042	$ 198,782	$ 144,248

Further information on the maturity analysis of lease liabilities is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	20 years or more
Lease liabilities	$ 25,655	$ 49,538	$ 55,257	$ 55,257	$ 33,734	$ -

December 31, 2022

	Payable on demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	5 years or more
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 509,280	$ 317,655	$ 108,418	$ 7,084	$ -
Floating rate instrument	-	-	305,556	-	-
Lease liabilities	1,958	3,916	15,894	41,653	105,226
	$ 511,238	$ 321,571	$ 429,868	$ 48,737	$ 105,226

Further information on the maturity analysis of lease liabilities is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	20 years or more
Lease liabilities	$ 21,768	$ 41,653	$ 38,566	$ 38,566	$ 28,094	$ -

The amounts of the aforementioned non-derivative financial liabilities with floating interest rates will change due to the difference between the floating interest rates and the estimated interest rates on the balance sheet date.

(2) Financing limit

	December 31, 2023	December 31, 2022
Unsecured overdraft facility		
— Utilized amount	$ -	$ 149,280
— Unused amount	1,050,000	650,000
	$ 1,050,000	$ 799,280
Guaranteed bank overdraft limit		
— Utilized amount	$ 141,761	$ 153,549

The unsecured bank credit lines utilized as of 2023 and December 31, 2022, including the performance guarantee limits, amounted to NT$8,000 thousand. These credit lines were provided by the bank as a guarantee for the Group's test bonded factory certificates and performance bonds for the Industrial Technology Research Institute's industrial foundation technology project plan.

33. Related-Party Transactions

Transactions, account balances, revenues and expenses between the Company and its subsidiaries (related parties of the Company) were fully eliminated upon consolidation, and therefore not disclosed in these notes. Transactions between the consolidated companies and other related parties are as follows.

(1) Name and relationship of related parties

Name of related party	Abbreviation	Relationship with Merged Company
Tian Zheng International Precision Machinery Co., Ltd.	Tian Zheng	Associate
Sissca Co., Ltd	Sissca	Associate
Harvatek Corporation	Harvatek	Other interested parties
iReach Corporation	iReach	Other interested parties

(2) Business Transactions

Account Items	Related person category	2023	2022
Sales revenue	Other interested parties	$ 62,415	$ 196,112

The Group provides testing, slitting and other processing services based on the customer's products, so the transaction prices are charged according to the characteristics of the products. The payment policy for processing revenue is generally 45 to 180 days after the end of the month for general customers, while the payment terms for the above-mentioned related parties are 90 to 120 days after the end of the month.

(3) Incoming Goods

Related person category	2023	2022
Associate	$ 79	$ 628
Other interested parties	-	131
	$ 79	$ 759

The company's purchase of merchandise from the Group is based on market prices less discounts, reflecting the quantity purchased and the relationship with the related party. Transactions with related parties are conducted under normal trading terms and prices.

(4) Notes receivable and accounts receivable – related parties and other receivables – related parties

Account Items	Relationship Category/Name	December 31, 2023	December 31, 2022
Notes and accounts receivable due from related parties	Other interested parties		
	Harvatek	$ 93,200	$ 63,529
	Others	8	51
		$ 93,208	$ 63,580

Notes receivable and accounts receivable from related parties outstanding were not secured. No allowance for doubtful accounts was provided for accounts receivable from related parties in 2023 and 2022.

Account Items	Relationship Category/Name	December 31, 2023	December 31, 2022
Other receivables due from related parties	Other interested parties		
	Harvatek	$ -	$ 988

(5) Accounts payable – related parties and other payables

Account Items	Relationship Category/Name	December 31, 2023	December 31, 2022
Accounts payable to related parties	Associate		
	Sissca	$ 15	$ -

The outstanding accounts payable to related parties are unsecured and will be settled in cash, and no guarantees have been provided for the accounts payable to related parties.

Account Items	Relationship Category/Name	December 31, 2023	December 31, 2022
Equipment payable (listed as other payables)	Other interested parties Harvatek	$ -	$ 2,703

(6) Acquisition of property, plant and equipment

Related person category	Obtain payment	
	2023	2022
Other interested parties	$ 4,300	$ -

(7) Disposal of property, plant and equipment

Related person category	Disposal proceeds		Gain on disposal	
	2023	2022	2023	2022
Other interested parties	$ -	$ 800	$ -	$ 800

(8) Lease Agreement

Account Items	Relationship Category/Name	December 31, 2023	December 31, 2022
Lease liabilities	Other interested parties Harvatek	$ 10,469	$ 20,762

Relationship Category/Name	2023	2022
Interest expense		
Major Influential Investor		
Other interested parties		
Harvatek	$ 507	$ 826

The Group leased a plant from a significant investor in January 2020 for a period of 5 years. The rent was determined based on the rent levels of similar assets, and fixed lease payments were made quarterly in accordance with the lease agreement.

(9) Related-Party Transactions

	2023	2022
Rent revenue		
Other interested parties	$ 375	$ 450
Dividend revenue		
Other interested parties		
Harvatek	$ 15,368	$ 15,346
Other revenue		
Associate	$ 238	$ 1,413
Other interested parties	11	52
	$ 249	$ 1,465
Manufacturing overhead		
Other interested parties	$ 31,532	$ 34,534

	December 31, 2023	December 31, 2022
Guarantee deposits paid		
Other interested parties		
Harvatek	$ 1,030	$ 1,030

Regarding the leases between the Group and related parties, the determination of rent and payment terms are based on the contract provisions, with no other comparable transactions available for comparison.

The related party transactions in manufacturing costs are due to the company sharing factory facilities with other related parties, and bearing the related water, electricity, and repair expenses. The determination of expenses and payment terms are based on contractual provisions, and there are no comparable transactions available for comparison.

(10) Remuneration of Key Management Personnel

	2023	2022
Short-term employee benefits	$ 37,100	$ 60,253
Post-employment benefits	294	284
	$ 37,394	$ 60,537

The compensation of directors and other key management personnel is determined by the Compensation Committee based on individual performance and market trends.

34. Assets Pledged as Security

The following assets have been provided to financial institutions and government agencies as collateral for financing or related business:

	December 31, 2023	December 31, 2022
Certificate of deposits (financial assets at amortized cost)	$ 20,950	$182,909
Net amount of property, plant and equipment	33,160	44,673
	$ 54,110	$227,582

Some of the company's land and buildings (listed as real estate, plant and equipment) have been pledged as collateral for bank loans. The company cannot use the pledged assets as collateral for other loans or sell them to other companies.

35. Significant or Contingent Events

YTEC Samoa Company, which invested in YTEC HK Company, which in turn invested in its subsidiary Yangzhou YoungTek, terminated its cooperation with the sales customer Soaring Radio Technology Yangzhou Company Limited (Soaring) in 2020. Due to Soaring's outstanding payment for goods, Yangzhou YoungTek filed a lawsuit against Soaring in June 2021 to recover the payment and won the case in March 2022. In April 2022, Soaring returned the outstanding payment and interest. However, in May 2022, Soaring filed a counterclaim against Yangzhou YoungTek, alleging that Yangzhou YoungTek failed to deliver orders in a timely manner. The Yangzhou People's Court in Jiangsu Province ruled to freeze Yangzhou YoungTek's bank deposit of RMB 1.92 million (equivalent to NT$8,508,000) in response to Soaring's request. Due to disagreements over the target accounts, the court requested both parties to reconcile the accounts and scheduled the first hearing for January 11, 2023. The first-instance judgment determined that Yangzhou YoungTek had delayed delivery of some goods. On May 29, 2023, both parties signed an agreement where Yangzhou YoungTek paid compensation of RMB 69,000 (equivalent to NT$521,000) for the delayed delivery and had the bank deposit unfrozen. As of December 31, 2023, the aforementioned litigation has been fully settled.

36. Information on foreign currency assets and liabilities with significant impact.

The following information is expressed in currencies other than the functional currencies of the consolidated entities, with the disclosed exchange rates representing the exchange rates used to translate those foreign currencies into the functional currencies. The significant foreign currency-denominated assets and liabilities are as follows:

December 31, 2023

	Foreign currency	Exchange rate	Carrying amount
Foreign currency assets			
Monetary items			
USD	$ 25,182	30.66	$ 772,080
JPY	118,699	0.22	26,114
RMB	168,638	4.30	725,143
			$ 1,523,337
Foreign currency liabilities			
Monetary items			
USD	3,694	30.76	$ 113,627
JPY	40,076	0.22	8,817
RMB	58	4.35	252
			$ 122,696

December 31, 2022

	Foreign currency	Exchange rate	Carrying amount
Foreign currency assets			
Monetary items			
USD	$ 11,418	30.66	$ 350,076
Japanese Yen	474,213	0.23	109,069
RMB	41,063	4.38	179,856
			$ 639,001
Foreign currency liabilities			
Monetary items			
USD	11,116	30.76	$ 341,928
JPY	26,906	0.23	6,188
			$ 348,116

The Group realized and unrealized net foreign exchange (losses) gains of NT$(25,779) thousand and NT$172,393 thousand in 2023 and 2022, respectively. Due to the diverse nature of foreign currency transactions and functional currencies within the Group entities, it is not practicable to disclose realized and unrealized foreign exchange gains or losses by each major foreign currency.

37. Supplemental Disclosures

(1) Information on Significant Transactions:

1. Funds loaned to others: Table 1.

2. Endorsements/Guarantees for Others: Table 2.

3. The situation of holding securities at the end of the period (excluding investments in subsidiaries, affiliated companies and equity of joint ventures): Table 3.

4. The cumulative amount of buying or selling the same securities reaches NT$300 million or 20% of paid-in capital: None.

5. The amount for obtaining real estate reached NT$300 million or 20% of the paid-in capital: None.

6. The amount of disposal of real estate reaching NT$300 million or 20% of the paid-in capital: None.

7. The amount of purchases and sales with related parties reaching NT$100 million or 20% of paid-in capital: Table 4.

8. Receivables from related parties reaching NT$100 million or 20% of paid-in capital: Table 5.

9. Engaging in derivative product transactions: None.

10. Others: Business relationships and significant transactions and amounts between the parent company and subsidiaries, and among subsidiaries: Table 6.

(2) Information on Investees: Table 7.

(3) Information on Investment in Mainland China:

1. Name, main business activities, paid-in capital, investment method, inflow and outflow of funds, shareholding ratio, investment gains or losses, investment book value at the end of the period, repatriated investment gains or losses, and limit on investments in mainland China for investees in mainland China: Table 8.

2. Major direct or indirect transactions via a third area with the invested companies in mainland China, including their prices, payment terms, and unrealized gains and losses: Table 9.

(4) Information on Major Shareholders Names, shareholdings, and percentages of shareholders with 5% or more ownership: Table 10.

38. Segment Information

The operating decision makers of the consolidated companies used to allocate resources and evaluate the performance of the departments focus on the financial information of product sales. The measurement basis of this financial information is the same as that of the consolidated financial statements. The reportable segments of the consolidated companies are the OEM business department and the proprietary product business department.

(1) Department Revenue and Operating Results

	Segment revenue	
	2023	**2022**
Contract Manufacturing Business Unit	$ 2,337,641	$ 3,759,313
Own product business unit	1,373,110	840,729
Total amount of continuing operations	$ 3,710,751	$ 4,600,042

	Segment profit or loss	
	2023	**2022**
Contract Manufacturing Business Unit	$ 436,631	$ 1,202,014
Own product business unit	611,795	419,579
Total amount of continuing operations	1,048,426	1,621,593
Operating expenses	(590,380)	(710,262)
Net other revenue and cost	97,554	132,241
Interest revenue	44,913	29,235
Other revenue	20,056	27,218
Other gains and losses	(24,643)	55,645
Financial costs	(18,476)	(11,300)
Share of profit or loss of associates accounted for using equity method	(12,968)	2,859
Net profit before tax from continuing operations	$ 564,482	$ 1,147,229

Departmental profit refers to the profit earned by each department, excluding allocated operating expenses, non-operating income and gains, and non-operating expenses and losses. This measurement amount is provided to the chief operating decision maker for the purposes of allocating resources to the departments and assessing their performance.

(2) Income from main products and services

The analysis of revenue from principal products and services of the continuing operations of the combined companies is as follows:

	2023	**2022**
Processing income	$ 2,337,641	$ 3,759,313
Sales revenue	984,643	436,520
Other revenue	388,467	404,209
	$ 3,710,751	$ 4,600,042

(3) Regional information

The main operating regions of the Group are Taiwan and China.

The information on revenue from continuing operations of external customers for the Group, segmented by location of operations, and non-current assets segmented by geographical location of assets, is presented as follows:

	Revenue from external customers		**Non-current assets**	
	2023	**2022**	**December 31, 2023**	**December 31, 2022**
Domestic	$ 1,916,933	$ 2,570,029	$ 2,048,115	$ 2,225,116
Abroad	1,793,818	2,030,013	432,007	455,131
	$ 3,710,751	$ 4,600,042	$ 2,480,122	$ 2,680,247

Non-current assets do not include financial instruments, investments accounted for using the equity method, deferred income tax assets, and other financial assets.

(4) Information on key customers

In 2023 and 2022, there was no revenue from a single customer that reached 10% or more of the Group's total revenue.

YOUNGTEK ELECTRONICS CORP. AND ITS SUBSIDIARIES

LENDING MONEY TO OTHERS

January 1, 2023 to December 31, 2023

Table 1.

Unit: In thousands of New Taiwan Dollars, unless otherwise noted

No.	Lending Company	Borrower	Items in transit	Whether to be a related person	Current maximum balance	Ending balance (Note 1)	Actual disbursed amount	Interest rate range	Nature of Funds Lending	Business transaction amount	The reason for the need for short-term bridging funds	Provision for doubtful accounts	Collateral		Lending Limits for Individual Objects	Total Loan Limit
													Name	Value		
1	YTEC Holding (Samoa) Co., Ltd.	Suzhou YoungTek Microelectronics Ltd.	Other receivables – related parties	Yes	$ 64,850	$ 61,410	$ -	（Note 2）	For operational use	$ -	For operational use	$ -	—	$ -	$ 275,738 （Note 3）	$ 275,738 （Note 3）
2	YTEC (Hong Kong) Global Limited	Xiamen YoungTek Electronics Ltd.	Other receivables – related parties	Yes	32,425	30,705	13,439	（Note 2）	For operational use	-	For operational use	-	—	-	90,624 （Note 4）	90,624 （Note 4）

Note 1: Figures are derived from the original foreign currency amounts converted at the exchange rates as of December 31, 2023.

Note 2: Interest is calculated at an annual rate of 3%.

Note 3: The lending limit of YTEC Holding (Samoa) Co., Ltd. to an individual entity shall not exceed 40% of the lending company's net value, and shall not exceed 25% of the Company's paid-in capital; the total lending limit shall not exceed 30% of the Company's paid-in capital.

Note 4: The limit of funds lent by YTEC (Hong Kong) Global Limited to any single object shall not exceed 40% of the net worth of the borrowing enterprise, nor shall it exceed 25% of the Company's paid-in capital; the total lending limit shall not exceed 30% of the Company's paid-in capital.

YOUNGTEK ELECTRONICS CORP. AND ITS SUBSIDIARIES

TO GUARANTEE OR ENDORSE FOR OTHERS

January 1, 2023 to December 31, 2023

Table 2.

Unit: In thousands of New Taiwan Dollars, unless otherwise noted

No.	Name of the endorsing guarantor company	Endorsed guaranteed object		Limit on endorsements/guarantees extended for a single enterprise	Maximum endorsed balance for this period	End of Period Endorsement Balance Guarantee	Actual disbursed amount	Amount of Endorsement Guarantee Secured by Property	The ratio of the accumulated amount of endorsed guarantees to the net worth in the latest financial statements	Endorsement Guarantee Maximum Limit	Endorsement and guarantee by parent company to subsidiary	Subsidiary's endorsement guarantee for the parent company	Belong to the endorsement guarantee for the mainland region
		Company Name	Related parties										
0	YTEC	YTEC HK	The Company indirectly holds 100% of its subsidiaries.	$ 2,009,803 (Note 1)	$ 307,500	$ -	$ -	$ -	-	$ 2,679,736 (Note 2)	Y	N	N
1	YTEC HK	Xiamen YoungTek	The Company indirectly holds 100% of its subsidiaries.	135,937 (Note 3)	153,750	-	-	-	-	135,937 (Note 3)	Y	N	Y
2	YTEC Samoa Company	Xiamen YoungTek	The Company indirectly holds 100% of its subsidiaries.	275,738 (Note 4)	162,125	153,525	141,761	141,761	2.29%	275,738 (Note 4)	Y	N	Y

Note 1: The limit of the Company's endorsement/guarantee for a single enterprise shall not exceed 30% of the Company's net worth; the limit of endorsement/guarantee between companies in which the Company directly or indirectly holds 90% or more of the voting shares shall not exceed 10% of the Company's net worth;
however, this limit shall not apply to endorsement/guarantee between companies in which the Company directly or indirectly holds 100% of the voting shares.

Note 2: The total amount of external endorsements and guarantees provided by the Company shall not exceed 40% of the Company's net worth.

Note 3: The total amount of external endorsements and guarantees provided by YTEC HK Company shall not exceed 60% of YTEC HK Company's net worth, and the limit for endorsements and guarantees provided to a single enterprise shall not exceed 60% of YTEC HK Company's net worth.

Note 4: The total amount of external endorsements and guarantees by YTEC Samoa Company shall not exceed 40% of YTEC Samoa Company's net worth, and the limit of endorsement and guarantee for a single enterprise shall not exceed 40% of YTEC Samoa Company's net worth.

YOUNGTEK ELECTRONICS CORP. AND ITS SUBSIDIARIES

EQUITY SECURITIES HELD AT THE END OF THE PERIOD

December 31, 2023

Table 3.

Unit: In thousands of New Taiwan Dollars, unless otherwise noted

Holding company	Type and name of securities	Relationship with Securities Issuers	Account items	Final examination				Notes
				Shares/Units	Carrying amount	Equity ratio %	Fair value	
YoungTek Electronics Corp.	Limited partnership							
	NEXUS CVC Partners Fund LP.	–	Non-current financial assets measured at fair value through profit or loss	1,500,000	$ 14,824	2.49	$ 14,824	Note 2
	Stock							
	Edison Opto Corporation	Our company is a director of that company.	Current financial assets measured at fair value through other comprehensive income	2,549,367	62,204	1.78	62,204	Note 1
	Harvatek Corporation	The chairman of our company and the chairman of that company are the same person.	Non-current financial assets measured at fair value through other comprehensive income	10,230,336	269,569	4.96	269,569	Note 1
	Unimicron Technology Corp.	–	Non-current financial assets measured at fair value through other comprehensive income	29,238	5,146	-	5,146	Note 1 and 3
	Navifus Corporation	–	Non-current financial assets measured at fair value through other comprehensive income	1,500,000	42,525	2.66	42,525	Note 1
	YTTEK Technology Corp.	–	Non-current financial assets measured at fair value through other comprehensive income	333,333	5,000	1.37	5,000	Note 2
	CSVI Ventures L.P.	–	Non-current financial assets measured at fair value through other comprehensive income	-	103,493	10.15	103,493	Note 2
	Aeolus Robotics Corporation (Cayman)	–	Non-current financial assets measured at fair value through other comprehensive income	2,000,000	-	3.08	-	Note 2

Note 1: It is calculated based on the closing price as of December 31, 2023.

Note 2: It is calculated based on the most recent financial statements obtained by the company or estimated from the market trading price.

Note 3: Unimicron Technology Corp. merged and acquired Subtron Technology Co., Ltd. on January 6, 2023, and the shareholding ratio of YTEC changed from 0.4% to 0.00%.

YOUNGTEK ELECTRONICS CORP. AND ITS SUBSIDIARIES

THE AMOUNT OF PURCHASES OR SALES WITH RELATED PARTIES REACHES NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL.

January 1, 2023 to December 31, 2023

Table 4

Unit: Unless otherwise specified, in thousands of New Taiwan Dollars

Import (Sales) Company	Counterparty Name	Related parties	Trading situation				Circumstances and reasons where transaction terms differ from regular transactions		Notes and accounts receivable (payable)		Notes
			Goods inward/Goods outward	Amount	Percentage of total revenue (sales)	Credit period	Unit price	Credit period	Balance	Ratio of total notes and accounts receivable (payable)	
Suzhou YoungTek	YTEC	The Company indirectly holds 100% of its subsidiaries.	Sales	$ 685,444	20.08%	180 days to the end of the month	$ -	—	$ 602,835	41.44%	—

Note: The paid-in capital refers to the paid-in capital of the parent company. If the company's shares have no par value or the par value per share is not NT$10, the transaction amount of 20% of the paid-in capital shall be calculated based on 10% of the equity attributable to the parent company owners in the balance sheet.

YOUNGTEK ELECTRONICS CORP. AND ITS SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES REACH NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

December 31, 2023

Table 5

Unit: Unless otherwise specified, in thousands of New Taiwan Dollars

Company with accounts receivable listed	Counterparty Name	Related parties	Balance of accounts receivable from related parties	Turnover rate	Overdue receivables from related parties		Amount subsequently recovered from accounts receivable from related parties	Provision for credit losses
					Amount	Handling method		
YoungTek	Suzhou YoungTek	The Company indirectly holds 100% of its subsidiaries.	$ 602,835	179%	$ 83,360	In continuous debt collection	$ 28,039	$ -

YOUNGTEK ELECTRONICS CORP. AND ITS SUBSIDIARIES

Status of business relationship and significant transactions between the parent company and subsidiaries

2023

Table 6.

Unit: NT$ thousands

No.	Trader Name	Counterparty	Relationship with Counterparties (Note 1)	Transaction situation			
				Subject	Amount	Terms and Conditions	Percentage of consolidated total revenue or total assets
0	YoungTek	Xiamen YoungTek	1	Operating revenue	$ 276	Note 2	-
				Deferred credit – Transactions between affiliated companies	2,339	Note 2	-
		Yangzhou YoungTek	1	Operating revenue	750	Note 2	-
				Cost of goods purchased	283	Note 2	-
				Manufacturing overhead	15	Note 2	-
				Research and development costs	7	Note 2	-
				Accounts receivable	225	Note 2	-
				Other receivables	85	Note 2	-
				Accounts payable	23	Note 2	-
				Deferred credit – Transactions between affiliated companies	30,127	Note 2	-
		Shenzhen YoungTek	1	Operating revenue	21,421	Note 2	1%
				Accounts receivable	20,671	Note 2	-
				Deferred credit – Transactions between affiliated companies	25,816	Note 2	-
		Jiuhongxin	1	Professional service fees	5,600	Note 2	-
		Suzhou YoungTek	1	Operating revenue	685,444	Note 2	18%
				Cost of goods purchased	349	Note 2	-
				Sale of fixed assets	59,065	Note 2	2%
				Accounts receivable	602,835	Note 2	7%
				Accounts payable	141	Note 2	-
				Deferred credit – Transactions between affiliated companies	144,706	Note 2	2%
		Anhui Utest	1	Operating revenue	90,268	Note 2	2%
				Accounts receivable	89,011	Note 2	1%
				Deferred credit – Transactions between affiliated companies	26,047	Note 2	-
1	Xiamen YoungTek	Suzhou YoungTek	2	Accounts receivable	49	Note 2	-
				Operating revenue	176	Note 2	-
		YTEC HK	2	Interest expense	106	Note 2	-
				Short-term borrowings	13,439	Note 2	-
				Accrued interest payable	26	Note 2	-
2	Shenzhen YoungTek	Yangzhou YoungTek	2	Rental income	5,954	Note 2	-
				Incoming Goods	41	Note 2	-
				Accounts receivable	196	Note 2	-
		Suzhou YoungTek	2	Rental income	5,309	Note 2	-
				Accounts receivable	490	Note 2	-
3	Yangzhou YoungTek	Shenzhen YoungTek	2	Other receivables	2,003	Note 2	-
4	Suzhou YoungTek	Anhui Utest	2	Operating revenue	533	Note 2	-
				Accounts receivable	12	Note 2	-

Note 1: 1 represents transactions between the parent company and its subsidiaries.
2 represents transactions between subsidiaries.

Note 2: It is determined based on the agreed terms between the parties.

YOUNGTEK ELECTRONICS CORP. AND ITS SUBSIDIARIES

INFORMATION OF THE INVESTED COMPANY

January 1, 2023 to December 31, 2023

Table 7

Unit: Unless otherwise specified, in thousands of New Taiwan Dollars

Company name of investment	Name of invested company	Location	Main business items	Original investment amount		Our company holds			Income for the period of the invested company	Investment gains/losses recognized for the period	Notes
				Final exam this term	The previous final exam	Number of shares	Percentage (%)	Carrying amount			
YoungTek Electronics Corp.	YTEC Holding (Samoa) Co., Ltd.	Samoa	Investment holdings	$ 1,967,924	$ 1,967,924	Note 1	100.00	$ 463,137 (Note 2)	($ 31,295)	($ 31,295)	—
	Wecon Limited (Samoa)	Samoa	Investment holdings	USD 800 $ 23,738	USD 800 $ 23,738	Note 1	100.00	12,737 (Note 3)	(1,212)	(1,212)	—
	Wecon Automation Machinery Corp.	Taiwan Hsinchu	Design, manufacturing, assembly, processing and trading of various controllers, optoelectronic components and equipment, automation machinery, and testing instruments.	1,000	1,000	100,000	100.00	982 (Note 3)	5	5	—
	Jiuhongxin Technology Co., Ltd.	Taiwan Hsinchu	Research and development of chemical raw materials	-	29,000	-	-	- (Note 3)	(2,200)	(2,200)	—
	Shinshou Automation Co., Ltd.	Taiwan Hsinchu	Precision Instrument Wholesale	-	29,000	-	-	- (Note 3)	(70)	(70)	—
	Tian Zheng International Precision Machinery Co., Ltd.	Taiwan Kaohsiung	Precision equipment, electronic components, molds	36,256	36,256	5,395,136	14.60	135,992 (Note 2)	(58,769)	(8,580)	—
	Sissca Co., Ltd (formerly Sigold Optics Inc.)	Taiwan Hsinchu	Machinery, electronic components, optical instruments	24,000	24,000	3,370,752	15.52	27,566 (Note 2)	(28,270)	(4,388)	—
YTEC Holding (Samoa) Co., Ltd.	YTEC (Hong Kong) Global Limited	Hong Kong	Investment holdings	RMB 224,270 $ 1,039,916	RMB 224,270 $ 1,039,916	Note 1	100.00	226,562 (Note 2)	(44,378)	(44,378)	—
	Clear Reach Limited	British Virgin Islands	Investment holdings	USD 7,198 $ 209,057	USD 7,198 $ 209,057	Note 1	100.00	126,460 (Note 2)	(9,849)	(9,849)	—

Note 1: It is a limited company, with only paid-in capital and no shares.
Note 2: It is calculated based on the financial statements audited by the accountant during the same period.
Note 3: Due to not meeting the standards for CPA certification, it is calculated based on the unaudited financial statements for the same period.
Note 4: For information about invested companies in mainland China, please refer to Table 8.

YOUNGTEK ELECTRONICS CORP. AND ITS SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA

January 1, 2023 to December 31, 2023

Table 8.

Unit: In thousands of New Taiwan Dollars, unless otherwise noted

Name of the invested company in mainland China	Main business items	Paid-in Capital (Note 2)	Investment Methods (Note 1)	The cumulative outward investment amount from Taiwan at the beginning of this period	Amount of investment withdrawn or remitted for this period		The cumulative outward investment amount from Taiwan for the current period (Note 2)	The company's direct or indirect investment shareholding ratio	Investment (losses) gains recognized for the period	End of period investment book value	Investment returns have been remitted up to this period.
					Export	Retrieve					
Xiamen YoungTek Electronics Ltd.	Research and development, production and processing of high-brightness light-emitting diodes and LED chips detection equipment, and provision of related technical consulting and services.	RMB 194,235 $ 899,021	(4)	RMB 194,235 $ 899,021	$ -	$ -	RMB 194,235 $ 899,021	100%	($ 34,290) (Note 3)	($ 37,504) (Note 3)	$ -
Yangzhou YoungTek Electronics Ltd.	Engaged in the research, development, production, and processing of frequency control and selection components (wireless radio frequency tags) and related equipment, as well as providing relevant technical consultation and services.	RMB 67,887 $ 308,250	(4)	RMB 30,035 $ 140,895	-	-	RMB 30,035 $ 140,895	45%	(1,690) (Note 3)	177,034 (Note 3)	-
YoungTek Micro Electronics (Shenzhen) Ltd.	Wafer and integrated circuit testing outsourcing, and providing related technical consulting and services	RMB 50,172 $ 202,673	(3)	RMB 47,717 $ 192,368	-	-	RMB 47,717 $ 192,368	100%	(11,061) (Note 3)	142,026 (Note 3)	-
Suzhou YoungTek Microelectronics Ltd.	The design of integrated circuits; testing, packaging, and processing of chips; technology development, technical services, and technical consulting in the field of semiconductors and integrated circuits; computer software design and development; sales of semiconductors, electronic products, electromechanical equipment, and electronic components; repair, rental, and sale of mechanical equipment; import and export of various goods and technologies, for self-operation or as agents.	RMB 20,677 $ 93,330	(2)	RMB 20,677 $ 93,330	-	-	RMB 20,677 $ 93,330	100%	13,163 (Note 3)	106,443 (Note 3)	-
Anhui Utest Electronics Ltd.	Manufacture and sale of semiconductor device dedicated equipment; manufacture and sale of industrial automatic control computer software and hardware and auxiliary equipment; design and sale of integrated circuit chips and products; software development and sales; sale of semiconductors, electronic products, electronic components, electronic dedicated equipment; machinery equipment maintenance, rental; technical services, development, consulting, promotion.	RMB 1,000 $ 4,436	(5)	-	-	-	-	100%	(139) (Note 3)	4,192 (Note 3)	-

The cumulative amount of investment outflows from Taiwan to mainland China for the current period	The amount of investment approved by the Investment Commission of the Ministry of Economic Affairs	According to the regulations of the Investment Commission of the Ministry of Economic Affairs, up to 60 percent of the net worth can be invested in the Mainland China region
USD 44,448 $ 1,325,614	USD 44,448 $ 1,325,614	$ 4,019,605

Note 1: Investment methods are divided into the following three types, please indicate the type:

(1) Going to the Mainland Area directly to engage in investment.

(2) Investing in mainland China through a third-party regional company (investing through the subsidiary YTEC Holding (Samoa) Co., Ltd.).

(3) Investing in mainland China through a third-party regional company (investing through the subsidiary Wecon Limited (Samoa) and the sub-subsidiary Clear Reach Limited).

(4) Investing in mainland China through a company located in a third region (via the subsidiary YTEC (Hong Kong) Global Limited).

(5) Other means (being the self-owned funds of the subsidiary Suzhou YoungTek Microelectronics Ltd. for re-investment).

Note 2: It is calculated by converting the original foreign currency amount at the original exchange rate.

Note 3: Except for Anhui Utest Electronics Ltd., the remaining companies are calculated based on the financial statements audited by certified public accountants for the same period as the investee companies.

Note 4: Refer to Note 12 of the financial statements.

YOUNGTEK ELECTRONICS CORP. AND ITS SUBSIDIARIES

THE FOLLOWING MAJOR TRANSACTIONS WITH INVESTED COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD REGION, INCLUDING THEIR PRICES, PAYMENT TERMS, UNREALIZED GAINS OR LOSSES, AND OTHER RELEVANT INFORMATION

January 1, 2023 to December 31, 2023

Table 9

Unit: Unless otherwise specified, in thousands of New Taiwan Dollars

Name of the invested company in mainland China	Transaction Type	Sale of goods, disposal of fixed assets		Terms and Conditions		Notes and accounts receivable due from related parties		Unrealized gains or losses	Notes
		Amount	Percentage	Payment terms	Compared with a general transaction	Amount	Percentage		
Suzhou YoungTek	Sales machine revenue, disposal of fixed assets	$ 744,509	22%	Note	Note	$ 602,835	75%	$ 110,444	—
Anhui Utest	Vending machine revenue	90,268	3%	Note	Note	89,011	11%	26,047	—
Shenzhen YoungTek	Vending machine revenue	21,241	1%	Note	Note	20,671	3%	12,286	—
Yangzhou YoungTek	Other industry income	750	-	Note	Note	225	-	13	—
Xiamen YoungTek	Other industry income	276	-	Note	Note	-	-	154	—

Note: The transaction prices for sales to related parties have no other appropriate counterparties for comparison, and the payment terms are 90 to 180 days after acceptance.

YOUNGTEK ELECTRONICS CORP. AND ITS SUBSIDIARIES

INFORMATION ON MAJOR SHAREHOLDERS

December 31, 2023

Table 10

Major Shareholders	Shares	
	Number of shares held (shares)	Shareholding ratio
IN & OUT Bio Beauty Corp.	8,475,617	6.59%

Note: The information on major shareholders in this table is provided by the Taiwan Depository & Clearing Corporation, and is calculated based on shareholders holding 5% or more of the company's registered and issued ordinary shares and preferred shares (including treasury shares) as of the last business day of the quarter. The capital recorded in the company's consolidated financial statements may differ from the actual registered and issued shares due to differences in the calculation basis.

VI. The Recent Annual Company-Only Financial Statements Audited and Attested by Accountants.

Stock code: 6261

YoungTek Electronics Corp.

Parent Company Only Financial Statements and Independent Auditors' Report

For the Year Ended 2023 and 2022

Address: No. 13, Aly. 17, Ln. 99, Puding Rd., Hsinchu City, Taiwan

Telephone: (03)5711509

<u>*Notice to Reader*</u>

For the convenience of readers, this report has been translated into English from the original Chinese version. The English version has not been audited or reviewed by independent auditors. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Independent Auditors' Report

To: YoungTek Electronics Corp.,

Audit Opinion

The parent company only balance sheets of YoungTek Electronics Corp. as of December 31, 2023 and 2022, the parent company only statements of comprehensive income, parent company only statements of changes in equity, and parent company only statements of cash flows for the years ended December 31, 2023 and 2022, and notes to the parent company only financial statements (including a summary of significant accounting policies) have been audited by us.

In our opinion, based on our audit results and the audit reports of other auditors (please refer to the Other Matters section), the above parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and present fairly, in all material respects, the parent company only financial position of YoungTek Electronics Corp. as of December 31, 2023 and 2022, and their parent company only financial performance and parent company only cash flows for the years ended December 31, 2023 and 2022.

Basis of Audit Opinion

We have performed the audit work in accordance with the Regulations Governing the Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the parent company only financial statements section. The personnel of our firm subject to the independence rules have maintained independence from YoungTek Electronics Corp. in accordance with the Norm of Professional Ethics for Certified Public Accountant, and have fulfilled other responsibilities under the Code. The accountant believes that sufficient and appropriate audit evidence has been obtained to provide a basis for the audit opinion.

Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of YoungTek Electronics Corp. for the year 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This describes the key audit matters relating to the parent company only financial statements of YoungTek Electronics Corp. for the year 2023 as follows:

Recognition of Revenue

YoungTek Electronics Corp. and its subsidiaries have significant sales revenue, mainly from testing and processing, cutting and sorting processing, and machine assembly product sales. Please refer to Note 23 for details. Its self-developed products have higher gross margins. YoungTek Electronics Corp. is a listed company in Taiwan, and there may be an incentive to overstate revenue due to pressure from investors to grow its core business revenue. Therefore, the occurrence of the aforementioned sales is considered a key audit matter.

The auditor's audit procedures include (but are not limited to the following) evaluating the appropriateness of the revenue recognition accounting policies of YoungTek Electronics Corp. and its subsidiaries, understanding and testing the effectiveness of internal controls over the shipping process, and selecting samples to verify sales revenue related vouchers and checking for any abnormalities between sales targets and receipts or other documentation subjects.

Other matters

Included in the aforementioned parent company only financial statements, the financial statements of some investees valued using the equity method were not audited by us but by other auditors. Therefore, with respect to the above parent company only financial statements, the opinion expressed by this accountant regarding the investments using the equity method in the aforementioned investee companies and their related shares of profits or losses was based on the audit reports of other accountants. As of December 31, 2023 and 2022, the investments using the equity method in the aforementioned investee companies were NT$27,566 thousand and NT$32,135 thousand, respectively, accounting for 0.35% and 0.40% of total assets, respectively. The shares of profit or loss of associates recognized using the equity method for the periods from January 1, 2023 to December 31, 2023 and from January 1, 2022 to December 31, 2022 were (NT$4,388) thousand and (NT$1,788) thousand, respectively, accounting for (0.77)% and (0.16)% of pre-tax net income, respectively.

Management's and Those Charged with Governance's Responsibilities for the Parent Company Only Financial Statements

The responsibility of management is to prepare parent company only financial statements that give a true and fair view in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers,, and to maintain such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is also responsible for assessing the ability of YoungTek Electronics Corp. to continue as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless management intends to liquidate YoungTek Electronics Corp. or to cease operations, or has no realistic alternative but to do so.

The governance units of YoungTek Electronics Corp. (including the Audit Committee) are responsible for overseeing the parent company only financial reporting process.

Auditor's responsibility for auditing parent company only financial statements

The purpose of the auditor's examination of the parent company only financial statements is to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

The accountant applies professional judgment and maintains professional skepticism in accordance with auditing standards during the audit. The accountant also performs the following tasks:

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

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

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

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

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the related notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within YoungTek Electronics Corp. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit, and we are responsible for forming the audit opinion of YoungTek Electronics Corp.

The matters communicated with those charged with governance include the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during the audit.

The accountant also provides the governance entity with a statement that the personnel of the firm to which the accountant belongs have complied with the independence requirements of the Code of Ethics for Professional Accountants, and communicates with the governance entity about all relationships and other matters (including relevant safeguards) that could reasonably be thought to bear on the accountant's independence.

From the matters communicated with those charged with governance, we determine the key audit matters for the audit of the parent company only financial statements of YoungTek Electronics Corp. for the year 2023. We describe these matters in our auditor's report unless the law precludes public disclosure about the matter or, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche

Accountant Ya-Yun Chang	Accountant Tung-Hui Yeh
The approval document number from the Financial Supervisory Commission is: Financial Supervisory Commission Securities Examination No. 1110348898	The approval document number from the Financial Supervisory Commission is: Financial Supervisory Commission Securities Examination No. 0980032818

March 14, 2024

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YOUNGTEK ELECTRONICS CORP.

PARENT COMPANY ONLY BALANCE SHEETS

December 31, 2023 and 2022

Unit: NT$ thousands

Code	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 4 and 6)	$ 1,940,309	25	$ 2,479,380	31
1120	Current financial assets measured at fair value through other comprehensive income (Note 4 and 8)	62,204	1	39,898	-
1170	Notes and accounts receivable (Note 4, 5, 10 and 23)	648,698	8	454,443	6
1180	Accounts receivable due from related parties (Note 4 and 31)	805,950	10	154,611	2
1200	Other receivables (Note 10)	3,513	-	3,831	-
1210	Other receivables from related parties (Note 31)	85	-	83,142	1
130X	Inventories (Note 4, 5, 11 and 28)	719,222	9	902,510	11
1470	Other current assets (Note 17)	203,628	3	118,864	2
11XX	Total amount of current assets	4,383,609	56	4,236,679	53
	Non-current assets				
1510	Non-current financial assets measured at fair value through profit or loss (Note 4 and 7)	14,824	-	-	-
1517	Non-current financial assets measured at fair value through other comprehensive income (Note 4 and 8)	425,733	6	423,530	5
1535	Non-current financial assets measured at amortized cost (Note 4, 9 and 32)	20,950	-	17,595	-
1550	Investments accounted for using equity method (Note 4, 12 and 27)	640,414	8	821,054	11
1600	Property, plant and equipment (Note 4, 13, 28, 31 and 32)	2,064,240	26	2,142,683	27
1755	Right-of-use asset (Note 4, 14 and 28)	172,853	2	144,391	2
1760	Net amount of investment property (Note 4, 15 and 28)	1,687	-	21,971	-
1780	Intangible assets (Note 4, 16 and 28)	29,901	1	30,177	1
1840	Deferred income tax assets (Note 4 and 25)	75,401	1	82,115	1
1915	Prepayments for business facilities	5,363	-	9,423	-
1975	Net defined benefit asset (Note 4 and 21)	26,977	-	15,001	-
1990	Other non-current assets (Note 17 and 31)	3,106	-	3,116	-
15XX	Total amount of non-current assets	3,481,449	44	3,711,056	47
1XXX	Total assets	$ 7,865,058	100	$ 7,947,735	100

Code	Liabilities and equities	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities				
2130	Current contract liability (Note 4 and 23)	$ 117,436	2	$ 59,075	1
2170	Notes and accounts payable (Note 18)	287,423	4	279,780	4
2180	Accounts payable to related parties (Note 31)	179	-	-	-
2219	Other payables (Note 19 and 31)	410,438	5	460,535	6
2230	Current tax liabilities (Note 4 and 25)	158,437	2	150,694	2
2250	Current provisions (Note 4 and 20)	5,974	-	25,399	-
2280	Current lease liabilities (Note 4, 14 and 31)	17,950	-	17,971	-
2399	Other current liabilities (Note 19 and 31)	11,007	-	12,703	-
21XX	Total amount of current liabilities	1,008,844	13	1,006,157	13
	Non-current liabilities				
2580	Non-current lease liabilities (Note 4, 14 and 31)	149,788	2	119,420	1
2670	Guarantee deposits received	7,084	-	7,084	-
25XX	Total amount of non-current liabilities	156,872	2	126,504	1
2XXX	Total liabilities	1,165,716	15	1,132,661	14
	Equity (Note 4 and 22)				
	Share capital				
3110	Ordinary share	1,284,980	16	1,284,980	16
3200	Capital surplus	2,439,724	31	2,454,456	31
	Retained earnings				
3310	Legal reserve	1,155,550	15	1,067,713	13
3320	Special reserve	32,695	-	-	-
3350	Undistributed earnings	1,804,178	23	2,040,620	26
3300	Total amount of retained earnings	2,992,423	38	3,108,333	39
3400	Other equity interest	(17,785)	-	(32,695)	-
3XXX	Total equity	6,699,342	85	6,815,074	86
	Total liabilities and equities	$ 7,865,058	100	$ 7,947,735	100

The accompanying notes are an integral part of these parent company only financial statements.
(Please refer to the audit report of Deloitte & Touche on March 14, 2024)

Chairman: Ping-Lung Wang **Manager: Wei-Tang Hsiao** **Chief Accountant: Chiao-Fen Chen**

YOUNGTEK ELECTRONICS CORP.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2023 and 2022

Unit: NT$ thousands, except earnings per share which is NT$

		2023		2022	
Code		Amount	%	Amount	%
4000	Operating revenue (Note 4, 23 and 31)	$ 3,413,268	100	$ 3,920,554	100
5000	Operating costs (Note 11, 16, 21, 24 and 31)	2,329,227	68	2,426,640	62
5900	Gross profit	1,084,041	32	1,493,914	38
5910	Unrealized (or realized) profits from subsidiaries and associates	(73,934)	(2)	19,081	1
5950	Realized gross profit	1,010,107	30	1,512,995	39
	Operating expenses (Note 10, 16, 21, 24 and 31)				
6100	Selling expenses	99,206	3	132,547	3
6200	Administrative expenses	137,300	4	156,618	4
6300	Research and development expense	288,676	8	338,804	9
6450	Gain on reversal of expected credit losses	(3,954)	-	(38,070)	(1)
6000	Total amountof operating expenses	521,228	15	589,899	15
6500	Net other revenue and cost (Note 4, 24 and 31)	107,843	3	85,640	2
6900	Net operating income	596,722	18	1,008,736	26
	Non-operating income and expenses				
7100	Interest revenue (Note 4, 24 and 31)	26,104	1	16,917	-
7010	Other revenue (Note 4, 24 and 31)	19,265	-	21,032	1
7020	Other gains and losses (Note 4 and 24)	(16,832)	(1)	152,004	4
7050	Financial costs (Note 24 and 31)	($ 4,898)	-	($ 3,759)	-
7060	Share of profit or loss of subsidiaries and associates accounted for using equity method (Note 4, 12 and 27)	(47,740)	(1)	(103,298)	(3)
7000	Total non-operating income and expenses	(24,101)	(1)	82,896	2
7900	Profit before tax	572,621	17	1,091,632	28
7950	Income tax expense (Note 4 and 25)	46,602	2	237,452	6
8200	Net profit for the year	526,019	15	854,180	22
	Other comprehensive income (Note 21 and 22)				
8310	Items that will not be reclassified to profit or loss:				
8311	Re-measurement of the defined benefit plans	561	-	20,832	1
8316	Unrealized valuation gains and losses from investment in equity instrument measured at fair value through other comprehensive income	24,509	1	(114,215)	(3)
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	(9,599)	-	11,730	-
8300	Total amount of other comprehensive income	15,471	1	(81,653)	(2)
8500	Total comprehensive income for the year	$ 541,490	16	$ 772,527	20
	Earnings per Share (Note 26)				
9750	Basis point	$ 4.09		$ 6.65	
9850	Dilution	$ 4.05		$ 6.53	

The accompanying notes are an integral part of these parent company only financial statements.

(Please refer to the audit report of Deloitte & Touche on March 14, 2024)

Chairman: Ping-Lung Wang **Manager: Wei-Tang Hsiao** **Chief Accountant: Chiao-Fen Chen**

YOUNGTEK ELECTRONICS CORP.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2023 and 2022

Unit: NT$ thousands, except earnings per share which is NT$

		Equity attributable to owners of the Company							
				Retained earnings			Other equity interest items		
Code		Share capital	Capital surplus	Statutory reserves	Special reserve	Undistributed earnings	Exchange differences on translation of foreign financial statements	Unrealized gains and losses from financial assets measured at fair value through other comprehensive income	Total equity
A1	Balance on January 01, 2022	$ 1,284,980	$ 2,461,818	$ 958,416	$ 18,360	$ 1,895,681	($ 93,532)	$ 166,676	$ 6,692,399
	2021 surplus allocation:								
B1	Legal reserve	-	-	109,297	-	(109,297)	-	-	-
B3	Special reserve	-	-	-	(18,360)	18,360	-	-	-
B5	The Company’s cash dividend for shareholders	-	-	-	-	(642,490)	-	-	(642,490)
C3	Recipient of a gift	-	39	-	-	-	-	-	39
C7	Amount of changes recognized using the equity method for associates	-	(7,401)	-	-	-	-	-	(7,401)
D1	Net profit from January 1, 2022 to December 31, 2022	-	-	-	-	854,180	-	-	854,180
D3	Other comprehensive income from January 1, 2022 to December 31, 2022	-	-	-	-	20,832	11,730	(114,215)	(81,653)
D5	Total comprehensive income from January 1, 2022 to December 31, 2022	-	-	-	-	875,012	11,730	(114,215)	772,527
Q1	Disposal of current equity investments measured at fair value through other comprehensive income	-	-	-	-	3,354	-	(3,354)	-
Z1	Balance on December 31, 2022	1,284,980	2,454,456	1,067,713	-	2,040,620	(81,802)	49,107	6,815,074
	2022 surplus allocation:								
B1	Legal reserve	-	-	87,837	-	(87,837)	-	-	-
B3	Special reserve	-	-	-	32,695	(32,695)	-	-	-
B5	The Company’s cash dividend for shareholders	-	-	-	-	(642,490)	-	-	(642,490)
C3	Recipient of a gift	-	143	-	-	-	-	-	143
C7	Amount of changes recognized using the equity method for associates	-	(14,872)	-	-	-	-	-	(14,872)
C17	Distribution of overdue dividends that have been capitalized from capital surplus	-	(3)	-	-	-	-	-	(3)
D1	Net profit from January 1, 2023 to December 31, 2022	-	-	-	-	526,019	-	-	526,019
D3	Other comprehensive income from January 1, 2023 to December 31, 2022	-	-	-	-	561	(9,599)	24,509	15,471
D5	Total comprehensive income from January 1, 2023 to December 31, 2022	-	-	-	-	526,580	(9,599)	24,509	541,490
Z1	Balance on December 31, 2023	$ 1,284,980	$ 2,439,724	$ 1,155,550	$ 32,695	$ 1,804,178	($ 91,401)	$ 73,616	$ 6,699,342

The accompanying notes are an integral part of these parent company only financial statements.

(Please refer to the audit report of Deloitte & Touche on March 14, 2024)

Chairman: Ping-Lung Wang **Manager: Wei-Tang Hsiao** **Chief Accountant: Chiao-Fen Chen**

YOUNGTEK ELECTRONICS CORP.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended December 31, 2023 and 2022

Unit: NT$ thousands

Code		2023	2022
	Cash flows from operating activities		
A10000	Net profit before tax for the year	$ 572,621	$ 1,091,632
A20010	Revenue expense and loss items:		
A20100	Depreciation expense	561,312	522,341
A20200	Amortization expense	10,991	8,214
A20300	Gain on reversal of expected credit losses	(3,954)	(38,070)
A20400	Net losses on financial assets measured at fair value through profit or loss	176	-
A20900	Financial costs	4,898	3,759
A21200	Interest revenue	(26,104)	(16,917)
A21300	Dividend revenue	(16,344)	(16,153)
A22400	Share of profit or loss of subsidiaries and associates accounted for using equity method	47,740	103,298
A22500	Gains on disposals of property, plant and equipment	(77,010)	(48,292)
A23700	Impairment loss recognized in profit or loss, property, plant and equipment	-	19,602
A23700	Loss for market price decline and obsolete and slow-moving inventories	25,408	21,182
A24000	Unrealized profits (losses) of subsidiaries and associated companies	73,934	(19,081)
A24100	Net foreign exchange loss (gain)	25,115	(84,475)
A29900	Disposal of losses from subsidiaries accounted for using the equity method	343	-
A29900	Lease modification gains	-	(508)
A30000	Net changes in operating assets and liabilities		
A31150	Notes and accounts receivable	(218,324)	537,932
A31160	Notes and accounts receivable due from related parties	(568,282)	73,103
A31180	Other receivables	798	(149)
A31190	Other receivables from related parties	-	59,267
A31200	Inventories	124,583	(333,478)
A31240	Other current assets	(84,764)	(11,673)
A32125	Contract liability	58,361	23,051
A32150	Notes and accounts payable	12,895	(183,363)
A32160	Accounts payable to related parties	179	(1,516)
A32180	Other payables	(18,461)	(92,290)
A32200	Provisions for liabilities	(19,425)	(5,527)
A32230	Other current liabilities	(1,696)	7,399
A32240	Net defined benefit liability	(11,415)	(10,666)
A33000	Cash flow from operations	473,575	1,608,622
A33100	Interest received	$ 25,624	$ 14,220
A33200	Dividend received	21,739	40,431
A33300	Interest paid	(4,898)	(3,759)
A33500	Income tax paid	(32,145)	(318,981)
AAAA	Net cash inflow from operating activities	483,895	1,340,533
	Cash flows from investing activities		
B00020	Sales of current financial assets measured at fair value through other comprehensive income	-	18,673
B00040	Acquisition of financial assets at amortized cost	(3,355)	(17)
B00100	Acquisition of financial assets measured at fair value through profit or loss	(15,000)	-
B01800	Disposal of long-term investments accounted for using equity method	336	-
B02700	Purchase of property, plant and equipment	(439,834)	(285,954)
B02800	Proceeds from disposal of non-current assets, plant and equipment	106,442	31,646
B03700	Increase of refundable deposit	(100)	(100)
B03800	Decrease of refundable deposit	110	-
B04500	Purchase of intangible assets	(9,057)	(7,036)
B07100	Decrease (increase) in prepaid equipment fees	4,060	(2,079)
BBBB	Net cash outflow from investing activities	(356,398)	(244,867)
	Cash flows from financing activities		
C04020	Principal repayment of lease liabilities	(21,874)	(21,896)
C04500	Distributing cash dividends	(642,490)	(642,490)
C09900	Recipient of a gift	143	39
C09900	Payment of cash dividends transferred to capital surplus	(3)	-
CCCC	Net cash outflow from financing activities	(664,224)	(664,347)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(2,344)	71,810
EEEE	Net (decrease) increase in cash and cash equivalents	(539,071)	503,129
E00100	Beginning balance of cash and cash equivalents	2,479,380	1,976,251
E00200	Ending balance of cash and cash equivalents	$ 1,940,309	$ 2,479,380

The accompanying notes are an integral part of these parent company only financial statements.
(Please refer to the audit report of Deloitte & Touche on March 14, 2024)

Chairman: Ping-Lung Wang **Manager: Wei-Tang Hsiao** **Chief Accountant: Chiao-Fen Chen**

YOUNGTEK ELECTRONICS CORP.

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022

(Unless otherwise noted, amounts are in thousands of New Taiwan dollars)

1. Company History

YoungTek Electronics Corp. (hereinafter referred to as the Company or YTEC) was approved and established as a limited company in Hsinchu City on July 22, 1991. Its main businesses are electronic component manufacturing, machinery equipment manufacturing, and manufacturing for export.

The Company’s stock has been listed and traded on the Taipei Exchange (TPEX) in Taiwan since March 29, 2004.

On January 1, 2015, the Company merged with Wecon Automation Machinery Corp. by way of absorption merger, with Wecon being the dissolved company and the Company being the surviving company.

This parent company only financial report is expressed in the Company’s functional currency of New Taiwan Dollars.

2. Date and Procedures of Approval of the Financial Statements

This parent company only financial report was approved by the board of directors for release on March 14, 2024.

3. Application of New and Amended Standards and Interpretations

(1) The first application of International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), Interpretations (IFRICs) and Standing Interpretations (SICs) (hereinafter referred to as "IFRS Accounting Standards") recognized and issued into effect by the Financial Supervisory Commission (hereinafter referred to as the "FSC").

The applicable amendments to the IFRS accounting standards approved and issued by the Financial Supervisory Commission will not result in significant changes to the Company’s accounting policies.

(2) IFRS accounting standards approved by the Financial Supervisory Commission applicable in 2024

New, Revised and Amended Standards or Interpretations	Effective date of International Accounting Standards Board (IASB) issuance
Amendment to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 01, 2024 (Note 2)
Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"	January 01, 2024
Amendment to IAS 1 "Non-current Liabilities with Covenants"	January 01, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 01, 2024 (Note 3)

Note 1: Unless otherwise noted, the above newly issued/amended/revised standards or interpretations are effective for annual reporting periods beginning on or after the respective effective dates.

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

Note 3: The disclosure requirements are partly exempted upon the first application of this amendment.

As of the date of issuance of these parent company only financial statements, the Company assessed that the amendments to other standards and interpretations will not have a material impact on its financial position and financial performance.

(3) IFRS Accounting Standards Issued by the IASB but Not Yet Endorsed and Issued into Effect by the FSC

New, Revised and Amended Standards or Interpretations	Effective date issued by IASB (Note 1) (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture"	Undetermined
IFRS 17 "Insurance Contracts"	January 01, 2023
Amendments to IFRS 17	January 01, 2023
Amendment to IFRS 17 "Initial Application of IFRS17 and IFRS 9–Comparative Information"	January 01, 2023
Amendment to IAS 21 "Lack of Exchangeability"	January 01, 2025 (Note 2)

Note 1: Unless otherwise noted, the above newly issued/amended/revised standards or interpretations are effective for annual reporting periods beginning on or after the respective effective dates.

Note 2: Applicable to annual reporting periods beginning on or after January 1, 2025. When initially applying the amendments, the effect will be recognized in retained earnings at the date of initial application. When the presenting currency of the Company is different from its functional currency, the effect will be recognized as an adjustment to the foreign currency translation reserve within equity at the date of initial application.

As of the date of approval for issuance of these parent company only financial statements, the Company is still evaluating the impact of the amendments to other standards and interpretations on its financial position and financial performance, which will be disclosed when the evaluation is completed.

4. Summary of Significant Accounting Policies

(1) Declaration of Compliance

The parent company only financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basic editing

Except for financial instruments measured at fair value, this parent company only financial report is prepared on the historical cost basis.

Fair value measurement is categorized into Level 1 to Level 3 based on the observability and significance of the relevant inputs:

1. Level 1 inputs: Refers to quoted prices (unadjusted) in active markets for identical assets or liabilities that are observable at the measurement date.

2. Level 2 inputs: Refer to observable inputs for the asset or liability other than quoted prices included in Level 1, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

3. Level 3 inputs: Refers to unobservable inputs for the asset or liability.

In preparing the parent company only financial statements, the Company accounts for its investments in subsidiaries and associates using the equity method. To make the current year’s profit or loss, other comprehensive income and equity in these parent company only financial statements equal to those attributable to owners of the parent company in the Company’s consolidated financial statements, certain accounting differences between the parent company only basis and consolidated basis are adjusted to "investments accounted for using equity method", "share of profit or loss of subsidiaries and associates accounted for using equity method", "share of other comprehensive income of subsidiaries and associates accounted for using equity method" and related equity items.

(3) The criteria for distinguishing between current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for trading purposes;

2. Assets to be realized within 12 months after the balance sheet date; and

3. Cash and cash equivalents (excluding any restricted cash that is not available for exchange or use to settle liabilities for more than twelve months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for trading purposes;

2. Liabilities due to be settled within twelve months after the balance sheet date (regardless of whether refinancing or rearrangement of payment terms occurs between the balance sheet date and the date of approval of the financial statements, these liabilities are still classified as current liabilities), and

3. Liabilities cannot be unconditionally deferred until at least 12 months after the balance sheet date. However, if the terms of a liability provide that, at the option of the counterparty, it could result in its settlement by the issuance of equity instruments, such terms do not affect its classification.

Items that are not classified as current assets or current liabilities are classified as non-current assets or non-current liabilities.

(4) Business combinations

Corporate mergers are accounted for using the acquisition method. Acquisition-related costs are expensed in the period in which the costs are incurred and the services are received.

Goodwill is measured as the excess of the sum of the fair value of the consideration transferred and the fair value of the acquirer's previously held equity interest in the acquiree as of the acquisition date over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred and the fair value of the acquirer's previously held equity interest in the acquiree as of the acquisition date, the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. Other non-controlling interests are measured at fair value.

(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 recorded by translating them into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign currency denominated monetary items are translated at the closing exchange rate on each balance sheet date. Exchange differences arising on the settlement of monetary items or on translating monetary items are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values were determined. Exchange differences arising on the translation of these items are recognized in profit or loss for the current period, except for exchange differences arising on the translation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Foreign currency non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and are not retranslated.

When preparing parent company only financial statements, the assets and liabilities of foreign operations are translated into New Taiwan Dollars at the exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period, and the resulting exchange differences are recognized in other comprehensive income.

(6) Inventories

Inventories include raw materials, work in process, semi-finished goods, and finished goods. Inventories are measured at the lower of cost and net realizable value, and for determining the cost and net realizable value, they are compared on an individual item basis except for inventories within the same category. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs 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 uses the equity method to account for its investments in subsidiaries.

A subsidiary refers to an entity over which the Company has control.

Under the equity method, the investment is initially recognized at cost, and the subsequent carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition, as well as distributions received. Furthermore, changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions.

When the change in the Company's ownership interest in a subsidiary does not result in a loss of control, it is accounted for as an equity transaction. Any difference between the book value of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses in a subsidiary equals or exceeds its interest in that subsidiary (including the carrying amount of the equity method investment in the subsidiary and other long-term interests that are in substance part of the Company's net investment in the subsidiary), the Company continues to recognize losses in proportion to its ownership share..

The amount that exceeds the Company's share of the fair value of the identifiable net assets and liabilities of the subsidiary acquired on the acquisition date is recognized as goodwill, which is included in the carrying amount of the investment and is not amortized; When the fair value of the identifiable net assets and liabilities of a subsidiary constituting an acquired business exceeds the acquisition cost on the acquisition date, the excess amount is recognized as income for the current period by the Company.

When evaluating impairment, the Company considers the cash-generating unit as a whole in its financial reporting and compares its recoverable amount with its carrying amount. Subsequently, if the recoverable amount of an asset increases, the reversal of the impairment loss will be recognized as a gain, but the carrying amount of the asset after the reversal of the impairment loss shall not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss allocated to goodwill cannot be reversed in subsequent periods.

When the Company loses control over a subsidiary, it measures its remaining investment in the former subsidiary at fair value on the date when control is lost. The difference between the fair value of the remaining investment and any proceeds from disposal, and the carrying amount of the investment on the date when control is lost, is recognized in profit or loss for the period. Furthermore, all amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Unrealized profits or losses from downstream transactions between the Company and its subsidiaries are eliminated in the parent company only financial statements. Profits or losses arising from upstream and sidestream transactions between the Company and its subsidiaries are recognized in the parent company only financial statements only to the extent that they are not related to the Company's interests in its subsidiaries.

(8) Investments in Associates

An associate enterprise refers to an enterprise in which the Company has significant influence, but is not a subsidiary or a joint venture.

The Company adopts the equity method for investments in associated companies in a merger.

Under the equity method, investments in associates are initially recognized at cost, and the carrying amount is subsequently increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the associates, and distributions received. Additionally, changes in the equity of the associate are recognized in proportion to the investor's ownership interest.

The excess of the cost of acquisition over the Company's share of the net fair value of the associate's identifiable assets and liabilities at the date of acquisition is recognized as goodwill, which is included in the carrying amount of the investment and is not amortized. If the Company's share of the net fair value of the associate's identifiable assets and liabilities at the date of acquisition exceeds the cost of acquisition, the excess is recognized as current income.

When an affiliated company issues new shares, if the Company does not subscribe according to its shareholding ratio, resulting in a change in its shareholding ratio, and causing an increase or decrease in the net equity value of its investment, the increase or decrease is adjusted to capital surplus – changes in the net equity value of affiliated companies recognized using the equity method and investments accounted for using the equity method. However, if the failure to subscribe according to the shareholding ratio or the acquisition results in a decrease in the ownership interest in the affiliated company, the amount recognized in other comprehensive income related to that affiliated company is reclassified according to the reduced proportion, and the accounting basis is the same as that which the affiliated company must follow if it were to directly dispose of the related assets or liabilities. If the aforementioned adjustment should debit the capital surplus, but the capital surplus arising from investments accounted for using the equity method is insufficient, the difference is debited to retained earnings.

When the Company's share of losses in an associate equals or exceeds its interest in that associate (including the carrying amount of the equity method investment in the associate and other long-term interests that are in substance part of the Company's net investment in the associate), further losses are not recognized. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal or constructive obligations, or has made payments on behalf of the associate.

When assessing impairment, the Company considers the overall carrying amount of the investment (including goodwill) as a single asset and compares the recoverable amount with the carrying amount to test for impairment. Any recognized impairment loss is also considered part of the investment's carrying amount. Any reversal of an impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company shall cease to use the equity method from the date when its investment no longer qualifies as an associate, and shall measure at fair value the retained investment. The difference between the fair value of any retained investment and proceeds from disposal, and the carrying amount of the investment at the date when the equity method was discontinued, shall be recognized in profit or loss for the period. In addition, the entity shall account for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

Profits or losses arising from upstream, downstream and sidestream transactions between the Company and its associates are recognized in the parent company only financial statements only to the extent that they are not related to the Company’s interests in the associates or subsidiaries.

(9) Property, plant and equipment

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

Except for owned land which is not depreciated, the remaining property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, with each significant part being depreciated separately. The Company review the estimated useful lives, residual values and depreciation methods at least at the end of each year, 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.

(10) Investment property

Investment property refers to property held for earning rental income or capital appreciation, or both. Investment property also includes land held for currently undetermined future use.

Investment properties originally owned are measured initially at cost (including transaction costs), and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Investment properties are depreciated on a straight-line basis.

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

(11) Goodwill

The goodwill acquired in a business combination is measured at the amount recognized as of the acquisition date as cost, and subsequently measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each cash-generating unit or group of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

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

When disposing of an operation within a cash-generating unit to which goodwill has been allocated, the goodwill associated with that operation is included in the carrying amount of the operation when determining the gain or loss on disposal.

(12) Intangible assets

1. Retrieved individually

   Individually acquired intangible assets with finite useful lives are initially measured at cost, and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis over their useful lives, and the Company review the estimated useful lives, residual values, and amortization methods at least at the end of each year, and account for the effect of changes in accounting estimates prospectively. Intangible assets with indefinite useful lives are stated at cost less accumulated impairment losses.

2. Internal generation – Research and development expenditure

   Research expenditures are recognized as expenses when incurred.

3. Acquired in a business combination

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

4. Derecognition

Upon derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss for the current year.

(13) Impairment of property, plant and equipment, right-of-use assets, investment properties and intangible assets (other than goodwill)

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment, right-of-use assets, investment properties and intangible assets (excluding goodwill) may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. If it is not possible to estimate the recoverable amount of the individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to individual cash-generating units on a reasonable and consistent basis.

For indefinite-lived intangible assets and intangible assets not yet available for use, impairment tests are conducted at least annually and whenever there is an indication of impairment.

The recoverable amount is the higher of fair value less costs of disposal and its value in use. When the recoverable amount of an individual asset or cash-generating unit is less than its carrying amount, the carrying amount of that asset or cash-generating unit is reduced to its recoverable amount, and an impairment loss is recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years (net of amortization or depreciation). A reversal of an impairment loss is recognized in profit or loss.

(14) Financial instruments

Financial assets and financial liabilities are recognized on the parent company only balance sheet when the Company becomes a party to the contractual provisions of the instrument.

At initial recognition, financial assets and financial liabilities are measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability, except for financial assets or financial liabilities measured at fair value through profit or loss. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities measured at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial asset

Conventional transactions of financial assets are recognized and derecognized using settlement date accounting.

(1) Measurement types

The types of financial assets held by the Company are financial assets measured at fair value through profit or loss, financial assets measured at amortized cost, and equity instrument investments measured at fair value through other comprehensive income.

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

Financial assets measured at fair value through profit or loss include those mandatorily measured at fair value through profit or loss and those designated as measured 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 as measured at fair value through other comprehensive income, and debt instrument investments that do not qualify to be classified as measured at amortized cost or measured at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are measured at fair value, with dividends, interest, and re-measurement gains or losses recognized in other gains and losses. Please refer to Note 30 for the determination of fair value.

B. Financial assets at amortized cost

If a company investment in financial assets meets the following two conditions at the same time, it is classified as a financial asset measured at amortized cost:

a. It is held under a business model whose objective is to hold financial assets to collect contractual cash flows; and

b. The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable measured at amortized cost, other receivables, and time deposits with original maturities over 3 months) are measured at amortized cost, which is the total carrying amount determined using the effective interest method, less any impairment losses after initial recognition. Any foreign exchange gains or losses are recognized in profit or loss.

Except for the following two cases, interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset:

a. For purchased or originated credit-impaired financial assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

b. For financial assets that are not credit-impaired at purchase or origination, but subsequently become credit-impaired, interest income should be calculated by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period after the asset becomes credit-impaired.

A credit-impaired financial asset refers to a situation where the issuer or debtor is experiencing significant financial difficulty, default, has a high probability of bankruptcy or other financial restructuring, or the active market for the financial asset has disappeared due to financial difficulties.

Cash equivalents include time deposits and bonds with repurchase agreements that are highly liquid, readily convertible to a known amount of cash within 3 months from the date of acquisition, and subject to an insignificant risk of changes in value. They are used to meet short-term cash commitments.

C. Equity investments measured at fair value through other comprehensive income

At the time of initial recognition, an acquirer may make an irrevocable election to designate investments in equity instruments for contingent consideration that are not held for trading and not accounted for in a business combination at fair value through other comprehensive income.

Equity instrument investments measured at fair value through other comprehensive income are measured at fair value, with subsequent changes in fair value reported in other comprehensive income and accumulated in other equity. Upon disposal of the investment, the cumulative gain or loss is directly transferred to retained earnings and not reclassified to profit or loss.

Dividends on equity instruments measured at fair value through other comprehensive income are recognized in profit or loss when the Company's right to receive payment is established, unless the dividend clearly represents a recovery of part of the investment cost.

(2) Impairment of financial assets

The Company assesses the impairment loss on financial assets (including accounts receivable) measured at amortized cost for expected credit losses on each balance sheet date.

Accounts receivable are recognized for allowance for credit losses based on expected credit losses over the duration. For other financial assets, it is first assessed whether credit risk has increased significantly since original recognition. If the risk has not increased significantly, an allowance for credit losses is recognized based on 12-month expected credit losses. If the risk has increased significantly, an allowance for credit losses is recognized based on lifetime expected credit losses.

Expected credit losses are the weighted average credit losses weighted by the risk of default occurring. 12-month expected credit losses represent the expected credit losses that could arise from default events possible within 12 months after the reporting date for a financial instrument, while lifetime expected credit losses represent the expected credit losses that could arise from all possible default events over the expected life of a financial instrument.

For internal credit risk management purposes, the Company determines that the following situations represent a default of a financial asset without considering the collateral held:

A. There is internal or external information indicating that the debtor is no longer able to repay the debt.

B. Overdue for more than 90 days, unless there is reasonable and supportable information showing that a longer period for the delay in payment is more appropriate.

Impairment losses on all financial assets are recognized by reducing the carrying amount through an allowance account.

(3) Derecognition of financial assets

The company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards of ownership of the asset have been transferred to another enterprise.

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

2. Equity instrument

The debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of financial liabilities and equity instruments.

The equity instruments issued by the Company are recognized at the amount obtained after deducting the direct issuance costs.

When reacquiring the equity instruments of the company itself, it is recognized as an addition and deduction under equity, with the book value calculated by the weighted average based on the type of stock, and calculated separately according to the reason for reacquisition. The purchase, sale, issuance or cancellation of the Company's own equity instruments is not recognized in profit or loss.

3. Financial liability

(1) Subsequent Evaluation

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

(2) Derecognition of financial liabilities

When derecognizing a financial liability, the difference between its carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized as profit or loss.

(15) Provisions for liabilities

The amount recognized as a provision for liabilities is the best estimate of the expenditure required to settle the obligation at the balance sheet date, taking into account the risks and uncertainties of the obligation. Provisions for liabilities are measured at the present value of the estimated cash flows required to settle the obligation.

1. Warranty

The obligation to guarantee that the product conforms to the agreed specifications is based on management's best estimate of the expenditure required to settle the

Company's obligations, and is recognized as revenue when the related goods are recognized.

(16) Revenue recognition

After identifying the performance obligations from customer contracts, the Company will allocate the transaction price to each performance obligation and recognize revenue when each performance obligation is satisfied.

If several contracts are signed almost simultaneously with the same customer (or a related party of the customer), and the promised goods or services under those contracts constitute a single performance obligation, the Company treats them as a single contract.

For contracts where the period between the transfer of goods or services and the receipt of consideration is within 1 year, the transaction price is not adjusted for the effects of a significant financing component.

<u>Sales revenue of merchandise</u>

The revenue from the sale of goods comes from outsourced testing, outsourced cutting and picking, and the sale of assembled machines. Since customers have set prices and usage rights for outsourced testing and outsourced cutting and picking products upon arrival at the designated location, and bear the primary responsibility for resale as well as the risk of obsolescence, the Company recognizes revenue and accounts receivable at that point. For machine sales and assembled products, the Company recognizes revenue and accounts receivable after installation is completed and the customer accepts the product, thereby fulfilling the main performance obligation.

During toll processing, control over the ownership of the processed products has not been transferred, so revenue is not recognized at the time of toll processing.

(17) Leases

The Company assesses on the contract inception date whether the contract is (or contains) a lease.

1. The Company is the lessor.

   When the lease terms transfer substantially all the risks and rewards incidental to ownership of the asset to the lessee, the lease is classified as a finance lease. All other leases are classified as operating leases.

   Under an operating lease, lease payments after deducting lease incentives are recognized as income on a straight-line basis over the relevant lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as an expense on a straight-line basis over the lease term.

2. The Company is the lessee.

Except for low-value asset leases and short-term leases that are eligible for recognition exemptions, where the lease payments are recognized as expenses on a straight-line basis over the lease term, all other leases recognize right-of-use assets and lease liabilities at the commencement date of the lease.

The right-of-use asset is initially measured at cost (including the initial measurement of the lease liability, lease payments made before the commencement date less any lease incentives received, initial direct costs, and estimated costs for restoring the underlying asset) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, adjusted for any re-measurement of the lease liability. The right-of-use asset is presented separately on the parent company only balance sheet.

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

Lease liabilities are initially measured at the present value of the lease payments. If the implicit interest rate in the lease is readily determinable, the lease payments are discounted using that rate. If that rate is not readily determinable, the lessee's incremental borrowing rate is used.

Subsequently, the lease liability is measured at amortized cost using the effective interest method, and interest expense is allocated over the lease term. If there is a change in future lease payments due to changes in the lease term, expected payments under residual value guarantees, or indices or rates used to determine lease payments, the Company remeasures the lease liability and adjusts the right-of-use asset accordingly. However, if the carrying amount of the right-of-use asset has been reduced to zero, the remaining re-measurement amount is recognized in profit or loss. The lease liability is presented separately in the parent company only balance sheet.

(18) Government grants

Government grants are recognized only when there is reasonable assurance that the Company will comply with the conditions attached to the grants and that the grants will be received.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes the related costs for which the grants are intended to compensate as expenses.

If the government subsidies are used to compensate for expenses or losses incurred, or are intended to provide immediate financial assistance to the Company without future related costs, they are recognized in profit or loss in the period when they are receivable.

(19) Employee benefits

1. Short-term employee benefits

Short-term employee benefit related liabilities are measured at the undiscounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

When determining the retirement plan for defined contribution retirement plans, the amount of retirement benefits to be contributed is recognized as an expense during the period when the employee provides services.

The defined benefit costs (including service cost, net interest, and re-measurements) of the defined benefit retirement plan are actuarially determined using the projected unit credit method. Service cost and net interest on the net defined benefit liability (asset) are recognized as employee benefit expenses as incurred. Re-measurements (comprising actuarial gains and losses, the effect of changes in the asset ceiling, and the return on plan assets excluding interest) are recognized in other comprehensive income and retained earnings in the period in which they occur, and are not subsequently reclassified to profit or loss.

The net defined benefit liability (asset) is the deficit (surplus) of the defined benefit retirement plan. The net defined benefit asset cannot exceed the present value of the refund of contributions or the reduction of future contributions from the plan.

(20) Income tax

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

1. Current income tax

The Company determines its current income (loss) based on the laws and regulations established by the Republic of China, which is used to calculate the income tax payable (recoverable).

According to the Income Tax Act of the Republic of China, the income tax on undistributed earnings is recognized in the year when the shareholders' meeting resolution is made.

Adjustments to income tax payable for prior years are included in the current income tax.

2. Deferred income tax

Deferred income tax is calculated based on the temporary differences arising between the carrying amounts of assets and liabilities and their respective tax bases used in the computation of taxable income. Deferred income tax assets and liabilities are not recognized for temporary differences that arise from the initial recognition of assets and liabilities in a transaction other than a business combination and that affect neither accounting nor taxable profits at the time of the transaction, and where there is no equal taxable or deductible temporary difference. In addition, deferred income tax liabilities are not recognized for taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized when it is probable that there will be taxable income available against which deductible temporary differences or tax credits resulting from the purchase of machinery and equipment, research and development expenditures, etc., can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets relating to deductible temporary differences arising from such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

3. Current and deferred income tax

Current and deferred income taxes are recognized in profit or loss, except for current and deferred income taxes related to items recognized in other comprehensive income or directly in equity, which are respectively recognized in other comprehensive income or directly in equity.

5. Significant Accounting Judgments and Assumptions, and Key Sources of Estimation Uncertainty

When adopting accounting policies, the management of the Company must make judgments, estimates, and assumptions based on historical experience and other relevant factors for items where relevant information is not readily available from other sources. Actual results may differ from these estimates.

The Company's management will continue to review estimates and underlying assumptions.

Significant Accounting Judgments and Assumptions, and Key Sources of Estimation Uncertainty

(1) Estimated impairment of financial assets

The estimated impairment for accounts receivable is based on the Company's assumptions about the probability of default and the loss given default. The Company considers historical experience, current market conditions, and forward-looking information to make assumptions and select inputs for the impairment assessment. Please refer to Note 10 for the significant assumptions and inputs used. If the actual future cash flows are less than the Company's expectations, a material impairment loss may occur.

(2) Impairment of inventories

Net realizable value of inventories refers to the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale, based on current market conditions and historical sales experience of similar products. Changes in market conditions could materially impact these estimates.

6. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and petty cash	$ 471	$ 934
Bank checks and demand deposits	539,838	728,446
Cash equivalents (investments with original maturities within 3 months)		
Bank time deposit	1,400,000	1,750,000
	$ 1,940,309	$ 2,479,380

The interest rate range for bank deposits on the balance sheet date is as follows:

	December 31, 2023	December 31, 2022
Cash in banks	0.001%~5.350%	0.001%~4.000%

7. Financial instruments measured at fair value through profit or loss

	December 31, 2023	December 31, 2022
Non-current financial assets		
Non-derivative financial assets mandatorily measured at fair value through profit or loss		
— Limited partnership	$ 14,824	$ -

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

	December 31, 2023	December 31, 2022
Current		
Equity investments measured at fair value through other comprehensive income	$ 62,204	$ 39,898
Non-current		
Equity investments measured at fair value through other comprehensive income	425,733	423,530
	$487,937	$463,428

(1) Equity investments measured at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Current		
Domestic investment		
Listed stocks	$ 62,204	$ 39,898
Non-current		
Domestic investment		
Listed stocks	$317,240	$212,065
Unlisted stocks	5,000	5,000
Subtotal	322,240	217,065
Foreign investment		
Unlisted stocks	103,493	206,465
	$425,733	$423,530

The Company invests in domestic and foreign stocks according to strategic objectives, and expects to profit through the investments. The Company's management believes that recognizing the short-term fair value fluctuations of these investments in profit or loss would not be consistent with the aforementioned investment plan, and therefore chooses to designate these investments as measured at fair value through other comprehensive income.

9. Financial assets at amortized cost

	December 31, 2023	December 31, 2022
Non-current		
Domestic investment		
Time deposits with original maturity over 1 year (1)	$ 20,950	$ 17,595

(1) As of December 31, 2023 and 2022, the range of interest rates for time deposits with original maturities over 3 months were 0.160% to 1.450% per annum and 0.160% to 0.755% per annum, respectively.

(2) For information on financial assets measured at amortized cost pledged as collateral, see Note 32.

10. Notes receivable, accounts receivable, and other receivables

	December 31, 2023	December 31, 2022
Notes receivable		
Accounts receivable arising from operations	$ 1,786	$ 7,596
Measure the total carrying amount at amortized cost.	663,302	467,191
Less: Provision for losses	(16,390)	(20,344)
	646,912	446,847
Net amount of notes and accounts receivable	$648,698	$454,443
Other receivables		
Earned revenue receivable	$ 3,177	$ 2,697
income tax refund receivable	-	1,134
Others	336	-
	$ 3,513	$ 3,831

The Company's average credit period for the sale of goods is 90 to 180 days. Accounts receivable are non-interest bearing, and adequate collateral is obtained where necessary to mitigate the risk of financial loss from default. The Company uses other publicly available financial information and historical transaction records to rate major customers. The Company continuously monitors credit exposures and the credit ratings of counterparties, and manages credit risk through annual reviews and approved credit limits for counterparties.

The Company recognizes an allowance for doubtful accounts for expected credit losses over the lifetime of receivables. Lifetime expected credit losses are calculated using a provision matrix that considers the customer's past default records, current financial condition, and industry economic conditions. Since the Company's credit loss experience shows no significant difference in loss patterns among different customer groups, the provision matrix is not further segregated by customer groups, but rather establishes the expected credit loss rate based solely on the number of days the receivables are past due.

If there is evidence that the counterparty is facing severe financial difficulties and the Company cannot reasonably expect to recover the amount, such as the counterparty undergoing liquidation, the Company directly writes off the relevant receivables. However, the pursuit of recovery activities will continue, and any amount recovered from the pursuit will be recognized in profit or loss.

The Company measures the allowance for doubtful accounts receivable as follows based on the provision matrix:

December 31, 2023

	Not overdue	**91 to 120 days**	**121 to 150 days**	**151 to 180 days**	**181 days or more**	**Total**
Expected credit loss rate	-	5.82%	8.39%	9.77%	18.38%	
Total account amount	$ 538,427	$ 48,700	$ 2,789	$ 1,914	$ 71,472	$ 663,302
Loss allowances (lifetime expected credit losses)	-	(2,832)	(234)	(187)	(13,137)	(16,390)
Amortized cost	$ 538,427	$ 45,868	$ 2,555	$ 1,727	$ 58,335	$ 646,912

December 31, 2022

	Not overdue	91 to 120 days	121 to 150 days	151 to 180 days	181 days or more	Total
Expected credit loss rate	-	6.26%	6.82%	8.59%	74.89%	-
Total account amount	$ 370,150	$ 63,792	$ 12,365	$ 198	$ 20,686	$ 467,191
Loss allowances (lifetime expected credit losses)	-	(3,992)	(843)	(17)	(15,492)	(20,344)
Amortized cost	$ 370,150	$ 59,800	$ 11,522	$ 181	$ 5,194	$ 446,847

The changes in the allowance for doubtful accounts receivable are as follows:

	2023	**2022**
Beginning balance	$ 20,344	$ 58,414
Less: Reversal of impairment loss for the current year	(3,954)	(38,070)
Year-end balance	$ 16,390	$ 20,344

11. Inventories

	December 31, 2023	December 31, 2022
Finished goods	$254,176	$307,780
Semi-finished product	2,677	6,793
Work in process	231,785	219,654
Supplies	230,584	368,283
	$719,222	$902,510

The nature of cost of goods sold is as follows:

	2023	2022
Cost of inventory sold	$ 2,303,819	$ 2,405,458
Loss for market price decline and obsolete and slow-moving inventories	25,408	21,182
	$ 2,329,227	$ 2,426,640

12. Investments accounted for using equity method

	December 31, 2023	December 31, 2022
Investment in subsidiaries	$476,856	$622,936
Investments in Associates	163,558	198,118
	$640,414	$821,054

(1) Investment in subsidiaries

	December 31, 2023	December 31, 2022
Unlisted stocks		
YTEC Holding (Samoa) Co., Ltd. (YTEC Samoa)	$463,137	$604,033
Wecon Limited (Samoa)	12,737	14,977
Wecon Automation Machinery Corp. (Wecon Automation)	982	977
Jiuhongxin Technology Co., Ltd. (Jiuhongxin)	-	2,337
Shinshou Automation Co., Ltd. (Shinshou)	-	612
	$476,856	$622,936

Subsidiary name	Ownership resolutions and voting percentage	
	December 31, 2023	December 31, 2022
YTEC Samoa Company	100%	100%
Wecon Limited (Samoa)	100%	100%
Wecon Automation	100%	100%
Jiuhongxin	-	100%
Shinshou	-	100%

The Company resolved on March 15, 2023 to dissolve Jiuhongxin and Shinshou, and completed the liquidation on October 11 and October 29, 2023.
Based on operational planning, the Company resolved at the board meeting on March 15, 2023 to dissolve Jiuhongxin and Shinshou, and completed the liquidation on October 11, 2023 and October 29, 2023 respectively.

For the years 2023 and 2022, the share of profit or loss and other comprehensive income or loss of subsidiaries accounted for using the equity method, except for Jiuhongxin, Shinshou, Wecon Limited (Samoa) and Wecon Automation which are calculated based on unaudited financial statements, the rest are calculated based on the audited financial statements for the same period; however, the Company's management believes that if the financial statements of the aforementioned subsidiaries were audited by an accountant, no material adjustments would be required.

Based on operational planning, the company resolved at the board meeting on March 14, 2024 to dispose of Xiamen YoungTek.

(2) Investments in Associates

	December 31, 2023	December 31, 2022
Individually insignificant associated companies		
Tian Zheng International Precision Machinery Co., Ltd. (Tian Zheng)	$135,992	$165,983
Sissca Co., Ltd (Sissca Co., Ltd) (formerly Sigold Optics Inc.)	27,566	32,135
	$163,558	$198,118

Company Name	Percentage of equity and voting rights held	
	December 31, 2023	December 31, 2022
Tian Zheng	14.60%	16.22%
Sissca (originally "Sigold")	15.52%	15.52%

Tian Zheng

	2023	2022
Share of profits enjoyed by the Company		
Current year net profit (loss)	($ 8,580)	$ 4,647

Sissca (originally "Sigold")

	2023	2022
Share of profits enjoyed by the Company		
Net loss) for the year	($ 4,388)	($ 1,788)

Sissca Co., Ltd merged and acquired Sigold Optics Inc. on October 20, 2022, and the Company’s shareholding ratio changed from 24% to 15.52%.

The Company hold less than 20% of the voting rights of Tian Zheng and Sissca. After considering that the management has one seat on the board of directors, it has significant influence, so the equity method is still adopted for evaluation.

The share of profit or loss and other comprehensive income of associates accounted for using the equity method in 2023 and 2022 was recognized based on the audited financial statements of the associates for the same periods.

13. Property, plant and equipment

	December 31, 2023	December 31, 2022
For personal use	$ 2,005,146	$ 2,080,634
Operating lease	59,094	62,049
	$ 2,064,240	$ 2,142,683

(1) For personal use

	Own land	Buildings	Machinery and equipment	Testing equipment	Transportation equipment	Office equipment	Leasehold improvements	Other devices	Equipment awaiting inspection and ongoing projects	Total
Cost										
Balance on January 01, 2023	$ 28,893	$ 984,515	$6,062,195	$ 53,885	$ 10,750	$ 7,165	$ 7,104	$ 158,519	$ 106,336	$7,419,362
Addition	-	15,086	308,393	888	-	-	15,639	26,322	41,871	408,199
Disposal	-	(6,838)	(441,704)	-	(1,291)	-	-	-	-	(449,833)
Reclassification	13,208	41,545	45,926	-	-	-	-	(985)	(32,393)	67,301
Balance on December 31, 2023	$ 42,101	$1,034,308	$5,974,810	$ 54,773	$ 9,459	$ 7,165	$ 22,743	$ 183,856	$ 115,814	$7,445,029
Accumulated depreciation										
Balance on January 01, 2023	$ -	$ 664,254	$4,470,237	$ 48,378	$ 7,057	$ 6,873	$ 4,411	$ 117,916	$ -	$5,319,126
Addition	-	50,709	464,611	2,662	993	117	3,519	11,464	-	534,075
Disposal	-	(6,838)	(436,851)	-	(1,291)	-	-	-	-	(444,980)
Reclassification		19,244	(6,199)	-	-	-	-	(985)	-	12,060
Balance on December 31, 2023	$ -	$ 727,369	$4,491,798	$ 51,040	$ 6,759	$ 6,990	$ 7,930	$ 128,395	$ -	$5,420,281
Accumulated impairment										
Balance on January 1, 2023 and December 31, 2023	$ -	$ -	$ 19,602	$ -	$ -	$ -	$ -	$ -	$ -	$ 19,602
Net amount on December 31, 2023	$ 42,101	$ 306,939	$1,463,410	$ 3,733	$ 2,700	$ 175	$ 14,813	$ 55,461	$ 115,814	$2,005,146
Cost										
Balance on January 01, 2022	$ 28,893	$ 970,115	$5,748,097	$ 54,881	$ 7,475	$ 7,165	$ 5,939	$ 138,156	$ 27,636	$6,988,357
Addition	-	15,860	156,102	40	3,275	-	1,165	19,972	93,028	289,442
Disposal	-	-	(55,012)	-	-	-	-	-	-	(55,012)
Reclassification	-	(1,460)	213,008	(1,036)	-	-	-	391	(14,328)	196,575
Balance on December 31, 2022	$ 28,893	$ 984,515	$6,062,195	$ 53,885	$ 10,750	$ 7,165	$ 7,104	$ 158,519	$ 106,336	$7,419,362
Accumulated depreciation										
Balance on January 01, 2022	$ -	$ 617,112	$4,094,397	$ 39,274	$ 6,584	$ 6,757	$ 2,339	$ 110,288	$ -	$4,876,751
Addition	-	48,093	426,503	10,038	473	116	2,072	7,628	-	494,923
Disposal	-	-	(54,772)	-	-	-	-	-	-	(54,772)
Reclassification	-	(951)	4,109	(934)	-	-	-	-	-	2,224
Balance on December 31, 2022	$ -	$ 664,254	$4,470,237	$ 48,378	$ 7,057	$ 6,873	$ 4,411	$ 117,916	$ -	$5,319,126
Accumulated impairment										
Balance on January 01, 2022	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Addition	-	-	19,602	-	-	-	-	-	-	19,602
Balance on December 31, 2022	$ -	$ -	$ 19,602	$ -	$ -	$ -	$ -	$ -	$ -	$ 19,602
Net amount on December 31, 2022	$ 28,893	$ 320,261	$1,572,356	$ 5,507	$ 3,693	$ 292	$ 2,693	$ 40,603	$ 106,336	$2,080,634

The self-used real estate, plant and equipment of the merged companies are depreciated on a straight-line basis over the following useful lives:

Buildings	
Main factory building	15 to 41 years
Engineering System	8 to 41 years
Machinery and equipment	2 to 10 years
Testing equipment	3 to 6 years
Transportation equipment	2 to 6 years
Office equipment	5 to 8 years
Leasehold improvements	3 to 10 years
Other devices	3 to 8 years

Due to market price competition in the optoelectronic foundry business, the Company evaluated that some of its machinery and equipment were idling, resulting in their recoverable amount being lower than the book value (using value in use). Therefore, an impairment loss of NT$19,602 thousand was recognized in 2022. The Company used the value in use as the recoverable amount for this machinery and equipment, with a discount rate of 11.26% applied. The impairment loss was included in other gains and losses in the parent company only statement of comprehensive income.

No impairment loss was recognized in 2023.

For information on self-used real estate, factories and equipment pledged as collateral for borrowings, please refer to Note 32.

(2) Operating lease

	Buildings
Cost	
Balance on January 1, 2023 and December 31, 2023	$106,362
Accumulated depreciation	
Balance on January 01, 2023	$ 44,313
Depreciation expense	2,955
Balance on December 31, 2023	$ 47,268
Net amount on December 31, 2023	$ 59,094
Cost	
Balance on January 1, 2022 and December 31, 2023	$106,362
Accumulated depreciation	
Balance on January 01, 2022	$ 41,359
Depreciation expense	2,954
Balance on December 31, 2022	$ 44,313
Net amount on December 31, 2022	$ 62,049

The Company leases out houses and buildings under operating leases with a lease term of 5 years. All operating lease contracts contain a clause for adjusting the rent in accordance with market rental rates when the lessee exercises the renewal option. The lessee does not have a preferential purchase right over the assets at the end of the lease term.

As of December 31, 2023 and 2022, the Company received security deposits of NT$6,830 thousand for operating lease agreements.

The total amounts of future lease payments to be received for operating leases of the company's own properties, plants and equipment are as follows:

	December 31, 2023	December 31, 2022
Year 1	$ 29,838	$ 29,719
Year 2	30,070	29,838
Year 3	30,091	30,070
Year 4	30,091	30,091
Year 5	2,508	30,091
5 years or more	-	2,508
	$122,598	$152,317

The merger company depreciates leased real estate, plants and equipment under operating leases on a straight-line basis over the following useful lives:

Buildings	
Main factory building	35

The amount of business leasing real estate, plant and equipment of the Company is not pledged as collateral for borrowing.

14. Lease Agreement

(1) Right-of-use asset

	December 31, 2023	December 31, 2022
Carrying amount of right-of-use assets		
Land	$153,695	$114,942
Building	19,158	29,449
	$172,853	$144,391

	2023	2022
Addition of right-of-use assets	$ 52,221	$ 328
Depreciation expense of right-of-use assets		
Land	$ 10,843	$ 8,363
Building	12,916	11,987
Machinery and equipment	-	3,196
	$ 23,759	$ 23,546

(2) Lease liabilities

	December 31, 2023	December 31, 2022
Lease liabilities carrying amount		
Current	$ 17,950	$ 17,971
Non-current	$149,788	$119,420

The range of discount rates for lease liabilities is as follows:

	December 31, 2023	December 31, 2022
Land	3.15%	3.15%
Building	2.40%~3.15%	3.15%
Machinery and equipment	-	2.69%

(3) Important Leasing Activities and Terms

The Company leases certain machinery and equipment for product manufacturing and research and development purposes for a period of 5 years. At the end of the lease term, the Company may choose to purchase the equipment at its nominal value at that time, with no renewal or purchase option.

The Company also leases certain land and buildings as factories and offices for a period of 2 to 20 years. At the end of the lease term, the Company has no preferential rights to purchase the leased land and buildings.

As of December 31, 2023 and 2022, the Company’s refundable deposits paid for operating lease agreements were both NT$1,474 thousand.

(4) Other leasing information

	2023	2022
Short-term lease expenses	$ 6,797	$ 13,789
Total cash outflow for leases	($ 33,524)	($ 39,433)

The Company chooses to apply the recognition exemption for short-term leases to leases of buildings, machinery and equipment, and transportation equipment that meet the criteria for short-term leases, and does not recognize the related right-of-use assets and lease liabilities for those leases.

15. Investment property

Completed Investment property	2023 Beginning balance	This year's increase	This year's decrease	Reclassification	Year-end balance
Cost					
Land	$ 13,208	$ -	$ -	($ 13,208)	$ -
Buildings	33,633	-	(2,465)	(24,812)	6,356
Total	46,841	$ -	($ 2,465)	($ 38,020)	6,356
Accumulated depreciation					
Buildings	24,870	$ 523	($ 2,465)	($ 18,259)	4,669
Net amount	$ 21,971				$ 1,687

Finished investment properties	2022 Beginning balance	This year's increase	Reclassification	Year-end balance
Cost				
Land	$ 13,208	$ -	$ -	$ 13,208
Buildings	33,633	-	-	33,633
Total	46,841	$ -	$ -	46,841
Accumulated depreciation				
Buildings	23,952	$ 918	$ -	24,870
Net amount	$ 22,889			$ 21,971

The lease term for investment properties is 3 to 5 years. At the end of the lease term, the lessee does not have the preferential right to purchase the investment property.

As of December 31, 2023 and 2022, the Company received security deposits of NT$154 thousand from operating lease contracts for investment properties.

The total amount of future lease payments to be received for investment properties under operating leases is as follows:

	December 31, 2023	December 31, 2022
Year 1	$ 180	$ 179

Investment properties are depreciated on a straight-line basis over the following estimated useful lives:

Main building	33 to 41 years
Engineering System	5 to 10 years

The fair value of investment properties is estimated by the Company's management based on the recent announced sales prices in the surrounding areas of the investment properties. After assessment, there is no indication of impairment, and the fair value obtained from the evaluation is as follows:

	December 31, 2023	December 31, 2022
Fair value	$ 6,260	$ 25,325

All investment properties of the Company are owned by equity.

16. Intangible assets

	Computer software cost	Goodwill	Patents	Others	Total
Cost					
Balance on January 01, 2023	$ 30,650	$ 2,583	$ 68,157	$ 7,665	$ 109,055
Retrieved individually	9,057	-	-	-	9,057
Reclassification	1,658	-	-	-	1,658
Balance on December 31, 2023	$ 41,365	$ 2,583	$ 68,157	$ 7,665	$ 119,770
Accumulated amortization and impairment					
Balance on January 01, 2023	$ 23,570	$ -	$ 49,949	$ 5,359	$ 78,878
Amortization expense	3,662	-	6,045	1,284	10,991
Balance on December 31, 2023	$ 27,232	$ -	$ 55,994	$ 6,643	$ 89,869
Net amount on December 31, 2023	$ 14,133	$ 2,583	$ 12,163	$ 1,022	$ 29,901
Cost					
Balance on January 01, 2022	$ 26,074	$ 2,583	$ 68,157	$ 5,205	$ 102,019
Retrieved individually	4,576	-	-	2,460	7,036
Balance on December 31, 2022	$ 30,650	$ 2,583	$ 68,157	$ 7,665	$ 109,055
Accumulated amortization and impairment					
Balance on January 01, 2022	$ 22,049	$ -	$ 43,884	$ 4,731	$ 70,664
Amortization expense	1,521	-	6,065	628	8,214
Balance on December 31, 2022	$ 23,570	$ -	$ 49,949	$ 5,359	$ 78,878
Net amount on December 31, 2022	$ 7,080	$ 2,583	$ 18,208	$ 2,306	$ 30,177

Apart from goodwill, amortization expense is recognized on a straight-line basis over the following useful lives:

Computer software cost	2 to 5 years
Patents	10 to 11 years
Others	2 to 10 years

Summarized by function, amortization expenses:

	December 31, 2023	December 31, 2022
Operating costs	$ 1,761	$ 712
Administrative expenses	1,292	903
Research and development costs	7,938	6,599
	$ 10,991	$ 8,214

17. Other assets

	December 31, 2023	December 31, 2022
Prepayments	$158,027	$ 76,884
Office supplies	43,990	41,142
Guarantee deposits paid (Note 14)	2,076	2,086
Guarantee deposits paid to related parties (Note 31)	1,030	1,030
Others (Note)	1,611	838
	$206,734	$121,980
Current	$203,628	$118,864
Non-current	3,106	3,116
	$206,734	$121,980

Note: It refers to temporary payment and payment on behalf of others, etc.

18. Notes and accounts payable

	December 31, 2023	December 31, 2022
Accounts payable		
Arising from business operations	$287,423	$279,780

The Company has established financial risk management policies to ensure that all payables are repaid within the pre-agreed credit terms.

19. Other liabilities

	December 31, 2023	December 31, 2022
Current		
Other payables		
Payroll and bonuses	$144,464	$153,852
Employee compensation payable (Note 24)	111,173	118,200
Payable on machinery and equipment	62,571	94,207
Compensation due to directors and supervisors (Note 24)	5,320	8,500
Others (Note)	86,910	85,776
	$410,438	$460,535
Other liabilities		
Others (Temporary Receipts and Collections on Behalf)	$ 11,007	$ 12,703

Note: Mainly for paying electricity bills, insurance premiums, and other payable fees.

20. Provisions for liabilities

	December 31, 2023	December 31, 2022
Current		
Employee benefits (1)	$ 4,902	$ 5,824
Warranty (2)	1,072	19,575
	$ 5,974	$ 25,399

	Employee benefits	Warranty	Total
Balance on January 01, 2023	$ 5,824	$ 19,575	$ 25,399
Added this year	4,902	1,100	6,002
Current year turnover/usage	(5,824)	(19,603)	(25,427)
Balance on December 31, 2023	$ 4,902	$ 1,072	$ 5,974
Balance on January 01, 2022	$ 5,671	$ 25,255	$ 30,926
Added this year	5,824	19,876	25,700
Current year turnover/usage	(5,671)	(25,556)	(31,227)
Balance on December 31, 2022	$ 5,824	$ 19,575	$ 25,399

(1) The provision for employee benefit liabilities is an estimate of the vested long-term service leave entitlements of employees.

(2) The warranty liability provision is based on the sales product contract agreement, and is the present value of the Company management's best estimate of the future outflow of economic benefits resulting from warranty obligations. The estimate is based on historical warranty experience, adjusted for factors such as new materials, process changes, or other factors affecting product quality.

21. Post-employment benefit plans

(1) Defined contribution plans

The retirement fund system applicable to the Company under the "Labor Pension Act" is a defined contribution retirement plan administered by the government. 6% of the employees' monthly salaries are contributed to their individual accounts at the Labor Insurance Bureau.

(2) Defined benefit plans

According to the "Labor Standards Act" of our country, the Company's retirement pension system is a government-managed defined benefit retirement plan. The payment of employee retirement pensions is calculated based on years of service and the average salary of the six months prior to the approved retirement date. The Company contributes 2% of the total monthly salary of employees to the employee retirement fund, which is deposited in a dedicated account at the Bank of Taiwan under the name of the Labor Retirement Fund Supervisory Committee. At the end of each year, if it is estimated that the account balance is insufficient to pay the estimated number of employees reaching retirement age in the following year, the difference will be contributed by the end of March of the following year. The dedicated account is entrusted to the Bureau of Labor Funds of the Ministry of Labor for management, and the Company has no right to influence the investment management strategy.

The amounts of the defined benefit plans included in the parent company only balance sheets are shown as follows:

	December 31, 2023	**December 31, 2022**
Present value of a defined benefit obligation	$ 91,362	$ 93,786
Fair value of plan assets	(118,339)	(108,787)
Net defined benefit asset	($ 26,977)	($ 15,001)

The changes in the net defined benefit liability (asset) are as follows:

	Present value of a defined benefit obligation	Fair value of plan assets	Net interest on the net defined benefit liability (asset)
January 01, 2022	$ 110,256	($ 93,759)	$ 16,497
Service cost			
Past service cost	68	-	68
Interest expense (revenue)	904	(769)	135
Recognized in profit or loss	972	(769)	203
Re-measurement			
Plan asset returns (excluding amounts included in net interest)	-	(6,763)	(6,763)
Actuarial (profit) loss			
— Changes in demographic assumptions	(5,024)	-	(5,024)
— Changes in financial assumptions	(10,262)	-	(10,262)
— Experience adjustments	1,217	-	1,217
Recognized in other comprehensive income	(14,069)	(6,763)	(20,832)
Employer contribution	-	(10,869)	(10,869)
Benefits payment	(3,373)	3,373	-
December 31, 2022	93,786	(108,787)	(15,001)
Service cost			
Past service cost	-	-	-
Interest expense (revenue)	1,369	(1,588)	(219)
Recognized in profit or loss	1,369	(1,588)	(219)
Re-measurement			
Plan asset returns (excluding amounts included in net interest)	-	(5,725)	(5,725)
Actuarial losses (gains)			
— Changes in demographic assumptions	3,972	-	3,972
— Changes in financial assumptions	2,016	-	2,016
— Experience adjustments	(824)	-	(824)

	Present value of a defined benefit obligation	Fair value of plan assets	Net interest on the net defined benefit liability (asset)
Recognized in other comprehensive income	5,164	(5,725)	(561)
Employer contribution	-	(11,196)	(11,196)
Benefits payment	(8,957)	8,957	-
December 31, 2023	$ 91,362	($ 118,339)	($ 26,977)

The amounts of the defined benefit plan recognized in profit or loss by function are summarized as follows:

	2023	2022
Summarized by function		
Operating costs	($ 149)	$ 147
Selling expenses	(13)	11
Administrative expenses	(10)	9
Research and development costs	(47)	36
	($ 219)	$ 203

The Company is exposed to the following risks due to the retirement pension system under the "Labor Standards Act":

1. Investment risk: The Bureau of Labor Funds of the Ministry of Labor invests the labor retirement funds through self-management and entrusted operations in domestic (overseas) equity securities, debt securities, bank deposits, and other targets. However, the amount of plan assets that can be allocated by the company is calculated based on a return rate no lower than the two-year fixed deposit rate of local banks.

2. Interest rate risk: A decline in interest rates of government bonds/corporate bonds will increase the present value of the defined benefit obligation, but the return on debt investments of the plan assets will also increase accordingly, resulting in a partially offsetting effect on the net defined benefit liabilities.

3. Salary risk: The calculation of the present value of the defined benefit obligation is based on the future salaries of plan members. Therefore, an increase in the salaries of plan members will result in an increase in the present value of the defined benefit obligation.

The present value of the defined benefit obligations of the Company is actuarially determined by a qualified actuary. The significant assumptions used for the measurement date are as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.31%	1.46%
Expected salary increase rate	3.00%	3.00%
Expected rate of return on assets	1.31%	1.46%

The overall expected rate of return on plan assets is estimated based on historical return trends and the actuary's forecasts of the market in which the assets are invested during the duration of the related obligations, taking into account the management of the plan assets and the impact of the minimum return.

If there are reasonable possible changes in the significant actuarial assumptions, while holding all other assumptions constant, the present value of the defined benefit obligation would increase (decrease) by the following amounts:

	December 31, 2023	December 31, 2022
Discount rate		
Increase by 0.50%	($ 6,633)	($ 6,971)
Decrease by 0.50%	$ 7,232	$ 7,614
Expected salary increase rate		
Increase by 0.50%	$ 7,072	$ 7,458
Decrease by 0.50%	($ 6,560)	($ 6,903)

Therefore, the above sensitivity analysis may not reflect the actual changes in the present value of the defined benefit obligations.

	December 31, 2023	December 31, 2022
Expected amount to be contributed within 1 year	$ 11,520	$ 11,424
Determine the average vesting period for defined benefit obligations.	15 years	16 years

22. Equity

(1) Share capital

	December 31, 2023	December 31, 2022
Authorized Capital (Thousand Shares)	150,000	150,000
Authorized capital	$ 1,500,000	$ 1,500,000
Number of shares issued and fully paid (thousand shares)	128,498	128,498
Issued capital	$ 1,284,980	$ 1,284,980

There was no significant change in the share capital of the Company. The issued ordinary shares have a par value of NT$10 each and carry one voting right per share and the right to receive dividends.

Of the authorized capital, 5,000 thousand shares are reserved for employee stock option certificates.

(2) Capital surplus

	December 31, 2023	December 31, 2022
Used to make up for losses, distribute cash or allocate to capital (Note 1)		
Shares issued at premium	$ 2,275,616	$ 2,275,616
Overflow merge	89,710	89,710
Employee stock options	15,948	15,948
Convertible corporate bond subscription rights	2,176	2,176
Changes in equity of investment in associates accounted for using equity method	1,646	1,646
Only for compensating losses (Note 2)		
Changes in equity of investment in associates accounted for using equity method	$ 45,935	$ 60,807
Recognition of changes in the ownership interests of subsidiaries	8,514	8,514
Donated assets	179	39
	$ 2,439,724	$ 2,454,456

Note 1: This type of capital reserve can be used to cover losses, or when the company has no losses, it can be used to distribute cash or be capitalized. However, when capitalized, it is limited to a certain percentage of the paid-in capital each year.

Note 2: This type of capital surplus is the amount recognized from changes in equity interests in subsidiaries when the Company did not actually acquire or dispose of the subsidiaries' equity interests, or the adjustment to capital surplus recognized by the Company using the equity method for its subsidiaries.

(3) Policy on Retained Earnings and Dividends

The Company resolved to amend the Articles of Incorporation at the shareholders' meeting held on June 13, 2023, stipulating that the Company's profit distribution or loss compensation may be made at the end of each semi-fiscal year. If there is a surplus in the Company's semi-fiscal year settlement, tax payments shall be made first, accumulated losses shall be covered, and then 10% of the legal reserve shall be provided; however, this is not the case when the legal reserve has reached the Company's paid-in capital. Special reserve shall be provided or reversed in accordance with laws and regulations or as required by the competent authority. If there is still a surplus, the board of directors shall, together with the accumulated undistributed surplus, formulate a surplus distribution proposal based on the Company's dividend policy. If the distribution is made by issuing new shares, it shall be subject to a resolution of the shareholders' meeting.

For the distribution of the aforementioned surplus, legal reserve, and capital surplus in cash, the board of directors is authorized to make the distribution with a resolution passed by two-thirds or more of the directors present at a meeting attended by a majority of all directors, and report to the shareholders' meeting.

According to the Company's surplus distribution policy before the revision of the Articles of Incorporation, if the Company has a surplus after the annual settlement, it shall pay taxes in accordance with the law, make up for accumulated losses, and then set aside 10% as a legal reserve. The remaining amount shall be set aside or reversed as a special reserve in accordance with laws and regulations. If there is still a balance, combined with the accumulated undistributed surplus, the board of directors shall propose a surplus distribution proposal and submit it to the shareholders' meeting for resolution to distribute dividends to shareholders.

The policy for distributing employee and director compensation stipulated in the Company's articles of incorporation is referenced in Note 24(8) Employee Compensation and Compensation for Directors and Supervisors.

The Company, taking into account future capital requirements and long-term financial planning, and meeting shareholders' demands for cash inflows, proposes a distribution plan in accordance with the law by the board of directors each year and submits it to the shareholders' meeting for resolution. Among them, the distribution of shareholder dividends may be made in cash or stock, but the proportion of cash dividend distribution shall not be less than 20% of the total dividend amount.

The legal reserve should be appropriated until its balance reaches the total paid-in capital of the company. When the company has no deficit, the portion of the legal reserve exceeding 25% of the total paid-in capital may be capitalized or distributed in cash.

This company held annual general meetings on June 13, 2023 and June 15, 2022, respectively, and resolved to distribute the profits for 2022 and 2021 as follows:

	2022	2021
Legal reserve	$ 87,837	$109,297
Special reserve	$ 32,695	($ 18,360)
Cash dividend	$642,490	$642,490
Cash dividend per share (NT$)	$ 5.0	$ 5.0

At the board meeting on March 14, 2024, the company proposed the following distribution of 2023 surplus:

	2023
Legal reserve	$ 52,658
Special reserve	($ 14,910)
Cash dividend	$513,992
Cash dividend per share (NT$)	$ 4.0

The aforementioned cash dividend has been resolved for distribution by the board of directors, while the remaining amount is yet to be resolved at the expected shareholders' meeting to be held on June 19, 2024.

(4) Special reserve

	2023	2022
Beginning balance	$ -	$ 18,360
Provision of special reserve		
Amount of other equity items appropriated	32,695	-
Reversal of special reserve		
Reversal of other equity deduction items	-	(18,360)
Year-end balance	$ 32,695	$ -

(5) Other equity interest items

1. Exchange differences on translation of foreign financial statements

	2023	2022
Beginning balance	($ 81,802)	($ 93,532)
Current period generation		
Translation differences of foreign operating entities	(9,599)	11,730
Other comprehensive income	(9,599)	11,730
Year-end balance	($ 91,401)	($ 81,802)

2. Unrealized gains and losses from financial assets measured at fair value through other comprehensive income

	2023	2022
Beginning balance	$ 49,107	$166,676
Unrealized gains or losses		
Equity instrument	24,509	(114,215)
Disposal of equity instrument cumulative losses transferred to retained earnings	-	(3,354)
Year-end balance	$ 73,616	$ 49,107

23. Revenue

	2023	2022
Revenue from contracts with customers		
Processing income	$ 1,925,799	$ 2,536,464
Sales revenue	1,099,002	979,881
Other revenue	388,467	404,209
	$ 3,413,268	$ 3,920,554

(1) Contract balance

	December 31, 2023	December 31, 2022	January 01, 2022
Accounts receivable (Note 10)	$ 646,912	$ 446,847	$ 912,064
Contract liability			
Current contract liability	$ 117,436	$ 59,075	$ 36,024

The changes in contract liabilities are mainly due to the difference between the timing of satisfying performance obligations and the timing of customer payments.

The amount from the contract liabilities at the beginning of the year and the performance obligations satisfied in prior periods that were recognized as revenue during the year is as follows:

	2023	2022
From contract liabilities at the beginning of the year		
Product sales	$ 59,043	$ 35,858

(2) Breakdown of revenue from contracts with customers

The main operating regions of the Company are Taiwan and China.

The information on revenue from continuing operations of external customers for the Company, segmented by location of operations, is presented as follows:

	Revenue from external customers	
	2023	2022
Domestic	$ 1,911,775	$ 2,571,251
Abroad	1,501,493	1,349,303
	$ 3,413,268	$ 3,920,554

24. Net income of continuing operations

(1) Net other revenue and cost

	2023	2022
Gains on disposals of property, plant and equipment	$ 77,010	$ 48,292
Operating lease rental income	34,311	41,220
Depreciation expense on leased assets	(2,955)	(2,954)
Depreciation expense on investment property	(523)	(918)
	$107,843	$ 85,640

(2) Interest revenue

	2023	2022
Cash in banks	$ 26,104	$ 16,917

(3) Other revenue

	2023	2022
Dividend revenue	$ 16,344	$ 16,153
Others	2,921	4,879
	$ 19,265	$ 21,032

(4) Other gains and losses

	2023	2022
Net foreign exchange (losses) gains	($ 16,038)	$173,176
Impairment loss recognized in profit or loss, property, plant and equipment	-	(19,602)
Net losses on financial assets measured at fair value through profit or loss	(176)	-
Disposal of subsidiary losses (Note 27)	(343)	-
Others	(275)	(1,570)
	($ 16,832)	$152,004

(5) Financial costs

	2023	2022
Interest on lease liabilities	$ 4,853	$ 3,748
Other interest expense	45	11
	$ 4,898	$ 3,759

(6) Depreciation and Amortization

	2023	2022
Property, plant and equipment	$537,030	$497,877
Right-of-use asset	23,759	23,546
Investment property	523	918
Intangible assets	10,991	8,214
Total	$572,303	$530,555
Depreciation expenses summarized by function		
Operating costs	$533,650	$492,986
Operating expenses	24,184	25,483
Other operating income and expenses	3,478	3,872
	$561,312	$522,341
Amortization expenses summarized by function		
Operating costs	$ 1,761	$ 712
Operating expenses	9,230	7,502
	$ 10,991	$ 8,214

(7) Employee benefits expenses

	2023	2022
Post-employment benefits		
Defined contribution plans	$ 40,243	$ 40,659
Defined benefit plans (Note 21)	(219)	203
	40,024	40,862
Other employee benefits	1,019,677	1,217,275
Total employee benefit expenses	$ 1,059,701	$ 1,258,137
Summarized by function		
Operating costs	$ 689,861	$ 839,120
Operating expenses	369,840	419,017
	$ 1,059,701	$ 1,258,137

(8) Employee compensation and directors' and supervisors' remuneration

In accordance with the provisions of the Company's Articles of Incorporation, employee compensation and remuneration for directors and supervisors are allocated from the pre-tax profit for the current year, after deducting the amounts for employee and director/supervisor compensation, at a rate no less than 2% and no more than 5%, respectively. The estimated employee compensation and remuneration for directors and supervisors for 2023 and 2022 were resolved by the board of directors on March 14, 2024 and March 15, 2023, respectively, as follows:

Percentage estimation

	2023	2022
Employee compensation	9.26%	9.70%
Directors' and supervisors' remuneration	0.84%	0.70%

Amount

	2023	2022
	Cash	Cash
Employee compensation	$ 59,000	$118,200
Directors' and supervisors' remuneration	5,320	8,500

After the issuance date of the annual parent company only financial statements, if the amounts are still subject to change, they will be treated as changes in accounting estimates and adjusted in the following year.

The actual distribution amounts of employee compensation and directors' and supervisors' compensation for 2022 and 2021 are not different from the recognized amounts in the 2022 and 2021 parent company only financial statements.

Regarding the information on employee compensation and directors' and supervisors' compensation resolved by the Company's board of directors, please visit the "Market Observation Post System" of the Taiwan Stock Exchange for more details.

(9) Foreign currency exchange (loss) gain

	2023	2022
Total foreign exchange gain	$ 34,402	$179,106
Total foreign exchange loss	(50,440)	(5,930)
Net (loss) profit	($ 16,038)	$173,176

25. Income tax from continuing operations

(1) Income tax recognized in profit or loss

The main components of income tax expense are as follows:

	2023	2022
Current income tax		
Producer of the year	$ 69,690	$212,675
Prior year adjustments	(29,802)	-
Deferred tax		
Producer of the year	6,714	24,777
Income tax expense recognized in profit or loss	$ 46,602	$237,452

The reconciliation between accounting profit and income tax expense is as follows:

	2023	2022
Net profit before tax from continuing operations	$ 572,621	$ 1,091,632
Income tax expense calculated at the statutory tax rate on profit before tax	$ 114,524	$ 218,326
Deductible items when determining taxable income	(42,338)	(4,268)
Unrecognized deductible temporary difference	4,218	23,394
Adjustments of current income tax expense for prior years during the current year	(29,802)	-
Income tax expense recognized in profit or loss	$ 46,602	$ 237,452

(2) Current tax liabilities

	December 31, 2023	December 31, 2022
Current tax liabilities		
Income tax payable	$158,437	$150,694

(3) Deferred income tax assets

The changes in deferred income tax assets are as follows:

2023

Deferred income tax assets	Beginning balance	Recognized in profit or loss	Year-end balance
Temporary difference			
Allowance to reduce inventory to market	$ 44,774	($ 24,721)	$ 20,053
Deferred revenue	25,336	20,471	45,807
Provisions for liabilities	3,915	(3,701)	214
Allowance for losses	2,810	(2,474)	336
Others	5,280	3,711	8,991
	$ 82,115	($ 6,714)	$ 75,401

2022

Deferred income tax assets	Beginning balance	Recognized in profit or loss	Year-end balance
Temporary difference			
Allowance to reduce inventory to market	$ 40,537	$ 4,237	$ 44,774
Deferred revenue	32,078	(6,742)	25,336
Provisions for liabilities	5,051	(1,136)	3,915
Allowance for losses	9,287	(6,477)	2,810
Others	19,939	(14,659)	5,280
	$ 106,892	($ 24,777)	$ 82,115

(4) Deductible temporary differences for which no deferred income tax asset was recognized in the parent company only balance sheets

	December 31, 2023	December 31, 2022
Deductible temporary difference	$ 1,141,426	$ 1,140,497

(5) Circumstances of income tax assessment

For the Company's profit-seeking enterprise income tax filing, tax cases up to and prior to 2021 have been assessed by the tax collection authorities.

26. Earnings per Share

Unit: NT$ Per Share

	2023	2022
Basic earnings per share	$ 4.09	$ 6.65
Diluted earnings per share	$ 4.05	$ 6.53

The numerator for earnings per share and the denominator for weighted-average number of common shares are calculated as follows:

Net profit for the year

	2023	2022
Net profit for the year	$526,019	$854,180

Number of shares

Unit: Thousand Shares

	2023	2022
The weighted average number of common shares used to calculate basic earnings per share	128,498	128,498
Potential impact of dilutive ordinary shares:		
Employee compensation	1,309	2,403
The weighted average number of common shares used to calculate diluted earnings per share	129,807	130,901

If a Company has the option to pay employee compensation in stock or cash, when calculating diluted earnings per share, it is assumed that employee compensation will be paid in stock. If the potential common stock has a dilutive effect, it is included in the weighted average number of shares outstanding to calculate diluted earnings per share. Before deciding on the number of shares to be issued as employee compensation in the following year, the dilutive effect of such potential common stock continues to be considered when calculating diluted earnings per share.

27. Disposal of investment in subsidiaries – loss of control

The Company resolved on March 15, 2023 to liquidate Jiuhongxin and Shinshou, respectively. The Company completed the liquidation and lost control of these subsidiaries on October 11, 2023 and October 29, 2023, respectively. For the explanation of the disposal of Jiuhongxin and Shinshou, please refer to Note 29 of the Company's 2023 Consolidated Financial Statements.

28. Information on cash flow

(1) Non-cash transactions

Except as disclosed in other notes, the Company engaged in the following non-cash investing and financing activities in 2023 and 2022:

In 2023 and 2022, the Company reclassified inventories of NT$52,243 thousand and NT$200,905 thousand, respectively, to property, plant and equipment. Additionally, in 2023 and 2022, the Company reclassified net property, plant and equipment of NT$15,105 thousand (cost NT$21,304 thousand less accumulated depreciation NT$6,199 thousand) and NT$102 thousand (cost NT$16,339 thousand less accumulated depreciation NT$16,237 thousand), respectively, to inventories. Furthermore, in 2022, the Company reclassified right-of-use assets of NT$2,585 thousand (cost NT$21,997 thousand less accumulated depreciation NT$19,412 thousand) to property, plant and equipment. In 2022, the Company also reclassified net property, plant and equipment of NT$9,037 thousand (cost NT$9,988 thousand less accumulated depreciation NT$951 thousand) to right-of-use assets. Additionally, in 2023, the Company reclassified net property, plant and equipment of NT$483 thousand (cost NT$2,140 thousand less accumulated depreciation NT$1,657 thousand) to investment properties. In 2023, the Company also reclassified net investment properties of NT$20,244 thousand (cost NT$40,160 thousand less accumulated depreciation NT$19,916 thousand) to property, plant and equipment. Furthermore, in 2023, the Company reclassified net property, plant and equipment of NT$1,658 thousand (booked as equipment awaiting inspection and construction in progress) to intangible assets (refer to Notes 13, 14, 15 and 16).

29. Capital Risk Management

The Company conducts capital management to ensure that it can continue as a going concern while maximizing the return to shareholders through the optimal balance of debt and equity. The overall strategy of the Company remains unchanged.

The parent company only capital structure of the company consists of net debt (i.e. borrowings less cash and cash equivalents) and equity (i.e. share capital, capital surplus, retained earnings and other equity items).

The Company does not need to comply with other external capital requirements.

The key management personnel of the Company periodically review the capital structure of the Company, including consideration of the costs and related risks of various types of capital. Based on the recommendations of the key management personnel, the Company will balance its overall capital structure by paying dividends, issuing new shares, buying back shares, issuing new debt or repaying old debt.

30. Financial instruments

(1) Information on fair value – financial instruments not measured at fair value

The Company's management believes that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values.

(2) Fair value information – Financial instruments measured at fair value on a recurring basis

1. Fair value level

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Limited partnership	$ -	$ -	$ 14,824	$ 14,824
Financial assets measured at fair value through other comprehensive income				
Equity instrument investment				
— Domestic listed stocks	$ 379,444	$ -	$ -	$ 379,444
— Domestic unlisted stocks	-	-	5,000	5,000
— Foreign unlisted stocks	-	-	103,493	103,493
Total	$ 379,444	$ -	$ 108,493	$ 487,937

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income				
Equity instrument investment				
— Domestic listed stocks	$ 251,963	$ -	$ -	$ 251,963
— Domestic unlisted stocks	-	-	5,000	5,000
— Foreign unlisted stocks	-	-	206,465	206,465

Total	$ 251,963	$ -	$ 211,465	$ 463,428

There were no transfers between Level 1 and Level 2 fair value measurements in 2023 and 2022.

2. Reconciliation of financial instruments measured at fair value within Level 3

2023

	Equity instruments measured at fair value through profit or loss	**Equity instruments measured at fair value through other comprehensive income**	**Total**
Beginning balance	$ -	$ 211,465	$ 211,465
Recognized in profit or loss (other gains and losses)	(176)	-	(176)
Recognized in other comprehensive income (unrealized valuation of financial assets measured at fair value through other comprehensive income)	-	(102,972)	(102,972)
Purchase	15,000	-	15,000
Year-end balance	$ 14,824	$ 108,493	$ 123,317

2022

	Equity instruments measured at fair value through other comprehensive income
Beginning balance	$252,578
Disposal	(9,101)
Transfer to the 3rd grade	(32,012)
Year-end balance	$211,465

3. Valuation techniques and inputs for Level 3 fair value measurements

Domestic and overseas unlisted (over-the-counter) and domestic limited partnership investment equities are valued using the asset approach, or based on the trading prices of similar stocks in an active market, adjusted for liquidity, to obtain their fair value.

(3) Categories of Financial Instruments

	December 31, 2023	December 31, 2022
Financial asset		
Measured at fair value throu profit or loss		
Mandatorily measured at fair value through profit or loss	$ 14,824	$ -
Measured at fair value through other comprehensive income		
Equity instrument investment	487,937	463,428
Financial assets at amortized cost (Note 1)	3,419,505	3,193,002
Financial liability		
Measured at amortized cost (Note 2)	426,496	440,676

Note 1: The balance includes cash and cash equivalents, notes receivable and accounts receivable (including related party amounts), and other receivables (including related party amounts) measured at amortized cost that are included as financial assets.

Note 2: The balance includes notes and accounts payable (including related party amounts) and other payables (including related party amounts), which are financial liabilities measured at amortized cost.

(4) Financial Risk Management Objectives and Policies

The Company's major financial instruments include equity investments, trade receivables, trade payables, and lease liabilities. The Company's financial management department provides services to its business units, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the Company's operations through internal risk reports analyzing exposures by degree and extent of risks. These risks include market risk (including foreign currency risk, interest rate risk, and other price risk), credit risk, and liquidity risk.

The Company uses derivative financial instruments to hedge its exposure in order to mitigate the impact of such risks. The use of derivative financial instruments is governed by policies approved by the board of directors of the Company, which are the written principles for foreign exchange risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investment of remaining liquidity. Internal auditors continuously review compliance with policies and exposure limits. The Company does not engage in transactions involving financial instruments (including derivative financial instruments) for speculative purposes.

The financial management department regularly provides reports at the operational management meetings of the Company to mitigate exposure risks.

1. Market risk

   The operating activities of the Company expose it to the primary financial risks of foreign exchange rate fluctuations (refer to (1) below) and interest rate fluctuations (refer to (2) below). The Company engages in derivative financial instruments to manage its exposure to foreign exchange rate risks, including the use of forward foreign exchange contracts to hedge against the exchange rate risks arising from exporting equipment or providing services to other regions.

   The Company has not changed the exposure to market risks of financial instruments and the management and measurement methods for such exposures.

   (1) Currency risk

   The Company engages in sales and purchases transactions denominated in foreign currencies, which exposes the Company to foreign exchange risk. The Company manages foreign exchange risk within policy-permitted limits by utilizing forward foreign exchange contracts to manage risk.

   The Company refers to Note 33 for the book amounts of monetary assets and monetary liabilities denominated in non-functional currencies and the book amounts of derivative instruments with foreign exchange risk exposure as of the balance sheet date.

   <u>Sensitivity analysis</u>

   The Company is mainly affected by fluctuations in the US dollar, Chinese renminbi and Japanese yen exchange rates.

   The following table details the sensitivity analysis of the Company when the New Taiwan Dollar (functional currency) appreciates by 5%, 5%, and 10% against the US Dollar, Chinese Renminbi, and Japanese Yen, respectively. The 5% and 10% are the sensitivity rates used by the Company when reporting foreign exchange risk to key management personnel and represent management’s assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and forward foreign exchange contracts designated as cash flow hedges. The (negative) positive numbers in the table indicate that when the functional currency of the Company appreciates by 5%, 5%, and 10% against the relevant foreign currencies, the pre-tax net profit will (decrease) increase by the respective amounts.

	The Influence of the US Dollar		The Impact of the Chinese Renminbi		The Impact of the Japanese Yen	
	2023	2022	2023	2022	2023	2022
Net income (loss) before tax	($ 16,731)	($ 10,653)	($ 36,245)	($ 8,993)	($ 1,730)	($ 10,288)

The change in sensitivity mainly arises from the outstanding U.S. dollar, Renminbi, and Japanese yen-denominated receivables and payables of the Company that were not cash flow hedged on the balance sheet date. The Company's sensitivity to the U.S. dollar exchange rate increased this year, mainly due to an increase in U.S. dollar-denominated bank deposits and an increase in U.S. dollar-denominated sales resulting in an increase in the balance of U.S. dollar-denominated accounts receivable. The Company's sensitivity to the Renminbi exchange rate increased this year, mainly due to an increase in Renminbi-denominated sales resulting in a higher balance of Renminbi-denominated accounts receivable. The Company's sensitivity to the Japanese yen exchange rate decreased this year, mainly due to a decrease in Japanese yen-denominated bank deposits.

(2) Interest rate risk

As individuals within the Company simultaneously hold fixed and floating rate assets, the Company is exposed to interest rate risk. The Company manages interest rate risk by maintaining an appropriate mix of fixed and floating rate exposures.

On the balance sheet date, the carrying amounts of financial assets and financial liabilities of the Company exposed to interest rate risk are as follows:

	December 31, 2023	December 31, 2022
With fair value interest rate risk		
— Financial asset	$ 1,420,950	$ 1,767,595
— Financial liability	167,738	137,391
Cash flow interest rate risk		
— Financial asset	540,828	729,436

Sensitivity analysis

The following sensitivity analysis is determined by the interest rate exposure of non-derivative instruments on the balance sheet date. For floating rate assets, the analysis is based on the assumption that the outstanding asset amounts on the balance sheet date were outstanding throughout the reporting period. The change in rates used to report interest rates internally to key management personnel is an increase or decrease of 0.1%, which also represents management's assessment of a reasonably possible range of changes in interest rates.

If the interest rate increases/decreases by 0.1%, with all other variables remaining constant, the Company's pre-tax net profit for 2023 and 2022 will increase/decrease by NT$541 thousand and NT$729 thousand, respectively.

(3) Other price risk

The Company is exposed to equity price risk arising from equity securities investments. The Company's management manages the risk by maintaining a diversified investment portfolio. The Company was not actively trading in such investments.

Sensitivity analysis

The following sensitivity analysis is based on the equity price exposure as of the balance sheet date.

If the equity price rises/falls by 1%, the pre-tax profit or loss in 2023 will increase/decrease by NT$148 thousand due to the increase/decrease in the fair value of financial assets measured at fair value through profit or loss. In 2023 and 2022, pre-tax other comprehensive income will increase/decrease by NT$4,879 thousand and NT$4,634 thousand, respectively, due to the increase/decrease in the fair value of financial assets measured at fair value.

The Company's sensitivity to investments in equity securities has not changed significantly compared to the previous year.

2. Credit risk

Credit risk refers to the risk of financial loss to the Company resulting from a counterparty's failure to meet contractual obligations. As of the balance sheet date, the maximum exposure to credit risk that could cause financial loss to the Company due to the counterparty's failure to perform obligations and the financial guarantees provided by the Company is primarily from:

(1) The carrying amount of financial assets recognized in the parent company only balance sheet.

(2) The contingent liabilities arising from financial guarantees provided by the Company.

To mitigate credit risk, the management of the Company has assigned a dedicated team responsible for determining credit limits, approving credit, and carrying out other monitoring procedures to ensure that appropriate actions have been taken to recover overdue receivables. Furthermore, the Company reviews the recoverable amount of each receivable on the balance sheet date to ensure that appropriate impairment losses have been provided for uncollectible receivables. Based on this, the Company's management believes that the credit risk of the Company has been significantly reduced.

The credit risk of the Company is mainly concentrated in the top six customers prior to the merger. As of December 31, 2023 and 2022, the percentages of total accounts receivable from the aforementioned customers were 65% and 59%, respectively.

3. Liquidity risk

The Company maintains sufficient cash and cash equivalents to support the Company's operations and mitigate the effects of cash flow fluctuations through management and maintenance. The Company's management monitors the use of bank credit facilities and ensures compliance with borrowing covenant terms.

As of December 31, 2023 and 2022, the unused short-term bank credit facilities of the Company are described in the following (2) Credit facilities.

(1) Liquidity and Interest Rate Risk Table for Non-Derivative Financial Liabilities

The remaining contractual maturity analysis of non-derivative financial liabilities is prepared based on the earliest date on which the Company may be required to repay the financial liabilities according to the undiscounted cash flows (including principal and estimated interest) of the financial liabilities. Therefore, bank borrowings which the Company may be required to repay immediately are included in the earliest period in the following table, regardless of the probability of the bank exercising its right to demand immediate repayment; the maturity analysis of other non-derivative financial liabilities is prepared based on the agreed repayment dates.

The undiscounted interest amount of the cash flows paid with a floating interest rate is derived based on the expected borrowing rate as of the balance sheet date.

December 31, 2023

	Payable on demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	5 years or more
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 290,184	$ 316,513	$ 91,343	$ 7,084	$ -
Lease liabilities	2,043	4,085	16,389	44,205	144,248
	$ 292,227	$ 320,598	$ 107,732	$ 51,289	$ 144,248

Further information on the maturity analysis of lease liabilities is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	20 years or more
Lease liabilities	$ 22,517	$ 44,205	$ 55,257	$ 55,257	$ 33,734	$ -

December 31, 2022

	Payable on demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	5 years or more
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 317,703	$ 314,194	$ 108,418	$ 7,084	$ -
Lease liabilities	1,913	3,827	15,671	41,653	105,226
	$ 319,616	$ 318,021	$ 124,089	$ 48,737	$ 105,226

Further information on the maturity analysis of lease liabilities is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	20 years or more
Lease liabilities	$ 21,411	$ 41,653	$ 38,566	$ 38,566	$ 28,094	$ -

The amounts of the aforementioned non-derivative financial liabilities with floating interest rates will change due to the difference between the floating interest rates and the estimated interest rates on the balance sheet date.

(2) Financing limit

	December 31, 2023	December 31, 2022
Unsecured overdraft facility		
— Unused amount	$ 1,050,000	$ 650,000

The unsecured bank credit lines utilized as of 2023 and December 31, 2022, including the performance guarantee limits, amounted to NT$8,000 thousand. These credit lines were provided by the bank as a guarantee for the Company's test bonded factory certificates and performance bonds for the Industrial Technology Research Institute's industrial foundation technology project plan.

31. Related-party transactions

Except as disclosed in other notes, transactions between the Company and related parties are as follows.

(1) Name and relationship of related parties

Name of related party	Abbreviation	Relationship with the Company
Tian Zheng International Precision Machinery Co., Ltd.	Tian Zheng	Associate
Sissca Co., Ltd	Sissca	Associate
Harvatek Corporation	Harvatek	Other related parties
iReach Corporation	iReach	Other related parties
Xiamen YoungTek Electronics Ltd.	Xiamen YoungTek	Subsidiary
Yangzhou YoungTek Electronics Ltd.	Yangzhou YoungTek	Subsidiary
Suzhou YoungTek Microelectronics Ltd.	Suzhou YoungTek	Subsidiary
YoungTek Micro Electronics (Shenzhen) Ltd.	Shenzhen YoungTek	Subsidiary
Jiuhongxin Technology Co., Ltd.	Jiuhongxin	Subsidiary, completed liquidation in October 2023.
Anhui Utest Electronics Ltd.	Anhui Utest	Subsidiary

(2) Business Transactions

Account items	Related Party Classification/Name	2023	2022
Sales revenue	Subsidiary		
	Suzhou YoungTek	$ 685,444	$ 352,221
	Others	112,715	67,569
	Other related parties	62,415	196,112
		$ 860,574	$ 615,902

The Company provides testing, slitting and other processing services based on the customer's products, so the transaction prices are charged according to the characteristics of the products. The payment policy for processing revenue is generally 45 to 180 days after the end of the month for general customers, while the payment terms for the above-mentioned related parties are 90 to 120 days after the end of the month.

(3) Cost of goods purchased

Category of related parties	2023	2022
Subsidiary	$ 632	$ 3,298
Associate	79	628
Other related parties	-	131
	$ 711	$ 4,057

The company's purchase of merchandise from the Company is based on market prices less discounts, reflecting the quantity purchased and the relationship with the related party. Transactions with related parties are conducted under normal trading terms and prices.

(4) Notes receivable and accounts receivable from related parties and other receivables from related parties

Account items	Related Party Classification/Name	December 31, 2023	December 31, 2022
Notes and accounts receivable due from related parties	Subsidiary		
	Suzhou YoungTek	$ 602,835	$ 87,790
	Anhui Utest	89,011	-
	Shenzhen YoungTek	20,671	2,283
	Others	225	958
	Other related parties		
	Harvatek	93,200	63,529
	Others	8	51
		$ 805,950	$ 154,611

Notes receivable and accounts receivable from related parties outstanding were not secured. No allowance for doubtful accounts was provided for accounts receivable from related parties in 2023 and 2022.

Account items	Related Party Classification/Name	December 31, 2023	December 31, 2022
Other receivables due from related parties	Subsidiary		
	Yangzhou YoungTek	$ 85	$ 7,309
	Suzhou YoungTek	-	74,845
	Other related parties	-	988
		$ 85	$ 83,142

(5) Accounts payable – related parties and other payables

Account items	Related Party Classification/Name	December 31, 2023	December 31, 2022
Accounts payable to related parties	Subsidiary		
	Suzhou YoungTek	$ 141	$ -
	Yangzhou YoungTek	23	-
	Associate		
	Sissca	15	-
		$ 179	$ -

The outstanding accounts payable to related parties are unsecured and will be settled in cash, and no guarantees have been provided for the accounts payable to related parties.

Account items	Related Party Classification/Name	December 31, 2023	December 31, 2022
Equipment payable (listed as other payables)	Other related parties		
	Harvatek	$ -	$ 2,703

(6) Acquisition of property, plant and equipment

	Obtain payment	
Category of related parties	2023	2022
Other related parties	$ 4,300	$ -

(7) Disposal of property, plant and equipment

Related Party Classification/Name	Disposal proceeds 2023	Disposal proceeds 2022	Gain on disposal 2023	Gain on disposal 2022
Subsidiary				
Suzhou YoungTek	$ 62,893	$ 12,054	$ 59,065	$ 11,860
Other related parties	-	800	-	800
	$ 62,893	$ 12,854	$ 59,065	$ 12,660

The Company's gain or loss on the disposal of property, plant and equipment to subsidiaries has been deferred and is being amortized over the useful lives of the assets in the subsidiaries.

(8) Lease Agreement

Account items	Related Party Classification/Name	December 31, 2023	December 31, 2022
Lease liabilities	Other related parties		
	Harvatek	$ 10,469	$ 20,762

Related Party Classification/Name	2023	2022
Interest expense		
Major Influential Investor		
Other related parties		
Harvatek	$ 507	$ 826

The Company leased a plant from a significant investor in January 2020 for a period of 5 years. The rent was determined based on the rent levels of similar assets, and fixed lease payments were made quarterly in accordance with the lease agreement.

(9) Related-Party Transactions

	2023	2022
Rent revenue		
Other related parties	$ 375	$ 450
Dividend revenue		
Other related parties		
Harvatek	$ 15,368	$ 15,346
Interest revenue		
Subsidiary		
Yangzhou YoungTek	$ -	$ 847

	2023	2022
Other revenue		
Associate	$ 238	$ 1,413
Other related parties	11	52
Subsidiary	-	420
	$ 249	$ 1,885
Manufacturing overhead		
Other related parties	$ 31,532	$ 34,534
Subsidiary	15	-
	$ 31,547	$ 34,534
Operating expenses		
Subsidiary	$ 5,607	$ 12,000

	December 31, 2023	December 31, 2022
Guarantee deposits paid		
Other related parties		
Harvatek	$ 1,030	$ 1,030
Receipts under custody		
Subsidiary	$ -	$ 3,093

Regarding the leases between the Company and related parties, the determination of rent and payment terms are based on the contract provisions, with no other comparable transactions available for comparison.

The related party transactions in manufacturing costs are due to the company sharing factory facilities with other related parties, and bearing the related water, electricity, and repair expenses. The determination of expenses and payment terms are based on contractual provisions, and there are no comparable transactions available for comparison.

(10) Remuneration of Key Management Personnel

	2023	2022
Short-term employee benefits	$ 37,100	$ 60,253
Post-employment benefits	294	284
	$ 37,394	$ 60,537

The compensation of directors and other key management personnel is determined by the Compensation Committee based on individual performance and market trends.

32. Assets Pledged as Security

The following assets have been provided to financial institutions and government agencies as collateral for financing or related business:

	December 31, 2023	December 31, 2022
Certificate of deposits (financial assets at amortized cost)	$ 20,950	$ 17,595
Net amount of property, plant and equipment	33,160	44,673
	$ 54,110	$ 62,268

Some of the Company's land and buildings (listed as real estate, plant and equipment) have been pledged as collateral for bank loans. The Company cannot use the pledged assets as collateral for other loans or sell them to other companies.

33. Information on foreign currency assets and liabilities with significant impact.

The following information is expressed in currencies other than the functional currencies of the Company, with the disclosed exchange rates representing the exchange rates used to translate those foreign currencies into the functional currencies. The significant foreign currency-denominated assets and liabilities are as follows:

December 31, 2023

	Foreign currency	Exchange rate	Carrying amount
Foreign currency assets			
Monetary items			
USD	$ 14,554	30.66	$ 446,226
JPY	118,699	0.22	26,114
RMB	168,638	4.30	725,143
			$ 1,197,483
Foreign currency liabilities			
Monetary items			
USD	3,628	30.76	$ 111,597
JPY	40,076	0.22	8,817
RMB	58	4.35	252
			$ 120,666

December 31, 2022

	Foreign currency	Exchange rate	Carrying amount
Foreign currency assets			
Monetary items			
USD	$ 9,965	30.66	$ 305,527
JPY	474,213	0.23	109,069
RMB	41,063	4.38	179,856
			$ 594,452
Foreign currency liabilities			
Monetary items			
USD	3,006	30.76	$ 92,465
JPY	26,906	0.23	6,188
			$ 98,653

The Company realized and unrealized net foreign exchange (losses) gains of NT$(16,038) thousand and NT$173,176 thousand in 2023 and 2022, respectively. Due to the diverse nature of foreign currency transactions and functional currencies within the Company entities, it is not practicable to disclose realized and unrealized foreign exchange gains or losses by each major foreign currency.

34. Supplemental Disclosures

(1) Information on Significant Transactions:

1. Funds loaned to others: Table 1.

2. Endorsements/Guarantees for Others: Table 2.

3. The situation of holding securities at the end of the period (excluding investments in subsidiaries, affiliated companies and equity of joint ventures): Table 3.

4. The cumulative amount of buying or selling the same securities reaches NT$300 million or 20% of paid-in capital: None.

5. The amount for obtaining real estate reached NT$300 million or 20% of the paid-in capital: None.

6. The amount of disposal of real estate reaching NT$300 million or 20% of the paid-in capital: None.

7. The amount of purchases and sales with related parties reaching NT$100 million or 20% of paid-in capital: Table 4.

8. Receivables from related parties reaching NT$100 million or 20% of paid-in capital: Table 5.

9. Engaging in derivative product transactions: None.

(2) Information on Investees: Table 6.

(3) Information on Investment in Mainland China:

1. Name, main business activities, paid-in capital, investment method, inflow and outflow of funds, shareholding ratio, investment gains or losses, investment book value at the end of the period, repatriated investment gains or losses, and limit on investments in mainland China for investees in mainland China: Table 7.

2. Major direct or indirect transactions via a third area with the invested companies in mainland China, including their prices, payment terms, and unrealized gains and losses: Table 8.

(4) Information on Major Shareholders: Names, shareholdings, and percentages of shareholders with 5% or more ownership: Table 9.

YOUNGTEK ELECTRONICS CORP.

LENDING MONEY TO OTHERS

January 1, 2023 to December 31, 2023

Table 1

Unit: In thousands of New Taiwan Dollars, unless otherwise noted

No.	Lending Company	Borrower	Items in transit	Whether to be a related person	Current maximum balance	Ending balance (Note 1)	Actual disbursed amount	Interest rate range	Nature of Funds Lending	Business transaction amount	The reason for the need for short-term bridging funds	Provision for doubtful accounts	Collateral		Lending Limits for Individual Objects	Total Loan Limit
													Name	Value		
1	YTEC Holding (Samoa) Co., Ltd.	Suzhou YoungTek Microelectronics Ltd.	Other receivables – related parties	Yes	$ 64,850	$ 61,410	$ -	（Note 2）	For operational use	$ -	For operational use	$ -	—	$ -	$ 275,738 （Note 3）	$ 275,738 （Note 3）
2	YTEC (Hong Kong) Global Limited	Xiamen YoungTek Electronics Ltd.	Other receivables – related parties	Yes	32,425	30,705	13,439	（Note 2）	For operational use	-	For operational use	-	—	-	90,624 （Note 4）	90,624 （Note 4）

Note 1: Figures are derived from the original foreign currency amounts converted at the exchange rates as of December 31, 2023.

Note 2: Interest is calculated at an annual rate of 3%.

Note 3: The lending limit of YTEC Holding (Samoa) Co., Ltd. to an individual entity shall not exceed 40% of the lending company’s net value, and shall not exceed 25% of the Company’s paid-in capital; the total lending limit shall not exceed 30% of the Company’s paid-in capital.

Note 4: The limit of funds lent by YTEC (Hong Kong) Global Limited to any single object shall not exceed 40% of the net worth of the borrowing enterprise, nor shall it exceed 25% of the Company’s paid-in capital; the total lending limit shall not exceed 30% of the Company’s paid-in capital.

YOUNGTEK ELECTRONICS CORP.

TO GUARANTEE OR ENDORSE FOR OTHERS

January 1, 2023 to December 31, 2023

Table 2

Unit: In thousands of New Taiwan Dollars, unless otherwise noted

No.	Name of the endorsing guarantor company	Endorsed guaranteed object		Limit on endorsements/guarantees extended for a single enterprise	Maximum endorsed balance for this period	End of Period Endorsement Balance Guarantee	Actual disbursed amount	Amount of Endorsement Guarantee Secured by Property	The ratio of the accumulated amount of endorsed guarantees to the net worth in the latest financial statements	Endorsement Guarantee Maximum Limit	Endorsement and guarantee by parent company to subsidiary	Subsidiary's endorsement guarantee for the parent company	Belong to the endorsement guarantee for the mainland region
		Company Name	Related parties										
0	YTEC	YTEC (Hong Kong) Global Limited	The Company indirectly holds 100% of its subsidiaries.	$ 2,009,803 (Note 1)	$ 307,500	$ -	$ -	$ -	-	$ 2,679,736 (Note 2)	Y	N	N
1	YTEC (Hong Kong) Global Limited	Xiamen YoungTek Electronics Ltd.	The Company indirectly holds 100% of its subsidiaries.	135,937 (Note 3)	153,750	-	-	-	-	135,937 (Note 3)	Y	N	Y
2	YTEC Holding (Samoa) Co., Ltd.	Xiamen YoungTek Electronics Ltd.	The Company indirectly holds 100% of its subsidiaries.	275,738 (Note 4)	162,125	153,525	141,761	141,761	2.29%	275,738 (Note 4)	Y	N	Y

Note 1: The limit of the Company's endorsement/guarantee for a single enterprise shall not exceed 30% of the Company's net worth; the limit of endorsement/guarantee between companies in which the Company directly or indirectly holds 90% or more of the voting shares shall not exceed 10% of the Company's net worth;
however, this limit shall not apply to endorsement/guarantee between companies in which the Company directly or indirectly holds 100% of the voting shares.

Note 2: The total amount of external endorsements and guarantees provided by the Company shall not exceed 40% of the Company's net worth.

Note 3: The total amount of external endorsements and guarantees by YTEC (Hong Kong) Global Limited shall not exceed 60% of YTEC (Hong Kong) Global Limited's net worth, and the limit of endorsement and guarantee for a single enterprise shall not exceed 60% of YTEC (Hong Kong) Global Limited's net worth.

Note 4: The total amount of external endorsements and guarantees by YTEC Holding (Samoa) Co., Ltd. shall not exceed 40% of YTEC Holding (Samoa) Co., Ltd.'s net worth, and the limit of endorsement and guarantee for a single enterprise shall not exceed 40% of YTEC Holding (Samoa) Co., Ltd.'s net worth.

YOUNGTEK ELECTRONICS CORP.

EQUITY SECURITIES HELD AT THE END OF THE PERIOD

December 31, 2023

Table 3

Unit: In thousands of New Taiwan Dollars, unless otherwise noted

Holding company	Type and name of securities	Relationship with Securities Issuers	Account items	Final examination				Notes
				Shares/Units	Carrying amount	Equity ratio %	Fair value	
YTEC	Limited partnership							
	NEXUS CVC Partners Fund LP.	–	Non-current financial assets measured at fair value through profit or loss	1,500,000	$ 14,824	2.49	$ 14,824	Note 2
	Stock							
	Edison Opto Corporation	Our company is a director of that company.	Current financial assets measured at fair value through other comprehensive income	2,549,367	62,204	1.78	62,204	Note 1
	Harvatek Corporation	The chairman of our company and the chairman of that company are the same person.	Non-current financial assets measured at fair value through other comprehensive income	10,230,336	269,569	4.96	269,569	Note 1
	Unimicron Technology Corp.	–	Non-current financial assets measured at fair value through other comprehensive income	29,238	5,146	-	5,146	Note 1 and 3
	Navifus Corporation	–	Non-current financial assets measured at fair value through other comprehensive income	1,500,000	42,525	2.66	42,525	Note 1
	YTTEK Technology Corp.	–	Non-current financial assets measured at fair value through other comprehensive income	333,333	5,000	1.37	5,000	Note 2
	CSVI Ventures L.P.	–	Non-current financial assets measured at fair value through other comprehensive income	-	103,493	10.15	103,493	Note 2
	Aeolus Robotics Corporation (Cayman)	–	Non-current financial assets measured at fair value through other comprehensive income	2,000,000	-	3.08	-	Note 2

Note 1: It is calculated based on the closing price as of December 31, 2023.

Note 2: It is calculated based on the most recent financial statements obtained by the company or estimated from the market trading price.

Note 3: Unimicron Technology Corp. merged and acquired Subtron Technology Co., Ltd. on January 6, 2023, and the shareholding ratio of YTEC changed from 0.4% to 0.00%.

YOUNGTEK ELECTRONICS CORP.

THE AMOUNT OF PURCHASES OR SALES WITH RELATED PARTIES REACHES NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL.

January 1, 2023 to December 31, 2023

Table 4

Unit: In thousands of New Taiwan Dollars, unless otherwise specified

Import (Sales) Company	Counterparty Name	Related parties	Trading situation				Circumstances and reasons where transaction terms differ from regular transactions		Notes and accounts receivable (payable)		Notes
			Goods inward/Goods outward	Amount	Percentage of total revenue (sales)	Credit period	Unit price	Credit period	Balance	Ratio of total notes and accounts receivable (payable)	
Suzhou YoungTek Microelectronics Ltd.	YTEC	The Company indirectly holds 100% of its subsidiaries.	Sales	$ 685,444	20.08%	180 days to the end of the month	$ -	—	$ 602,835	41.44%	—

Note: The paid-in capital refers to the paid-in capital of the parent company. If the company’s shares have no par value or the par value per share is not NT$10, the transaction amount of 20% of the paid-in capital shall be calculated based on 10% of the equity attributable to the parent company owners in the balance sheet.

YOUNGTEK ELECTRONICS CORP.

RECEIVABLES FROM RELATED PARTIES REACH NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

December 31, 2023

Table 5

Unit: In thousands of New Taiwan Dollars, unless otherwise specified

Company with accounts receivable listed	Counterparty Name	Related parties	Balance of accounts receivable from related parties	Turnover rate	Overdue receivables from related parties		Amount subsequently recovered from accounts receivable from related parties	Provision for credit losses
					Amount	Handling method		
YTEC	Suzhou YoungTek Microelectronics Ltd.	The Company indirectly holds 100% of its subsidiaries.	$ 602,835	179%	$ 83,360	In continuous debt collection	$ 28,039	$ -

YOUNGTEK ELECTRONICS CORP.

INFORMATION OF THE INVESTED COMPANY

January 1, 2023 to December 31, 2023

Table 6

Unit: In thousands of New Taiwan Dollars, unless otherwise specified

Investment company name	Name of invested company	Location	Main business items	Original investment amount		Our company holds			Income for the period of the invested company	Investment gains/losses recognized for the period	Notes
				Final exam this term	The previous final exam	Number of shares	Percentage (%)	Carrying amount			
YoungTek Electronics Corp.	YTEC Holding (Samoa) Co., Ltd.	Samoa	Investment holdings	$ 1,967,924	$ 1,967,924	Note 1	100.00	$ 463,137 (Note 2)	($ 31,295)	($ 31,295)	—
	Wecon Limited (Samoa)	Samoa	Investment holdings	USD 800 $ 23,738	USD 800 $ 23,738	Note 1	100.00	12,737 (Note 3)	(1,212)	(1,212)	—
	Wecon Automation Machinery Corp.	Taiwan Hsinchu	Design, manufacturing, assembly, processing and trading of various controllers, optoelectronic components and equipment, automation machinery, and testing instruments.	1,000	1,000	100,000	100.00	982 (Note 3)	5	5	—
	Jiuhongxin Technology Co., Ltd.	Taiwan Hsinchu	Research and development of chemical raw materials	-	29,000	-	-	- (Note 3)	(2,200)	(2,200)	—
	Shinshou Automation Co., Ltd.	Taiwan Hsinchu	Precision Instrument Wholesale	-	29,000	-	-	- (Note 3)	(70)	(70)	—
	Tian Zheng International Precision Machinery Co., Ltd.	Taiwan Kaohsiung	Precision equipment, electronic components, molds	36,256	36,256	5,395,136	14.60	135,992 (Note 2)	(58,769)	(8,580)	—
	Sissca Co., Ltd (formerly Sigold Optics Inc.)	Taiwan Hsinchu	Machinery, electronic components, optical instruments	24,000	24,000	3,370,752	15.52	27,566 (Note 2)	(28,270)	(4,388)	—
YTEC Holding (Samoa) Co., Ltd.	YTEC (Hong Kong) Global Limited	Hong Kong	Investment holdings	RMB 224,270 $ 1,039,916	RMB 224,270 $ 1,039,916	Note 1	100.00	226,562 (Note 2)	(44,378)	(44,378)	—
	Clear Reach Limited	British Virgin Islands	Investment holdings	USD 7,198 $ 209,057	USD 7,198 $ 209,057	Note 1	100.00	126,460 (Note 2)	(9,849)	(9,849)	—

Note 1: It is a limited company, with only paid-in capital and no shares.

Note 2: It is calculated based on the financial statements audited by the accountant during the same period.

Note 3: Due to not meeting the standards for CPA certification, it is calculated based on the unaudited financial statements for the same period.

Note 4: For information about invested companies in mainland China, please refer to Table 7.

YOUNGTEK ELECTRONICS CORP.

INFORMATION ON INVESTMENT IN MAINLAND CHINA

January 1, 2023 to December 31, 2023

Table 7

Unit: In thousands of New Taiwan Dollars and foreign currency, unless otherwise specified

Name of the invested company in mainland China	Main business items	Paid-in Capital (Note 2)	Investment Methods (Note 1)	The cumulative outward investment amount from Taiwan at the beginning of this period	Amount of investment withdrawn or remitted for this period		The cumulative outward investment amount from Taiwan for the current period (Note 2)	The company's direct or indirect investment shareholding ratio	Investment (losses) gains recognized for the period	End of period investment book value	Investment returns have been remitted up to this period.
					Export	Retrieve					
Xiamen YoungTek Electronics Ltd.	Research and development, production and processing of high-brightness light-emitting diodes and LED chips detection equipment, and provision of related technical consulting and services.	RMB 194,235 $ 899,021	(4)	RMB 194,235 $ 899,021	$ -	$ -	RMB 194,235 $ 899,021	100%	($ 34,290) (Note 3)	($ 37,504) (Note 3)	$ -
Yangzhou YoungTek Electronics Ltd.	Engaged in the research, development, production, and processing of frequency control and selection components (wireless radio frequency tags) and related equipment, as well as providing relevant technical consultation and services.	RMB 67,887 $ 308,250	(4)	RMB 30,035 $ 140,895	-	-	RMB 30,035 $ 140,895	45%	(1,690) (Note 3)	177,034 (Note 3)	-
YoungTek Micro Electronics (Shenzhen) Ltd.	Wafer and integrated circuit testing outsourcing, and providing related technical consulting and services	RMB 50,172 $ 202,673	(3)	RMB 47,717 $ 192,368	-	-	RMB 47,717 $ 192,368	100%	(11,061) (Note 3)	142,026 (Note 3)	-
Suzhou YoungTek Microelectronics Ltd.	The design of integrated circuits; testing, packaging, and processing of chips; technology development, technical services, and technical consulting in the field of semiconductors and integrated circuits; computer software design and development; sales of semiconductors, electronic products, electromechanical equipment, and electronic components; repair, rental, and sale of mechanical equipment; import and export of various goods and technologies, for self-operation or as agents.	RMB 20,677 $ 93,330	(2)	RMB 20,677 $ 93,330	-	-	RMB 20,677 $ 93,330	100%	13,163 (Note 3)	106,443 (Note 3)	-
Anhui Utest Electronics Ltd.	Manufacture and sale of semiconductor device dedicated equipment; manufacture and sale of industrial automatic control computer software and hardware and auxiliary equipment; design and sale of integrated circuit chips and products; software development and sales; sale of semiconductors, electronic products, electronic components, electronic dedicated equipment; machinery equipment maintenance, rental; technical services, development, consulting, promotion.	RMB 1,000 $ 4,436	(5)	-	-	-	-	100%	(139) (Note 3)	4,192 (Note 3)	-

The cumulative amount of investment outflows from Taiwan to mainland China for the current period	The amount of investment approved by the Investment Commission of the Ministry of Economic Affairs	According to the regulations of the Investment Commission of the Ministry of Economic Affairs, up to 60 percent of the net worth can be invested in the mainland China region
USD 44,448 $ 1,325,614	USD 44,448 $ 1,325,614	$ 4,019,605

Note 1: Investment methods are divided into the following three types, please indicate the type:

(1) Going to the Mainland Area directly to engage in investment.

(2) Investing in mainland China through a third-party regional company (investing through the subsidiary YTEC Holding (Samoa) Co., Ltd.).

(3) Investing in mainland China through a third-party regional company (investing through the subsidiary Wecon Limited (Samoa) and the sub-subsidiary Clear Reach Limited).

(4) Investing in mainland China through a company located in a third region (via the subsidiary YTEC (Hong Kong) Global Limited).

(5) Other means (being the self-owned funds of the subsidiary Suzhou YoungTek Microelectronics Ltd. for re-investment).

Note 2: It is calculated by converting the original foreign currency amount at the original exchange rate.

Note 3: Except for Anhui Utest Electronics Ltd., the remaining companies are calculated based on the financial statements audited by certified public accountants for the same period as the investee companies.

YOUNGTEK ELECTRONICS CORP.

THE FOLLOWING MAJOR TRANSACTIONS WITH INVESTED COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD REGION, INCLUDING THEIR PRICES, PAYMENT TERMS, UNREALIZED GAINS OR LOSSES, AND OTHER RELEVANT INFORMATION

January 1, 2023 to December 31, 2023

Table 8

Unit: In thousands of New Taiwan Dollars, unless otherwise specified

Name of the invested company in mainland China	Transaction Type	Sale of goods, disposal of fixed assets		Terms and Conditions		Notes and accounts receivable due from related parties		Unrealized gains or losses	Notes
		Amount	Percentage	Payment terms	Compared with a general transaction	Amount	Percentage		
Suzhou YoungTek	Sales machine revenue, disposal of fixed assets	$ 744,509	22%	Note	Note	$ 602,835	75%	$ 110,444	—
Anhui Utest	Vending machine revenue	90,268	3%	Note	Note	89,011	11%	26,047	—
Shenzhen YoungTek	Vending machine revenue	21,241	1%	Note	Note	20,671	3%	12,286	—
Yangzhou YoungTek	Other industry income	750	-	Note	Note	225	-	13	—
Xiamen YoungTek	Other industry income	276	-	Note	Note	-	-	154	—

Note: The transaction prices for sales to related parties have no other appropriate counterparties for comparison, and the payment terms are 90 to 180 days after acceptance.

YOUNGTEK ELECTRONICS CORP.

INFORMATION ON MAJOR SHAREHOLDERS

December 31, 2023

Table 9

Major Shareholders	Shares	
	Number of shares held (shares)	Shareholding ratio
IN & OUT Bio Beauty Corp.	8,475,617	6.59%

Note: The information on major shareholders in this table is provided by the Taiwan Depository & Clearing Corporation, and is calculated based on shareholders holding 5% or more of the company's registered and issued ordinary shares and preferred shares (including treasury shares) as of the last business day of the quarter. The capital recorded in the company's parent company only financial statements may differ from the actual registered and issued shares due to differences in the calculation basis.

§TABLE OF CONTENTS FOR STATEMENTS OF MAJOR ACCOUNTING ITEMS§

YOUNGTEK ELECTRONICS CORP.

STATEMENTS OF CASH AND CASH EQUIVALENTS

December 31, 2023

Statement 1

Unit: In thousands of New Taiwan Dollars, unless otherwise specified

Name	Summary	Amount
Petty cash and cash on hand	Including USD 1,000 @30.66 and RMB 13,000 @4.30	$ 471
Cash in banks		
Checks and demand deposits		440,312
Foreign currency demand deposits	Including USD 2,179,000 @30.66, JPY 118,699,000 @0.22 and RMB 1,671,000 @4.30	99,526
Cash equivalents		
Bank time deposits with original maturity within 3 months	Maturity date from January to March 2024, interest rate from 1.350% to 1.400%	1,400,000
		$ 1,940,309

YOUNGTEK ELECTRONICS CORP.

STATEMENT OF CURRENT FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

December 31, 2023

Statement 2

Unit: In thousands of New Taiwan Dollars, unless otherwise specified

Name of Financial instruments	Number of shares	Face value	Total amount	Interest rate	Acquisition costs	Accumulated impairment	Fair value		Notes
							Unit price (NT$)	Total amount	
Stock									
Edison Opto Corporation	2,549,367	$ 39,898	$ 39,898	-	$ 8,591	$ -	$24.40	$ 62,204	Note

Note: The market price is calculated based on the year-end closing price.

YOUNGTEK ELECTRONICS CORP.

STATEMENT OF NOTES AND ACCOUNTS RECEIVABLE

December 31, 2023

Statement 3

Unit: NT$ thousands

Customer name	Amount
Company A	$103,707
Company B	99,331
Company C	92,336
Company D	47,442
Company E	40,929
Company F	39,473
Company G	30,961
Others (Note)	210,909
	665,088
Less: Allowance for losses	(16,390)
	$648,698

Note: The balance of each account does not exceed 5% of the balance of this account category.

YOUNGTEK ELECTRONICS CORP.

INVENTORY STATEMENT

December 31, 2023

Statement 4

Unit: NT$ thousands

	Amount	
Contents	**Cost**	**Net realizable value**
Finished goods	$254,176	$282,737
Semi-finished product	2,677	5,142
Work in process	231,785	266,196
Supplies	230,584	293,629
	$719,222	$847,704

YOUNGTEK ELECTRONICS CORP.

STATEMENT OF CHANGES IN NON-CURRENT FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

January 1, 2023 to December 31, 2023

Statement 5

Unit: In thousands of New Taiwan Dollars, unless otherwise specified

	Beginning of period		This year's increase		This year's decrease		End of period		Provision of guarantee or pledge
Name of Financial instruments	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Fair value	
NEXUS CVC Partners Fund LP.	-	$ -	1,500,000	$ 15,000	-	($ 176)	1,500,000	$ 14,824	—

Note: Fair value is calculated based on the net asset value as of December 31, 2023.

YOUNGTEK ELECTRONICS CORP.

STATEMENT OF CHANGES IN NON-CURRENT FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

January 1, 2023 to December 31, 2023

Statement 6

Unit: In thousands of New Taiwan Dollars, unless otherwise specified

	Beginning balance		Increase		Decrease		Year-end balance			
Name	Number of shares	Fair value	Number of shares	Amount	Number of shares	Amount	Number of shares	Fair value	Provision of guarantee or pledge	Notes
Stock										
Harvatek Corporation	10,230,336	$ 180,053	-	$ 89,516	-	$ -	10,230,336	$ 269,569	None.	Note 1
Unimicron Technology Corp.	133,507	2,012	-	3,134	(104,269)	-	29,238	5,146	None.	Note 1 and 3
Navifus Corporation	1,500,000	30,000	-	12,525	-	-	1,500,000	42,525	None.	Note 1
YTTEK Technology Corp.	333,333	5,000	-	-	-	-	333,333	5,000	None.	Note 2
CSVI Ventures L.P.	-	142,581	-	-	-	(39,088)	-	103,493	None.	Note 2
Aeolus Robotics Corporation (Cayman)	2,000,000	63,884	-	-	-	(63,884)	2,000,000	-	None.	Note 2
		$ 423,530		$ 105,175		($ 102,972)	-	$ 425,733		

Note 1: It is calculated based on the closing price as of December 31, 2023.

Note 2: It is calculated based on the most recent financial statements obtained by the company.

Note 3: Unimicron Technology Corp. merged and acquired Subtron Technology Co., Ltd. on January 6, 2023, and the shareholding ratio of YTEC changed from 0.4% to 0.00%.

YOUNGTEK ELECTRONICS CORP.

INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

January 1, 2023 to December 31, 2023

Statement 7

Unit: In thousands of New Taiwan Dollars, unless otherwise specified

	Beginning balance		This year’s increase		This year’s decrease		Net investment profit (loss) accounted for using equity method	Not adjusted in proportion to shareholding ratio	Cumulative translation adjustment	Realized (unrealized) gross profit on sales	Dividend revenue	Year-end balance			Net equity	Pledge status
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount						Number of shares	Shareholding %	Amount		
Unlisted companies																
YTEC Samoa Company	-	$ 604,033	-	$ -	-	$ -	($ 31,295)	$ -	($ 8,010)	($ 101,591)	$ -	-	100.00	$ 463,137	$ 689,344	None.
Wecon Limited (Samoa)	-	14,977	-	-	-	-	(1,212)	-	(264)	(764)	-	-	100.00	12,737	15,566	None.
Wecon Automation	100,000	977	-	-	-	-	5	-	-	-	-	100,000	100.00	982	982	None.
Jiuhongxin	2,900,000	2,337	-	-	(2,900,000)	(137)	(2,200)	-	-	-	-	-	-	-	-	None.
Shinshou	2,900,000	612	-	-	(2,900,000)	(542)	(70)	-	-	-	-	-	-	-	-	None.
Tian Zheng	5,395,136	165,983	-	-	-	-	(8,580)	(14,872)	(1,144)	-	(5,395)	5,395,136	14.60	135,992	135,992	None.
Sissca (originally "Sigold")	3,370,752	32,135	-	-	-	-	(4,388)	-	(181)	-	-	3,370,752	15.52	27,566	27,566	None.
		$ 821,054		$ -		($ 679)	($ 47,740)	($ 14,872)	($ 9,599)	($ 102,355)	($ 5,395)			$ 640,414	$ 869,450	

YOUNGTEK ELECTRONICS CORP.

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS AND ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS

January 1, 2023 to December 31, 2023

Statement 8

Unit: In thousands of New Taiwan Dollars, unless otherwise specified

	Land	Buildings	Total
Cost			
Balance on January 01, 2023	$ 133,040	$ 65,791	$ 198,831
Addition	49,596	2,625	52,221
Deduction	(4,622)	(15,606)	(20,228)
Reclassification	289	(289)	-
Balance on December 31, 2023	178,303	52,521	230,824
Accumulated depreciation			
Balance on January 01, 2023	18,098	36,342	54,440
Depreciation	10,843	12,916	23,759
Decrease	(4,622)	(15,606)	(20,228)
Reclassification	289	(289)	-
Balance on December 31, 2023	24,608	33,363	57,971
Net amount on December 31, 2023	$ 153,695	$ 19,158	$ 172,853

YOUNGTEK ELECTRONICS CORP.

STATEMENT OF NOTES AND ACCOUNTS PAYABLE

December 31, 2023

Statement 9

Unit: NT$ thousands

Supplier name	Amount
Company A	$ 41,925
Others (Note)	245,498
	$287,423

Note: The balance of each vendor does not exceed 5% of the balance in this account.

YOUNGTEK ELECTRONICS CORP.

STATEMENT OF LEASE LIABILITIES

December 31, 2023

Statement 10

Unit: In thousands of New Taiwan Dollars, unless otherwise specified

Name	Lease term	Discount rate	Amount
Land	From January 2020 to December 2042	3.15%	$ 156,612
Buildings	From January 2020 to October 2024	2.40%~3.15%	11,126
Total			167,738
Less: Current lease liabilities			(17,950)
Non-current lease liabilities			$ 149,788

YOUNGTEK ELECTRONICS CORP.

STATEMENT OF OPERATING REVENUE

January 1, 2023 to December 31, 2023

Statement 11

Unit: In thousands of New Taiwan Dollars, unless otherwise noted

Contents	Quantity (thousand pieces/thousand pieces/units)	Amount
Processing income	2,063,948	$ 1,927,400
Sales revenue	741	1,099,677
Other revenue		388,500
		3,415,577
Less: Sales returns and discounts		(2,309)
		$ 3,413,268

YOUNGTEK ELECTRONICS CORP.

STATEMENT OF OPERATING COSTS

January 1, 2023 to December 31, 2023

Statement 12

Unit: NT$ thousands

Contents	Amount
Raw materials	
Raw materials at the beginning of the year	$ 368,283
Add: Cost of raw materials purchased for the year	571,346
Less: Transfer of fixed assets and expenses	14,038
Sale of raw materials	185,924
Raw materials at the end of the year	230,584
This year's consumption	509,083
Direct labor	293,908
Manufacturing overhead	1,335,016
Manufacturing cost	2,138,007
Add: Work in process at the beginning of the year	219,654
Less: Work in process at the end of the year	231,785
Cost of finished goods	2,125,876
Add: Semi-finished products at the beginning of the year	6,793
Finished goods at the beginning of the year	307,780
Transfer of office supplies	-
Less: Transfer of fixed assets and expenses	40,593
Semi-finished products at the end of the year	2,677
Finished goods at the end of the year	254,176
Production cost	2,143,003
Add: Sale of raw materials	185,924
Others	300
Operating costs	$ 2,329,227

YOUNGTEK ELECTRONICS CORP.

STATEMENT OF OPERATING EXPENSES

January 1, 2023 to December 31, 2023

Statement 13

Unit: NT$ thousands

Contents	Selling expenses	Administrative expenses	Research and development expense
Payroll expenses	$ 62,381	$ 43,983	$ 214,126
Entertainment expense	11,144	634	42
Freight	8,200	12	27
Services expense	2,718	14,809	5,531
Depreciation	752	18,237	5,195
Others (Note)	14,011	59,625	63,755
	$ 99,206	$ 137,300	$ 288,676

Note: All amounts do not exceed 5% of the balance of this category.

YOUNGTEK ELECTRONICS CORP.

SUMMARY OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTIONAL CLASSIFICATION FOR THE CURRENT PERIOD

For the years ended December 31, 2023 and 2022

Statement 14

Unit: NT$ thousands

	2023				2022			
	Categorized as operating costs	**Categorized as operating expenses**	**Categorized as other non-operating income and expenses**	**Total**	**Categorized as operating costs**	**Categorized as operating expenses**	**Categorized as other non-operating income and expenses**	**Total**
Employee benefits expenses								
Payroll expenses	$ 572,621	$ 315,170	$ -	$ 887,791	$ 712,932	$ 364,437	$ -	$ 1,077,369
Labor and health insurance fees	65,620	27,240	-	92,860	68,962	25,685	-	94,647
Pension expense	26,693	13,331	-	40,024	28,523	12,339	-	40,862
Directors' remuneration	-	5,320	-	5,320	-	8,500	-	8,500
Other employee benefits	24,927	8,779	-	33,706	28,703	8,056	-	36,759
Total	$ 689,861	$ 369,840	$ -	$ 1,059,701	$ 839,120	$ 419,017	$ -	$ 1,258,137
Depreciation expense	$ 533,650	$ 24,184	$ 3,478	$ 561,312	$ 492,986	$ 25,483	$ 3,872	$ 522,341
Amortization expense	$ 1,761	$ 9,230	$ -	$ 10,991	$ 712	$ 7,502	$ -	$ 8,214

Note 1. The monthly average number of employees for 2023 and 2022 were 989 and 1,057 respectively; of which the number of non-executive directors was 5 and 5.

Note 2. Companies whose stocks have been listed on TWSE or TPEx should disclose the following additional information:

(1) The average employee benefit expense for the year was NT$1,072 thousand (["Total employee benefit expense for the year" – "Total directors' remuneration"] / ["Number of employees for the year" – "Number of directors who are not also employees"]).
The average employee welfare expense of the previous year was NT$1,188 thousand (["Total employee welfare expenses of the previous year" – "Total remuneration of directors"] / ["Number of employees of the previous year" – "Number of non-employee directors"]).

(2) The average employee salary expense this year was NT$902 thousand (total salary expense this year / ["number of employees this year – number of directors who are not also employees"]).
The average employee salary expense for the previous year was NT$1,024 thousand (total salary expenses for the previous year / ["number of employees for the previous year – number of directors who were not also employees"]).

(3) The variation in average employee salary expenses adjustment (11.91)% (["The average employee salary expenses for this year – The average employee salary expenses for the previous year"] / The average employee salary expenses for the previous year).

(4) The Company has established an Audit Committee on June 15, 2021, and therefore had no supervisors as of December 31, 2023 and 2022.

(5) Please describe the Company's salary and compensation policy (including for directors, managers, and employees).
The compensation for the Company's directors and supervisors shall be determined by the board of directors in accordance with the Articles of Incorporation, taking into account their level of participation in the Company's operations and the value of their contributions, and with reference to industry standards. If there is a surplus in the annual final accounts, it shall be handled in accordance with the provisions of Article 23 of the Company's Articles of Incorporation, and cash remuneration shall be paid to the directors and supervisors.
The Company's employee compensation includes salaries, bonuses, and employee compensation, which are determined by the company's operating performance and the positions held, authorized by the Chairman of the Board, and the compensation system is reviewed in a timely manner based on actual operating conditions and relevant laws and regulations to strike a balance between the company's sustainable operations and risk management.

Chapter 7 Review and Analysis of Financial Position, Financial Performance, and Risk Items

I. Financial Position

Comparative Analysis of Financial Statements

Unit: NT$ thousands

Year / Subject	2023 Amount	2022 Amount	Differences	
			Amount	%
Current assets	5,100,076	5,263,360	(163,284)	(3.10%)
Non-current assets	3,207,565	3,416,606	(209,041)	(6.12%)
Total assets	8,307,641	8,679,966	(372,325)	(4.29%)
Current liabilities	1,088,226	1,516,398	(428,172)	(28.24%)
Non-current liabilities	303,698	126,504	177,194	140.07%
Total liabilities	1,391,924	1,642,902	(250,978)	(15.28%)
Share capital	1,284,980	1,284,980	0	0.00%
Capital surplus	2,439,724	2,454,456	(14,732)	(0.60%)
Retained earnings	2,992,423	3,108,333	(115,910)	(3.73%)
Other equity interest	(17,785)	(32,695)	14,910	(45.60%)
Non-controlling interests	216,375	221,990	(5,615)	(2.53%)
Total equity	6,915,717	7,037,064	(121,347)	(1.72%)

1. For items with a change exceeding 20% and an amount greater than NT$10 million in the past two years, the following analysis is provided:

(1) Decrease in current liabilities: Mainly due to a decrease in borrowings (including current portion of long-term borrowings) in 2023.

(2) Increase in non-current liabilities: Mainly due to an increase in long-term borrowings in 2023.

(3) Increase in other equity: Mainly due to an increase in unrealized gains and losses on financial assets measured at fair value through other comprehensive income.

2. Future response plan: The above changes in proportions are due to normal operating conditions, and there is no special response plan.

II. Financial Performance

Comparative analysis of financial performance

Unit: NT$ thousands

Year / Subject	2023 Amount	2022 Amount	Increase (decrease) amount	Change ratio %
Operating Revenue	3,710,751	4,600,042	(889,291)	(19.33%)
Gross Profit	1,048,426	1,621,593	(573,167)	(35.35%)
Net operating income	555,600	1,043,572	(487,972)	(46.76%)
Non-operating income and expenses	8,882	103,657	(94,775)	(91.43%)
Profit before tax	564,482	1,147,229	(582,747)	(50.80%)
Net profit for the period	523,953	890,041	(366,088)	(41.13%)
Other comprehensive income for the period	535,875	811,028	(275,153)	(33.93%)

1. For items with a change exceeding 20% and an amount greater than NT$10 million in the past two years, the following analysis is provided:

(1)Decrease in net operating profit and current comprehensive income: This is mainly due to a decrease in operating revenue for the current period.

(2)Decrease in non-Operating Income and Expenses: This is mainly due to a decrease in foreign exchange gains.

(3)Pre-tax net profit, net profit for the period, and comprehensive income for the period decreased: This was mainly due to a decrease in operating revenue for the period and a decrease in foreign exchange gains.

2. Future response plan: The above changes in proportions are due to normal operating conditions, and there is no special response plan.

III. Cash Flow

(I) The Analysis of Cash Flow of the Past two Years

Year / Items	Amount of 2023	Amount of 2022	Increase (decrease) change	
			Amount	Percentage(%)
Operating activities	519,253	1,299,861	(780,608)	(60.05%)
Investing activities	(131,670)	(211,498)	79,828	(37.74%)
Financing activities	(833,105)	(664,861)	(168,244)	25.31%
Exchange rate changes	(2,344)	71,810	(74,154)	(103.26%)
Net cash inflow (outflow)	(447,866)	495,312	(943,178)	(190.42%)

Analysis of changes in increase/decrease ratio:

1. Net cash inflow from operating activities decreased, mainly due to a decrease in the amount of accounts receivable recovered in 2023.
2. Net cash outflow from investing activities decreased, mainly due to an increase in cash inflow from the disposal of financial assets measured at amortized cost.
3. Net cash outflow from financing activities increased, mainly due to an increase in cash outflow from repayment of short-term borrowings.
4. Net cash outflow from changes in exchange rates increased, mainly due to an increase in unrealized foreign exchange losses resulting from fluctuations in foreign exchange rates.

(II) Cash Liquidity Analysis for the Next Year

Consolidated Statement of Cash Flows

Unit: NT$ thousands

Beginning cash balance	Projected net cash flows from operating activities for the year	Projected cash outflows for the year	Projected cash surplus (deficit)	Remedial measures for projected cash deficit	
a	b	c	a＋b-c	Investment plan	Financial management plan
2,640,259	1,170,000	1,061,000	2,749,259	-	-

Analysis of changes in cash flows:

1. Operating activities:
   Mainly due to net cash inflow from operating activities generated from revenue and profit in 2024.
2. Investing activities: Mainly due to net cash outflow from investing activities generated from the equipment renewal plan in 113 fiscal year.
3. Financing activities: Mainly due to cash outflow from financing activities expected from the distribution of cash dividends in 2024.

IV. Impact of Major Capital Expenditures on Financial Operations in Recent Years

(I) Utilization of Major Capital Expenditures and Sources of Funds

Unit:NT$ thousands

Project	Actual or expected source of funds	Expected completion date	Total funds required	Actual or expected progress of funds utilization	
				2023	2023
Fixed asset	Own funds	December 2024	865,587	332,918	532,669

(II) Expected Potential Revenue

To support the group’s business innovation and development as well as reduce production costs, and to adapt to the drastic changes in the market environment, capital expenditures for future years will be strictly controlled to ensure that every investment effectively increases the group’s revenue and profitability, which will benefit future strategic deployment.

V. Investment Policies, Main Reasons for Profit or Loss, Improvement Plans, and Investment Plans for the Next Year in Recent Years

(I) Investment Policy: It is carried out in accordance with the regulations of the company’s short-term and long-term equity investment operations.

(II) The Main Reasons for Profits or Losses From Investments and Improvement Plans: An Overview of the Operations of the Four Subsidiaries Investing in Mainland China in Recent Years Is as Follows:

1. Xiamen YoungTek Electronics Ltd.: In recent years, due to the impact of intense competition in the LED industry market, operations have faced challenges. In response, and based on the development situation in the mainland Chinese market, it plans to combine with suitable partners, formulate transaction conditions, and after being reviewed by the Audit Committee on March 14, 2023 and approved by the Board of Directors, it will dispose of its 100% equity in Xiamen YoungTek Electronics Co., Ltd.

2. YoungTek Micro Electronics (Shenzhen) Ltd: After merging with Wei Kong Trading (Shenzhen) Co., Ltd. in 2020, the company has focused on adjusting its products and operating strategies. The current operational status is stable.

3. Yangzhou YoungTek Electronics Ltd.: Yangzhou Chiyuen Co., Ltd. was established in September 2016 to engage in the research, development, production, and processing of RFID wireless radio frequency tags and related equipment. Its current operations and profitability are stable, and it is expected to contribute positively to overall operations in the future.

4. Suzhou YoungTek Microelectronics Ltd.: Suzhou Chiyuen Micro Co., Ltd. was established in May 2019 to engage in "integrated circuit design; chip testing, packaging, and processing; technology development, technical services, and technical consulting in the semiconductor and integrated circuit fields; computer software design and development; sales of semiconductors, electronic products, electro-mechanical equipment, and electronic components; machinery equipment maintenance, leasing, and sales; and import and export of various goods and technologies." Its current operations and profitability are stable.

(III) Investment Plan for the Coming Year: None.

VI. Risk Management and Assessment from Recent Years to the Date of Annual Report Printing

(I) Impact of Interest Rate, Exchange Rate Fluctuations, Inflation on the Company's Profit and Loss, and Future Countermeasures

1. Impact of interest rate fluctuations on the company's profit and loss and future countermeasures in the most recent year.

   (1) Impact of interest rate fluctuations on the company's profit and loss

   In order to meet the needs of operating capital, the company takes out purchase loans and long-term mortgages from banks. Therefore, changes in interest rates will affect current profitability. However, the ratio of net interest income to pre-tax net income was only 4.68% and 1.56% in 2023 and 2022 respectively, so the impact of interest rate fluctuations on the company is very small.

Items	2023	2022
Interest income (expense) (A)	26,437	17,935
Pre-tax net profit (B)	564,482	1,147,229
Interest income/expense to pre-tax net profit ratio (A/B) (%)	4.68%	1.56%

(2) Concrete measures in response to interest rate changes

A. Collect information on interest rate changes daily to take appropriate countermeasures in a timely manner.

B. If interest rates fall, adjust to borrow at lower interest rates to pay off loans with higher interest rates; if interest rates rise and may erode the company's overall profitability, consider raising cash through a premium capital increase to obtain the necessary funds.

2. The impact of recent exchange rate changes on the company's profit and loss and future countermeasures.

(1) The impact of foreign exchange gains and losses on revenue and pre-tax net profit of the company in the last two years.

Unit:NT$ thousands

Analysis Item/Year	2023	2022
Exchange (loss) gain	(25,779)	172,393
Net operating revenue	3,710,751	4,600,042
Pre-tax net profit	564,482	1,147,229
Ratio of exchange (loss) gain to net operating revenue	(0.69%)	3.75%
Ratio of exchange (loss) gain to income before tax	(4.57%)	15.03%

(2) Concrete measures in response to future exchange rate fluctuations

The Company constantly monitors exchange rate fluctuations, plans for hedging in advance, and has established the "Procedures for Acquisition or Disposal of Assets" and "Procedures for Engaging in Derivatives Transactions" to manage and avoid potential exchange risks in its operations.

3. Impact of inflation

In response to the impact of inflation, in addition to actively improving the production process to Inflation increase unit output, expanding equipment to increase production capacity, and accelerating the reduction of unit costs, the Company also focuses on cost control to gain operational advantages.

(II) Policies on high-risk, high-leverage investments, lending of funds to others, endorsements/guarantees, and derivative transactions; main reasons for gains or losses; and future countermeasures.

1. In the most recent year, the Company did not engage in high-risk or high-leverage investments.

2. The Company has established the “Operational Procedures for Lending Funds to Others” and the “Operational Procedures for Endorsements/Guarantees.” When lending funds or providing endorsements/guarantees, appropriate risk assessments are conducted, and no losses have occurred.

3. Countermeasures: The Company has established relevant regulations such as the “Procedures for Acquisition or Disposal of Assets,” “Operational Procedures for Lending Funds to Others,” and “Operational Procedures for Endorsements/Guarantees” to ensure compliance in related operations.

(III) Future Research and Development Plans and Estimated Research and Development Expenses

1. Current progress of future research and development plans

Unit: NT$ thousands

Research and Development Plan	Current Progress	Estimated Additional Expenses	Estimated Completion Time
HS function board	45%, functional board development	5,000	2024/12
New Soc Tester System	45%, functional board development	20,000	2025/12
Burn-in. system development	5%, system development initial stage	10,000	2024/10
YT6210M Light Sensor Handler	20%, in schematic design	1,450	2024/08
FR30M-RFID-Dry Inlay Bonder	90%, machine verification in progress	3,000	2024/07
MB121-IC Bonder	65%, module verification in progress	17,000	2024/11
	Estimated total amount to be invested in the next two years	56,450	

2. Key factors affecting the future success of R&D

Since its establishment, the Company has placed great emphasis on investing in R&D personnel and related equipment, and has accumulated the strength of its R&D team through internal education and training, experience inheritance, and cooperation with research institutions. The Company has also actively recruited experienced R&D talents from the industry to enhance its product planning and R&D innovation capabilities. In recent years, the Company has completed the development of new products it has invested in. In the future, the Company will continue to invest in R&D, and R&D expenses will grow as its business revenue increases.

The key factors affecting the success of the Company's research and development are the quality of its R&D personnel and its mastery of software and hardware technologies. With the long-term accumulated experience of the Company's R&D team, it is believed that it will be able to continuously develop products with market competitiveness.

(IV) Impact of Significant Domestic and Foreign Policies and Legal Changes on the Company's Financial Operations and Corresponding Measures

The Company has taken appropriate measures to address significant domestic and foreign policies and legal changes, which have not had a significant impact on the Company's financial operations.

(V) Impact of Technological Changes and Industrial Changes on the Company's Financial Operations and Corresponding Measures

In recent years, technological changes have not had a significant impact on the Company's financial operations, and continuous quality improvement and innovation activities are the Company's coping measures.

(VI) Impact of Corporate Image Change on Corporate Crisis Management and Response Measures

Our company has a good corporate image and there have been no significant changes in recent years that have caused corporate crisis management issues.

(VII) Expected Benefits and Potential Risks of Mergers and Acquisitions

Our company has not engaged in any merger and acquisition plans in recent years up to the date of publication of this annual report, so there are no such potential risks.

(VIII) Expected Benefits and Potential Risks of Plant Expansion

Please refer to page 344 for the impact of major capital expenditures on financial operations.

(IX) Risks Faced by Concentrated Procurement or Sales

Our company strives to diversify its suppliers and customers, and there should be no risk arising from excessive concentration of procurement or sales.

(X) Impact and Risks on the Company and Response Measures due to Substantial Transfer or Replacement of Shareholdings of Directors, Supervisors, or Major Shareholders Holding More Than 10% of Shares

As of the date of publication of this annual report, there have been no substantial transfers or replacements of shareholdings of our directors, supervisors, or major shareholders holding more than 10% of shares.

(XI) Impact, Risks, and Response Measures on the Company due to Changes in Management Control

Our management team focuses on the company's operations, with the assistance and support of the board of directors and supervisors, and there are no risks arising from changes in management control.

(XII) Litigation or Non-Litigation Matters

1. Regarding any adjudicated or pending litigious, non-litigious or administrative disputes over the past two fiscal years and up to the date of publication of the prospectus, which may have a material impact on shareholders' equity or securities prices, the company should disclose the disputed facts, subject amount, commencement date of the litigation, main parties involved, and current status of the proceedings: None.

2. Over the past two fiscal years and up to the date of publication of the prospectus, any adjudicated or pending litigious, non-litigious or administrative disputes involving the company's directors, supervisors, general managers, de facto responsible persons, major shareholders holding more than 10% of shares, and subsidiaries, which may have a material impact on the company's shareholders' equity or securities prices: None.

3. Over the past two fiscal years and up to the date of publication of the prospectus, any events involving the company's directors, supervisors, managers, and major shareholders holding more than 10% of shares, as stipulated in Article 157 of the Securities and Exchange Act, and the company's current handling of such events: None.

(XIII) Over the past two fiscal years and up to the date of publication of the prospectus, if the company's directors, supervisors, managers, and major shareholders holding more than 10% of shares have experienced financial difficulties or credit issues, the impact on the company's financial condition should be stated: None.

(XIV) The Basis and Foundation for the Evaluation and Provision Methods of Asset and Liability Valuation Items in the Financial Statements:

Item	Asset and Liability Valuation Item	Evaluation Basis	Evaluation Foundation
1	Allowance for Doubtful Accounts	The allowance for doubtful accounts is provided based on the assessment	OEM: 1. Accounts receivable aged 1-90 days, provision ratio 0% 2. Accounts receivable aged 91-180 days, provision ratio 5%

		of the aging of receivables and the possibility of collection.	3. Accounts receivable aged 181-365 days, provision ratio 15% 4. Accounts receivable aged over one year, provision ratio 50% 5. Accounts receivable aged over two years, provision ratio 100% Own machines: 1. Accounts receivable aged 1-90 days, provision ratio 0% 2. Accounts receivable aged 91-180 days, provision ratio 10% 3. Accounts receivable aged 181-365 days, provision ratio 30% 4. Accounts receivable aged over one year, provision ratio 50% 5. Accounts receivable aged more than two years, provision ratio 100%
2	Allowance for inventory obsolescence	Evaluated based on net realizable value	Net realizable value the estimated selling price under normal circumstances minus the cost required to complete and selling expenses.

(XV) The Company's Key Performance Indicators (KPI):

KPI	Calculation formula	KPI indicator	2022	2023
New product development achievement rate performance indicator	1-(number of new product failures / number of new product developments) ×100%	≧100%	100%	100%
Delivery achievement rate performance indicator	(number of batches delivered on time / total number of shipments) ×100%	≧100%	100%	100%
Warehouse in-delivery rate performance indicator (CP)	(actual number of batches received / number of batches produced in the month) ×100%	≧98.95%	98.94%	98.97%
Warehouse in-delivery rate performance indicator (FT)	(actual number of batches received / number of batches produced in the month) ×100%	≧99.25%	99.26	99.26%
Chip cutting and picking outsourcing yield rate performance indicator - proportion of batches with monthly chip cutting and picking yield below 99%	(number of low-yield batches (Yield<99%) / total number of batches) ×100%	< 0.02%	0.01%	0.06%
Testing outsourcing production efficiency performance indicator	(total testing time / machine work time)	> 85%	96.41%	91.24%

(XVI) Other Important Risks: None.

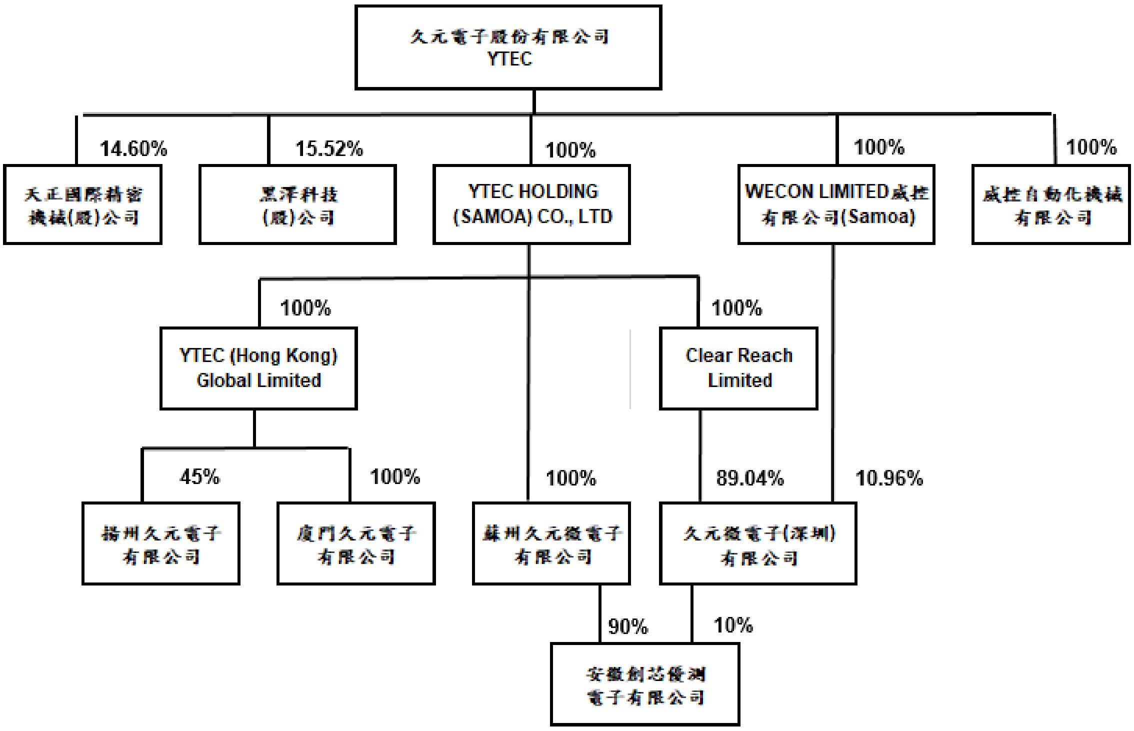
VII. **Other Important Matters:** None.

Chapter 8　Special Recorded

I. Related Information of Affiliated Enterprises

(I) Affiliated Company Merger Report

1. Organizational Chart of Affiliated Companies



(II) Basic Information of Each Affiliated Company

December 31, 2023

Company's name	Established date	Location	Paid-in Capital	Main business items
YTEC Holding(Samoa) Co., Ltd.	April 08, 2009	Samoa	NT$ 1,967,924 thousands	Investment holdings
Wecon Limited (Samoa)	March 23, 2011	Samoa	NT$ 23,738 thousands	Investment holdings
YTEC (Hong Kong) Global Ltd.	May 06, 2009	Hong Kong	NT$ 1,039,916 thousands	Investment holdings
CLEAR REACH Ltd.	August 16, 2005	British Virgin Islands	NT$ 209,057 thousands	Investment holdings
YoungTek Micro Electronics (Shenzhen) Ltd:	January 25, 2006	Shenzhen	NT$ 202,673 thousands	Wafer and integrated circuit testing outsourcing, and providing related technical consulting and services
Xiamen YoungTek Electronics Ltd.	August 26, 2009	Xiamen	NT$ 899,021 thousands	Research and development, production and processing of high-brightness light-emitting diodes and LED chips detection equipment, and provision of related technical consulting and services.

Company's name	Established date	Location	Paid-in Capital	Main business items
Yangzhou YoungTek Electronics Ltd.	August 09, 2016	Yangzhou	NT$ 308,250 thousands	Engaged in the research, development, production, and processing of frequency control and selection components (wireless radio frequency tags) and related equipment, as well as providing relevant technical consultation and services.
Suzhou YoungTek Microelectronics Ltd.	May 15, 2019	Suzhou	NT$ 93,330 thousands	Engaging in "integrated circuit design; chip testing, packaging, and processing; technology development, technical services, and technical consulting in the semiconductor and integrated circuit fields; computer software design and development; sales of semiconductors, electronic products, electro-mechanical equipment, and electronic components; machinery equipment maintenance, leasing, and sales; and import and export of various goods and technologies."
Anhui Utest Electronics Ltd.	December 28, 2022	Hefei	NT$ 4,436 thousands	Machinery equipment maintenance, rental, and sales. Import and export of various goods and technologies, for self-operation or as agents.
Wecon Automation Machinery Corp.	March 24, 2015	Taiwan Hsinchu	NT$ 1,000 thousands	Design, manufacturing, assembly, processing and trading of various controllers, optoelectronic components and equipment, automation machinery, and testing instruments.
Tian Zheng International Precision Machinery Co., Ltd.	December 26, 2012	Taiwan Kaohsiung	NT$ 369,627 thousands	Precision equipment, electronic components, molds
Sissca Co., Ltd	June 25, 2015	Taiwan Hsinchu	NT$ 217,168 thousands	Machinery, electronic components, optical instruments

(III) Presumed to Have the Same Shareholder Data as Those With a Controlling and Subordinate Relationship: None.

(IV) The Overall Business Scope Covered by the Associated Companies

1. High-brightness light-emitting diode and LED chip testing and processing;
2. Packaging and testing of wafers and integrated circuits;
3. Production and processing of RFID (Radio Frequency Identification) tags.

(V) Information on the Directors and Supervisors of Associated Companies

December 31, 2023

Company's name	Title	Name or representative	Shareholdings	
			Number of shares	Shareholding ratio
YTEC Holding(Samoa) Co., Ltd.	Director	Legal Representative: Cheng-Kuang Chang	0	0
YTEC (Hong Kong) Global Ltd.	Director	Legal Representative: Han-Tsung Hsiao	0	0
CLEAR REACH Ltd.	Director	Legal Representative: Wei-Tang Hsiao	0	0
YoungTek Micro Electronics (Shenzhen) Ltd:	Director	Legal Representative: Wei-Tang Hsiao	0	0
YoungTek Micro Electronics (Shenzhen) Ltd:	Supervisor	Legal Representative: Chiao-Fen Chen	0	0
Xiamen YoungTek Electronics Ltd.	Director	Legal Representative: Han-Tsung Hsiao	0	0
Xiamen YoungTek Electronics Ltd.	Supervisor	Legal Representative: Pei-Shih Chen	0	0
Yangzhou YoungTek Electronics Ltd.	Director	Legal Representative: Han-Tsung Hsiao	0	0
Yangzhou YoungTek Electronics Ltd.	Supervisor	Legal Representative: Pei-Shih Chen	0	0
Suzhou YoungTek Microelectronics Ltd.	Director	Legal Representative: Wei-Tang Hsiao	0	0
Suzhou YoungTek Microelectronics Ltd.	Supervisor	Legal Representative: Han-Tsung Hsiao	0	0
Anhui Utest Electronics Ltd.	Director	Legal Representative: Hsu-Tung Liao	0	0
Anhui Utest Electronics Ltd.	Supervisor	Legal Representative: Heng-Kuang Lin	0	0
Wecon Automation Machinery Corp.	Director	Legal Representative: Tsan-Hsiung Lai	0	0
Tian Zheng International Precision Machinery Co., Ltd.	Director	Legal Representative: Chien-Yu Chou, Wen-Tsai Wan, Pei-Shih Chen, Chin-Ming Huang Independent Director: Kuan-Hsun Huang, Hsiang-Chin Hung, Yao-Neng Lu	0	0
Sissca Co., Ltd	Director	Legal Representative: Kuang-Hsia Wang, Fu-Sheng Chen, Kuei-Piao Chen	0	0
Sissca Co., Ltd	Supervisor	Natural person: Pei-Shih Chen	0	0

(VI) Operation Status of Affiliated Companies

December 31, 2023 Unit: NT$ thousands

Company’s name	Capital amount	Total assets	Total liabilities	Net Profits	Operating Revenue	Operating profit	Net profit (after tax) for current period	Earnings per share (after tax) for current period
	1,967,924	689,344	-	689,344	-	-	(31,295)	-
Wecon Limited (Samoa)	23,738	15,574	8	15,566	-	-	(1,212)	-
YTEC (Hong Kong) Global Ltd.	1,039,916	226,562	-	226,562	-	-	(44,378)	-
CLEAR REACH Ltd.	209,057	126,460	-	126,460	-	-	(9,849)	-
YoungTek Micro Electronics (Shenzhen) Ltd:	202,673	169,019	26,993	142,026	2,518	(16,433)	(11,061)	-
Xiamen YoungTek Electronics Ltd.	899,021	120,315	157,819	(37,504)	331	(22,945)	(34,290)	-
Anhui Utest Electronics Ltd.	4,436	115,851	111,659	4,192	38,357	(53)	(139)	
Yangzhou YoungTek Electronics Ltd.	308,250	425,651	32,241	393,409	300,263	(18,036)	(3,756)	-
Suzhou YoungTek Microelectronics Ltd.	93,330	844,769	738,326	106,443	788,404	13,336	13,163	-
ChiuHungHsin Technology Co., Ltd.(Note 1)	-	-	-	-	3,724	(2,238)	(2,200)	-
Shin Shou Automation Co., Ltd.(Note 1)	-	-	-	-	-	(70)	(70)	-
Wecon Automation Machinery Corp.	1,000	982	-	982	-	-	5	-
Tian Zheng International Precision Machinery Co., Ltd.	369,627	2,288,075	1,356,624	931,451	409,490	(60,441)	(58,769)	(1.77)
Sissca Co., Ltd	217,148	237,084	59,467	177,617	33,640	(23,328)	(28,270)	(0.01)

Note 1: ChiuHungHsin Technology Co., Ltd., and Shin Shou Automation Co., Ltd.: Based on operational planning, it was deregistered after completion in October 2023.

(VII) Consolidated Financial Statements for Related Enterprises

Statement of Consolidated Financial Statements for Related Enterprises

For 2023 (from January 1, 2023 to December 31, 2023), the companies that should be included in the preparation of the consolidated financial statements of related enterprises in accordance with the "Principles for the Preparation of Consolidated Business Reports, Consolidated Financial Statements of Related Enterprises and Related Reports" are the same as the companies that should be included in the preparation of the parent-subsidiary consolidated financial statements in accordance with International Financial Reporting Standards No. 10. The relevant information that should be disclosed in the consolidated financial statements of related enterprises has been disclosed in the aforementioned parent-subsidiary consolidated financial statements, so no separate consolidated financial statements of related enterprises will be prepared.

Sincerely,

Company Name: YoungTek Electronics Corp.

Chairman: Ping-Lung Wang

March 14, 2024

(VIII) Relationship Report: Not applicable.

II. Private Placement of Securities in the Recent Year and up to the Printing Date of the Annual Report: Not applicable.

III. Subsidiary's Holding or Disposal of the Company's Shares in the Recent Year and up to the Printing Date of the Annual Report: Not applicable.

IV. Other Necessary Supplementary: None.

Chapter 9 Matters That Had a Significant Impact on Shareholders' Equity or Securities Prices as Stipulated in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange act in the Recent Year and up to the Printing Date of the Annual Report: None.

YOUNGTEK ELECTRONICS CORP.

Chairman

Ping-Lung Wang